iST 2023
Sustainability Report

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About "iST 2023 Annual ESG Report"

Integrated Service Technology Inc. (Stock No.: 3289 TW; hereinafter referred to as iST) published the "ESG Report" mainly to transparently and openly present to the public the company's practices and results in corporate social responsibility, as well as related strategies and goals. The Company publishes the ESG Report with yearly updates. This "ESG Report" was published in August 2024; it covers iST's practices and performance data in environmental protection, corporate governance, and social engagement from January 1, 2023 to December 31, 2023. 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 toward 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 a supplement. Also, it took the Reference as the disclosure principle. To provide the reader with reliable public information, this report was independently verified by the third-party DQS in accordance with the Type2 moderate level AA1000 AS V3.

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. 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:

INTEGRATED SERVICE TECHNOLOGY
宜特科技

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About the Report

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About iST

Message from the Management

Continue to Develop and Deployment in the Face of Multiple and Complex Risks and Challenges

The global semiconductor industry continued to confront inflation, interest rate hikes, and rising geopolitical tensions in 2023. So the consumer market has not yet recovered from the negative impacts caused by these negative factors. However, as the semiconductor supply chain adjusted its inventory, the market gradually returned to normal. Despite these challenges in the semiconductor industry, most major companies remain confident that the long-term development of the market. In particular, AI, high-performance computing (HPC), automotive electronics, 5G, and the Internet of Things are expected to continue to drive the demand growth for semiconductor components. iST will continue to plan for medium and long-term production capacity to meet the future trends and maintain its competitiveness in the market.

Benefiting from the thriving development of AI high-end chips, the international chip makers have driven stronger willingness for long-term order placements. Highly reliable verification and analysis have become indispensable core requirements for AI development. As advanced processes progress, to support customers' rapid growth demands, iST's material analysis capacity has expanded by 50% by the end of 2023. With relentless efforts, our material analysis technology has gained recognition from customers, leading to gradually increasing overseas orders and revenue injection. As EVs are developing, the market forecast indicates that EVs will drive high-end automotive chips and automotive electronics to become the fastest-growing segments in the global semiconductor industry. iST is the first in Asia to be accredited by the Automotive Electronics Council (AEC), the highest authority in global automotive electronics, as a third-party impartial laboratory. From the perspective of front line automotive standard setters, we accurately grasp the content of standards, which can help our customers enter into the EV market more smoothly and quickly. Given the inseparable relationship between automotive components and personal safety, as long as relevant automotive chip manufacturers continue their uninterrupted research and development, the demand for subsequent reliability verification and analysis will be boosted.

In 2023, iST has continued to deepen and actively diversify its business layout. Although the overall operating results were roughly the same as those of the previous year, it is mainly attributed to upfront layout expenses for mid-to-long-term deployments, leading to deferred effectiveness of production orders. But we believe that the results of these deployments will be gradually materialize in 2024. In addition to striving for operating performance, we have continued to strengthen sustainable development aspects such as corporate governance, environmental sustainability, and social care, and have demonstrated solid results in 2023.

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

Continue to Improve Sustainability Governance, Realize Visions, and Implement Robust Operations

In order to fulfill the vision of Corporate Social Responsibility (CSR) and incorporate ESG concepts into the Company's business policies, iST has established an ESG Steering Committee in 2023, which aims to bring the implementation of sustainability and CSR to the Board of Directors' level, in order to strengthen and promote iST's corporate governance functions in terms of sustainability strategy and CSR through the supervision of the Board of Directors' functions and the provision of effective resources. iST continues to improve its corporate governance and strengthen its information security management. Through a rigorous information security control mechanism, iST has passed the ISO 27001 information security certification, which not only improves information security protection to strictly safeguard the information related to customers and cases, but also reduces the risk of operational disruption to ensure the Company's sustainability and steady growth.

Place Importance on Talent Training and Social Engagement to Drive Co-prosperity of Society

Besides strengthening corporate governance, iST is committed to creating a diverse, equal, and inclusive workplace by insisting on its core values of being "people-oriented" along with the principles of "respect for human rights" and "diversity and inclusion." We believe that "happy employees lead to satisfied customers." In 2023, female employees accounted for more than 47% of iST's total employees; female executives accounted for more than 40% of its total executives, representing the results of iST's efforts in implementing gender equality in the workplace. iST cares for its employees; we actively build a diversified and smooth communication platform for employees in order to immediately respond to their requests and suggestion, and then effectively solve their problems in order to create a harmonious working environment. iST is going to conduct "Employee Opinion Survey" regularly to understand how much our employees recognize the organization, so as to ensure that iST provides a safe workplace and good physical and emotional support to the employees.

Talents are the key to the sustainable development of an enterprise, and talent development has always been one of iST's most important concerns. We are dedicating ourselves to cultivating talents inside and outside the organization. Through industry–government–academia collaboration, we also actively leverage our influence. In 2023, We actively cultivate the technical talents of the new generation through industry–academia collaboration and resources, continuing to cooperate with colleges and universities; in social engagement, we also keep collaborating with social welfare groups and providing scholarships to nurture future technology talents and assist disadvantaged children in rural areas. We have also promoted reading programs in rural elementary schools to help children develop good reading habits and scientific knowledge from an early age, thereby enhancing their future competitiveness. In addition to improving the learning capacity, we work with related organization to promote emotional intelligence (EQ) education for children, improve individual emotional quotient capacity, and thus facilitate a harmonious and happy society.

Fulfill Environmental Protection and Corporate Citizenship Responsibilities to Create a Sustainable Future

In response to climate change, global warming, and the trend of net-zero carbon emissions in the world, environmental sustainability, energy saving, and carbon reduction have become extremely important issues, which no company could possibly ignore. To fulfill our commitment to environmental sustainability, iST completed the evaluation on renewable energy plan in 2023; implemented improvement measures including energy management system and facility replacement to actively engage in energy saving and carbon reduction programs; iST continues to pass the certifications of the ISO 45001 Occupational Safety and Health System and the ISO 14001 Environmental Management System. And, we continue to implement management, save resources, prevent pollution, and promote environmental sustainability through the ISO 14001 Environmental Management System.We continuously manage and conserve resources, prevent pollution, and promote environmental sustainability through the ISO 14001 Environmental Management System. iST's environmental sustainability targets for 2023 show significant progress, including a reduction in GHG emissions intensity by nearly 5%. This demonstrates that the energy saving and carbon reduction program is working effectively. In the future, iST will continue to promote environmental sustainability and energy saving and carbon reduction programs to minimize the impact on the environment and to fulfill its responsibilities as a corporate citizen.

Throughout our journey, iST has been committed to integrity, strengthening corporate governance, emphasizing talent cultivation and creating a diverse, equatable and inclusive workplace, caring for the disadvantaged and participating in social services, practicing environmental protection and energy saving in the industry, and working with suppliers and partners to implement ESG sustainability concepts and actions. As we look ahead, we must continue to incorporate the ESG concept into our daily operations, formulate and implement strategic policies and action plans for sustainable development, and continue to deepen our relationships with our stakeholders, including employees, society, customers, and shareholders. We hope that iST will not only fulfill its role as a corporate citizen, but also progress with stakeholders from all sectors, and create a co-prosperous society and a sustainable future.

Danny Yu
Chairman and President

Corporate Social Responsibility Commitment and Organization Structure

In order to take the corporate social responsibility in response to the global sustainable development trends company's growth needs, iST established two management mechanisms of "ESG Steering Committee" and "ESG Committee" in 2023. The Board of Directors plays the supervising and steering role to put sustainability concepts and policies into practice by taking specific actions and create value for stakeholders continuously. Chairman Danny Yu serves as the chair of the "ESG Steering Committee" and the independent directors from relevant fields serve as the committee members to jointly deliberate sustainability issues related to the operations of the Company, and establish medium-term and long-term ESG development strategies and goals. Vice President Judy Chen, the convener of the "ESG Committee", reports relevant implementation results and resolved plans to the Board of Directors every year on a regular basis. The Board of Directors provides required resources and give instructions, feedback and suggestions according to the resolutions to be implemented.

With fulfilling corporate social responsibility as the vision, the "Sustainable Development Policy" is the highest strategic gidelines of iST's sustainable development. Chairman Danny Yu leads the senior executives of the ESG Committee to conduct cross-functional integration of ESG strategic guidelines and resources, achieve the goals and policies of corporate governance/social care/environmental sustainability, and establish good interactions with employees, shareholders, customers, suppliers, contrctors, governments, guilds, associations, and other social stakeholders to create common-good values.

The ESG Committee has an "ESG Secretariat" and five subcommittes of "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" to guide the economic, environmental, and social management indicators of corporate social responsibility. Vice President of Administrative Division Judy Chen serves as the convener of the Committee and leads the "ESG Secretariate" and subcommittee members to implement ESG related tasks. She holds regular meetings to confirm and reiew ESG implementation effectiveness and report to the ESG Steering Committee on a regular basis to ensure implementing the economic, environmental, and social performance management indicators.

iST has established the sustainability policy and Sustainable Development Best-Practice Principles, and implemented corporate governance, develop sustainable environment, protect social welfare, and enhance the disclosure of corporate sustainable development information accordingly. Our sustainable development vision and policy are disclosed below as the highest strategic gidelines for implementation of sustainable operations:

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 diverse, friendly, and inclusive workplace to achieve employee value and practice sustainable development
- Enhancing personnel attraction and retention and intensifying talent cultivation and development
- Establishing a diverse 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

Sustainability Policy of iST

In order to fulfill corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, iST has formulated the Sustainability Policy. iST is committed to adhering to the principles of this policy in order to achieve sustainable development, create maximum value for stakeholders, and create a co-prosperous society and a sustainable future.

Sustainability Policy

Implementing Corporate Ethical Governance and Risk Management Mechanisms and Realizing Sustainable Operation
- Establishing and maintaining a sound corporate governance system
- Complying with laws and regulations, and implementing ethical management and code of conduct
- Enhancing information disclosure and transparency, and improving stakeholder communication
- Creating corporate value and protect the best interests of stakeholders

Establishing A Diverse, Friendly, and Inclusive Workplace to Achieve Employee Value and Practice Sustainable Development
- Protecting workers' human rights and creating a healthy and safe working environment
- Emphasizing the cultivation and development of talents and creating a friendly workplace with diversity, equality and inclusion

Forming the Low-carbon Values and Moving Toward the Net-zero Goal Gradually
- Responding positively to climate change, dedicating ourselves to energy saving and carbon reduction and building a green value chain
- Continuing to promote resource reuse and facilitating the circular economy development
- Emphasizing on water resource management, waste management and air pollutant control to reduce the environmental load.

Improve Social Engagement and Enhance Stakeholder Management to Jointly Create Sustainable Values
- Expanding industry–academia-research collaboration and enhancing social engagement and social welfare
- Working with our business partners to fulfill our corporate social responsibilities

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iST's ESG Promotion Structure is Displayed Below

Board of Directors

ESG Steering Committee

ESG Committee   **ESG Secretariat**

Corporate Governance Subcommittee
- Financial and accounting metrics
- Information security

Employee Care and Development and Ethical Management Subcommittee
- Establishment of integrity principles
- Employee welfare metrics
- Employee training metrics
- Employee care metrics

Environmental Safety and Health Subcommittee
- Safety and health metrics
- Organization/product
- Environmental protection, energy saving and carbon reduction

Sustainable Supply Chain Subcommittee
- Supplier and value chain communication

Stakeholder and Social Care Subcommittee
- Social care
- Customer communication
- Stakeholder communication

Division of iST's ESG Functions

The ESG Steering Committee is responsible for decision-making and supervision of iST's sustainable development related tasks. It gives guidance to and supervises the ESG Committee for its sustainability related practices to further develop corporate sustainability culture and enhance and implement the commitments to sound corporate governance (G), environmental protection (E), social care (S), and stakeholders. These are helpful for the Board of Directors to perform its duties in the protection of the Company and its employees, shareholders, and stakeholders, and help iST become a responsible business satisfactory to customers, employees, and shareholders. The ESG Committee is responsible for carring out sustainable development tasks and report the impact on the economy, environment, and governance to the Board of Directors on a regular basis. The Board of Directors is the highest governance body of the ESG.

Board of Directors
- Ensuring the implementation of the ESG sustainable development policies

ESG Steering Committee
- Urging the implementation of the ESG sustainable development philosophy
- Authorizing the chairperson to implement due diligence for the ESG negative impact incidents
- Ensuring implementation of iST's sustainable development policies and follow-up of the implementation effectiveness
- Yearly reviewing and approving the material topics and performance in the ESG Report
- The ESG Committee reports the implementation results of the ESG Committee to the Board of Directors on a regular basis
- Authorizing the convener

ESG Committee
- Reporting material ESG topics that stakehoders are concerned about and the implementation effectiveness to the ESG Steering Committee and the Board of Directors on a regular basis
- 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

ESG 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

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 diverse, fair, 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 carbon

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

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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 2023.

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 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 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.
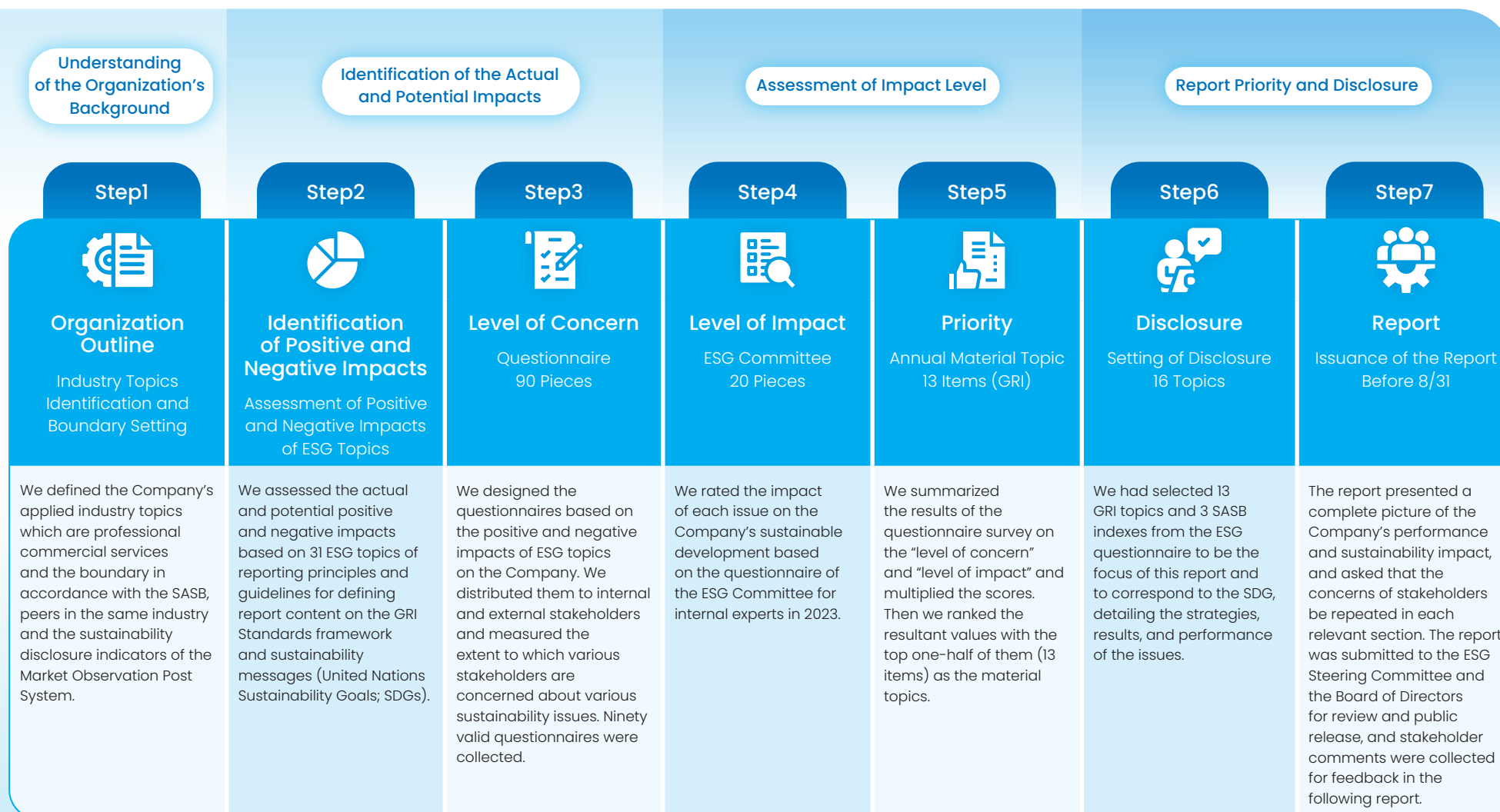
External	Internal
GRI consideration aspects and indicators, GRI industry sustainability issues

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 |

Reviewing Plans or Goals

Disclosure of Corporate Social Responsibility Report

Relevant Units Identify Stakeholders

Significant Assessments on Topics of Interest

Collecting Stakeholder Concerns Issue

Stakeholders and Concerns Issue

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iST's ESG Stakeholders

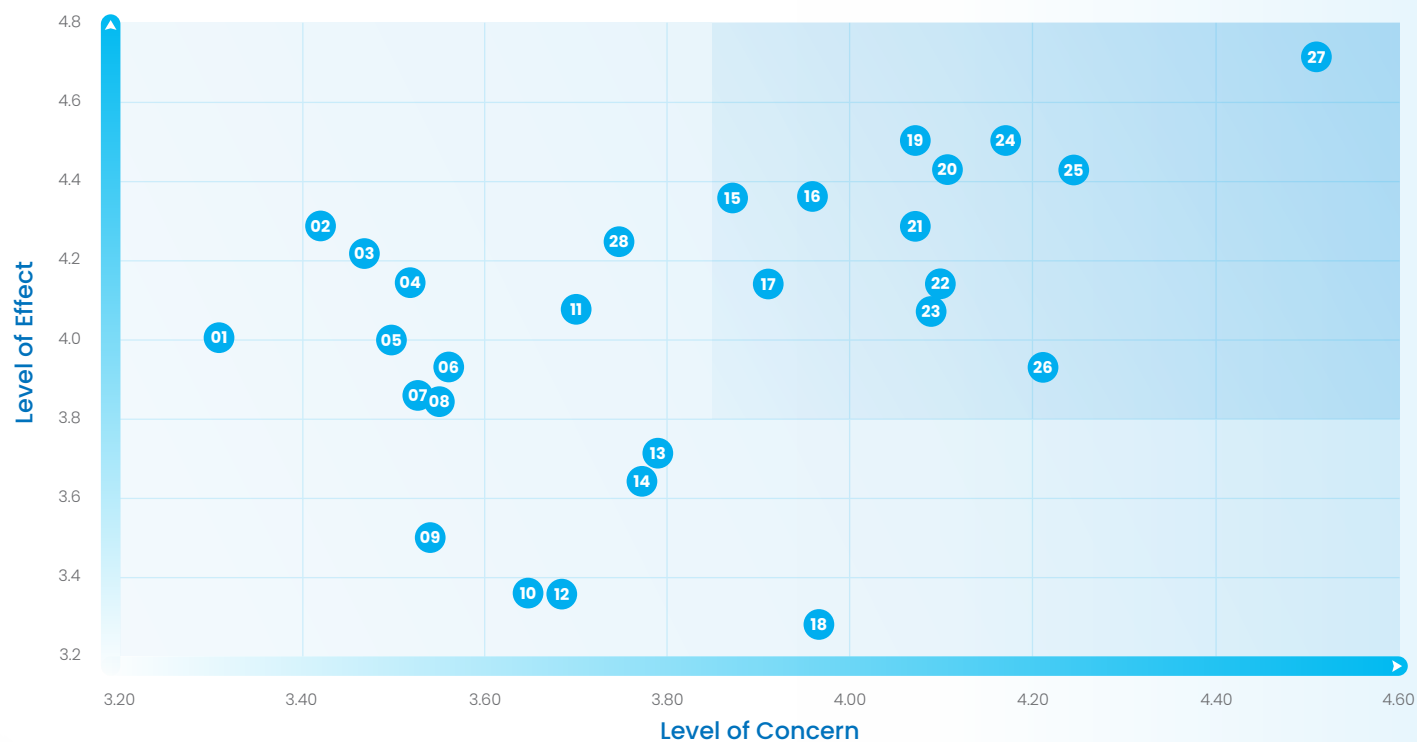| Stakeholders	Concerned Issues	iST's Communication Methods	Communication Frequency	Sections of Response in the Report
Employee	Education training Employment Diversity Occupational health and safety	Mechanism and record of training development Labor–management meetings Employee Welfare Committee Occupational Safety and Health Committee	Random Quarterly Quarterly Quarterly	CH5. Co-Prosperity Force
Government (including FSC and environmental protection departments)	Water resource Waste management Greenhouse gas	Regular filing and the ESG pages of the Company's website Regular inventory and the ESG pages of the Company's website	Annually Annually	CH3. Environmental Sustainability Force
Community/Neighborhood	Greenhouse gas Water resource management Waste	Regular inventory and annual report Regular filing and the ESG pages of the Company's website	Annually Annually	CH3. Environmental Sustainability Force
Customer	Customer privacy management Compliance with laws and regulations	Customer satisfaction survey Communication with competent authorities	Annually Random	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	CH2. Governance Leadership CH3. Environmental Sustainability Force
Supplier	Anti-corruption Compliance with laws and regulations	Supplier ESG propaganda Supplier ESG assessment The ESG pages of the Company's website	Annually Annually Random	CH2. Governance Leadership CH4. Value chain competitiveness
Media	Economic performance Occupational health and safety	Market Observation Post System The ESG pages of the Company's website	Annually Annually	CH2. Governance Leadership CH5. Co-Prosperity Force

Given iST's industry nature of intensive technological services, we also utilize various channels, such as campus job fairs and the official website, to provide internship opportunities and develop industry–academia collaboration and cooperative education. More details are described in Chapter 5 of this report.

Identification of Materiality Issues

Based on the result of 2023 substantive issue selection, iST used the AA1000 SES 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 stakeholders' 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:

Understanding of the Organization's Background		Identification of the Actual and Potential Impacts		Assessment of Impact Level		Report Priority and Disclosure	
Step1	Step2	Step3	Step4	Step5	Step6	Step7
Organization Outline	**Identification of Positive and Negative Impacts**	**Level of Concern**	**Level of Impact**	**Priority**	**Disclosure**	**Report**
Industry Topics Identification and Boundary Setting	Assessment of Positive and Negative Impacts of ESG Topics	Questionnaire 90 Pieces	ESG Committee 20 Pieces	Annual Material Topic 13 Items (GRI)	Setting of Disclosure 16 Topics	Issuance of the Report Before 8/31
We defined the Company's applied industry topics which are professional commercial services and the boundary in accordance with the SASB, peers in the same industry and the sustainability disclosure indicators of the Market Observation Post System.	We assessed the actual and potential positive and negative impacts based on 31 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. Ninety 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 2023.	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 (13 items) as the material topics.	We had selected 13 GRI topics and 3 SASB indexes 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 Steering 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 (Y-axis: 3.2 to 4.8)
Level of Concern (X-axis: 3.20 to 4.60)

Environmental Aspect
- Energy
- Air Pollution and GHG Emission
- Water management
- Waste

Economic Consideration Aspect
- Economic performance
- Market position
- Anti-corruption

Social Consideration Aspect
- Employment
- Occupational safety and health
- Training and education
- Customer privacy
- Local community
- Workforce diversity, inclusion, and equality (refer to SASB)
- Information security* (refer to SASB)
- Professional integrity* (refer to SASB)
- Supplier social assessment

No.	Aspect	No.	Aspect	No.	Aspect	No.	Aspect
01	Indirect economic impacts	08	Freedom of association and collective bargaining	15	Air Pollution and GHG Emission	22	Water management
02	Anti-competitive behavior	09	Procurement practices	16	Energy	23	Local community
03	Human rights assessment	10	Workforce diversity, inclusion, and equality	17	Market position	24	Anti-corruption
04	Forced or compulsory labor	11	Child labor	18	Labor-management relations	25	Occupational safety and health
05	Security practices	12	Public policy	19	Economic performance	26	Training and education
06	Non-discrimination	13	Social and economic law compliance	20	Employment	27	Customer privacy
07	Material	14	Rights of aboriginal people	21	Waste	28	Supplier social assessment

In this Report, the first quadrant with level of effect > 3.8 and level of concern > 3.85 was selected as the significant consideration aspect based on the chart above.

Since no significant operational changes have occurred, one material topic, labor relations, has been removed compared to 2023.

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 GHG Emission	●			
Water management			●	
Waste			●	
Economic performance			●	
Market position			●	
Anti-corruption				●

Significant Consideration Aspect	Actual Negative Impact	Potential Negative Impact	Actual Positive Impact	Potential Positive Impact
Employment			●	
Occupational safety and health		●		
Training and education			●	
Supplier social assessment (voluntary disclosure)		●		
Customer privacy				●
Local community			●	
Workforce diversity, inclusion, and equality (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	Neihu	Customer		
Energy saving and carbon reduction	Energy	GRI 302	--	--	●	●	--	Government	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 17 PARTNERSHIPS FOR THE GOALS
	Air Pollution and GHG Emission	GRI 305	--	--	●	●	--	Government, society, investors	
Clean production	Water management	GRI 303	--	--	●	●	--	Government, media, society	
	Waste	GRI 306	--	●	●	●	--	Media, society	
Sustainable operating	Supplier social assessment	Voluntary disclosure	●	●	●	●	--	Government, suppliers	
	Local community	GRI 413	--	--	●	●	--	Government, society	
Ethical management	Economic performance	GRI 201	--	--	●	●	--	Investors, society	4 QUALITY EDUCATION
	Market position	GRI 202	--	--	●	●	--	Government, society	
	Anti-corruption	GRI 205	●	●	●	●	●	Customers, investors, employees	
Employee care	Employment	GRI 401	●	●	●	●	●	Investors, employees	8 DECENT WORK AND ECONOMIC GROWTH; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 17 PARTNERSHIPS FOR THE GOALS
	Training and education	GRI 404	--	--	●	●	--	Government, employees	
	Workforce diversity, inclusion, and equality	Voluntary disclosure	--	--	●	●	--	Government, society, 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	

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iST INTEGRATED SERVICE TECHNOLOGY

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 2023, 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 SDGs 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

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	13 CLIMATE ACTION	• Ensure affordable, stable and sustainable modern energy for all people. • 7.3_By 2030, double the global rate of improvement in energy efficiency.	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.
		• Take emergency measures to address climate change and impacts. • 13.2_Integrate climate change measures into policies, strategies and planning.	Implement GHG management and reduction in compliance with national 2050 net-zero emission policies on an ongoing basis. **Target** Optimizing climate-related financial disclosures under TCFD.
Clean production	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• Ensure to implement the sustainable consumption and production mode. • 12.5_Reduce waste generation significantly through prevention, reduction, recycling and reuse by 2030.	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 operating	17 PARTNERSHIPS FOR THE GOALS	• Ensure continuous and high-quality collaboration with business partners. • 17.14_Enhance policy coherence for sustainable development.	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	8 DECENT WORK AND ECONOMIC GROWTH	• Facilitate inclusive and sustainable economic growth, realize full employment, and create productive and quality jobs. • 8.2_Achieve higher levels of economic productivity through diversification, technological upgrading and innovation.	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.
	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• 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. • 16.5_Substantially reduce corruption and bribery in all their forms.	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	4 QUALITY EDUCATION	• Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. • 4.4_Increase the number of people with relevant skills for employment and decent jobs.	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	8 DECENT WORK AND ECONOMIC GROWTH	• Facilitate inclusive and sustainable economic growth, realize full employment, and create productive and quality jobs. • 8.8_Protect labor rights and promote safe and secure working environment for all workers.	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	17 PARTNERSHIPS FOR THE GOALS	• 17.17_Encourage and promote effective and sustainable public-private partnerships.	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.

CH2

Governance Leadership

	Metric	2023 Objective	2023 Result	2024 Objective	Medium-Term and Long-Term Goals
Economic performance/ Corporate Governance	Corporate Governance Evaluation Ranking	Ranked in the top 21% to 35% of the Corporate Governance Evaluation	Ranked in the top 6% to 20% of the 10th Corporate Governance Evaluation	• Implementing the requirements of the Corporate Governance Evaluation • Completing the planning for the board of directors and managers' performance linkage to ESG and adding a female director to the board of directors	• Deepening the requirements of Corporate Governance Evaluation • Increasing the ratio of female directors
	Revenue increasing	Close to customers, expanding production capacity and supporting the growth of customers	The revenue grew by 6.57% compared to the previous year	The revenue is expected to grow by 5%–10% compared to the previous year	To expand sales or operation locations at appropriate time to continuously increase revenues
	Maintaining investor relations	Convene more investor conferences	Held two investor conferences; one of the conferences was recorded and uploaded to the company's website	To hold at least two investor conferences; all the conferences were recorded and uploaded to the company's website	Holding more investor conferences to improve the relationship between the company and its investors
	Compliance with laws	Obligation compliance and no material fines	• No material fines imposed • Paying attention to the latest laws and regulations issued by the competent authority regularly and adjusting the internal management rules accordingly	The obligation is expected to be in compliance and no material fines	• No material fines imposed • Paying attention to the latest laws and regulations issued by the competent authority regularly and adjusting the internal management rules accordingly
Anti-corruption	Training related to ethics and ethical management	• Education and training completion rate • Number of material violations related to business ethics	• Education and training completion rate was 100% • Number of material violations related to business ethics was 0	• Remain education and training completion rate 100% • Number of material violations related to business ethics is 0	• Remain education and training completion rate 100% • Number of material violations related to business ethics is 0

Company History

iST was established in 1994. During the beginning period of the semiconductor industry in Asia, we introduced the IC circuit edit (FIB) service, which changed the verification model in the semiconductor industry. After that, we gradually expanded our 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 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 cloud, HPC, an 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.

Company Profile

Date of Incorporation Established in	1994
Headquarter	No.10-1, Lixing 1st Rd., Science Park, Hsinchu City, Taiwan (R.O.C.)
Operating bases	Please refer to iST's official website https://www.istgroup.com/tw/locations/
Tel.	886-3-579-9909
Total employees in 2023	1,113 persons
Workers who are not employees in 2023	209 persons

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iST 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.

1999
- Established the Failure Analysis (FA) Lab.

2000
- Established the Reliability Assurance (RA) Lab.

2001
- Acquired the laboratory accreditation for the IECQ ISO/IEC 17025 quality system.

2002
- Established an operating location in Shanghai, China, to actively develop the China market .

2004
- Became a public company listed on the Taipei Exchange with the stock code 3289.

2005
- Established an operating location in Kunshan, China, to continue expanding the market in China.

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.

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.

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.

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.

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.

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 goverment for our contributions to domestice 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.
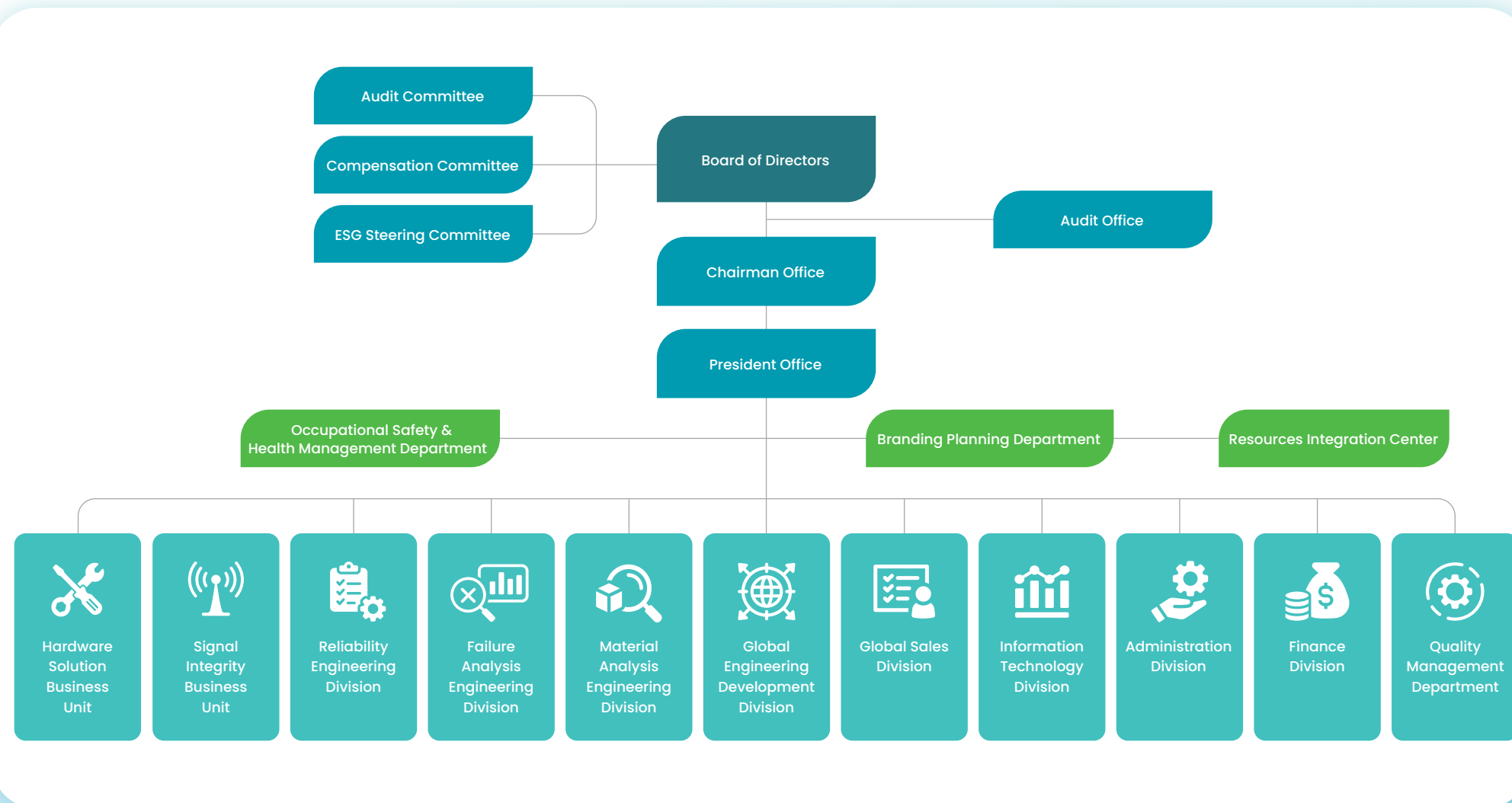
2023
- iST achieved accreditation from the Video Electronics Standards Association (VESA) as an Authorized Test Center (ATC) for ClearMR certification. This recognition empowers us to provide clients with specialized technical seminars and testing services, ensuring their products meet stringent technical specifications and attain certification.

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:

iST Organization Structure Chart

Audit Committee

Compensation Committee

ESG Steering Committee

Board of Directors

Audit Office

Chairman Office

President Office

Occupational Safety & Health Management Department

Branding Planning Department

Resources Integration Center

Hardware Solution Business Unit

Signal Integrity Business Unit

Reliability Engineering Division

Failure Analysis Engineering Division

Material Analysis Engineering Division

Global Engineering Development Division

Global Sales Division

Information Technology Division

Administration Division

Finance Division

Quality Management Department

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.

Each Stage of an Electronic Product's Lifecycle, from Design to Returns, Requires iST's Rigorous Quality Assurance

Clarifying the responsibility for product failure

Speeding up R&D Shortening Time to Market

RMA

Design

iST INTEGRATED SERVICE TECHNOLOGY

iST offers a comprehensive solution platform for verification and analysis

QVT

Prototype

Playing the role of a third-party laboratory and assisting customers in product quality control

MVT

DVT

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, assisting customers in accelerating their R&D and rigorously ensure the quality of their products.

Failure Analysis (FA)

Function Test
Identify the root causes of sample function loss and failure

Reliability Assurance (RA)

Quality Assurance
Testing the Lifetime of Samples and Compliance with End Customer Requirements

Material Analysis (MA)

Development of New Technology Production Processes
Components, characteristics, and structure of materials on the micro level

Signal Integrity (SI)

Compatibility test
Compatibility of different device products

Honors and Awards

- Ranked in the **top 6% to 20%** of the Corporate Governance Evaluation in 2023

- 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 National Industrial Innovation Award in 2021 from the Economy Ministry

The Chairman Danny Yu acquired "100 MVP Managers" in 2020

The 5th Taiwan Mittelstand Award for 2019

Global Vision

Headquartered in Taiwan, iST has led its expansion operations worldwide, including China, Japan, and the US 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 investor conferences, 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$3,811,719,000, growing by NT$69,037,000 compared to 2022. Regarding profitability, the earnings per share for 2023 was NT$5.15, and the Board of Directors resolved to distribute NT$3.7 per share. The dividend distribution increased compared to 2022.

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 collects the information of exchange rate change at any time to instantly take response measures.

Interest Rate Risk
- The designated personnel collects 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 2022 accounted for approximately 17.43%.

iST received the 2022 Notice of Assessment for Profit-seeking Income Tax in April 2024. The investment tax credit approved by the National Taxation Bureau of the Northern Area is NT$22,599,000.

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 mandate that diversity and independence be considered and that there is no conflict of interest, as well as the Chairman of the Board to be elected by the elected directors at the first board meeting of each term; the Board did not yet include a female director in 2023.

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 10th "2023 Corporate Governance Evaluation." The 10th (2023) Corporate Governance Evaluation included 1,706 companies, with 952 TWSE listed companies and 754 TPEx listed companies. Our evaluation result placed in the top 6% to 20% among the TPEx listed companies, which is a remarkable breakthrough and outstanding performance compared with the result of the 9th evaluation which placed in the top 21% to 35%. This helps 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.

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 5 meetings in 2023 with an attendance rate of 100% (including in-person and proxy attendance).

Board of Directors

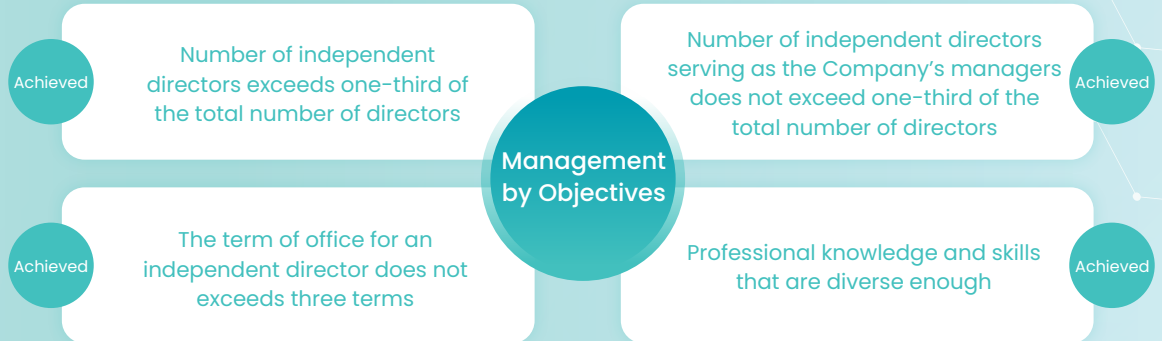| Title	Name	Age			Main Work Experience (Educational Background)	
		51-60	61-65	66-70	Education	Experience
Chairman	Han Sheng Investment Co., Ltd. Representative: Wei-Been Yu		●		• EMBA from National Chengchi University	• Senior Engineer at Electronic System Research Laboratory, Industrial Technology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

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

Management by Objectives

Achieved — 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 exceeds three terms

Achieved — Professional knowledge and skills that are diverse enough

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 2023 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 2023, 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 2023 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 2023 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, perquiaites 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.

Directors Liability Insurance

Facing the rapid changes of factors including the macroeconomics, competitive business environment and regulatory amendments, iST continues to get the directors and officers liability insurance for members of the Board and the management team, and make regular reports to the Board of Directors. This is to encourage members of the Board and the management team to actively undertake tasks, and to effectively reduce the unknown risks, possible derivative losses, and legal and financial liabilities that they have to face when fulfilling their duties.

Functional Committees

Name of Committee	Composition	Main Responsibilities	2023 Operation of the Committee	
			Number of Meetings Held	Average Attendance Rate (Including In-Person and By Proxy Attendance)

Audit Committee	• Established on June 13, 2019
	• The Charter of the Audit Committee has been adopted by the Board of Directors.
	• The Audit Committee shall be composed of the entire number of independent directors, at least one of whom shall have accounting or financial expertise.
	  1. Chuo-Min Yu, Independent Director (Chair)
	  2. Yung-Chien Lo, Independent Director
	  3. Wen-Ming Hung, Independent Director
	  4. Chih-Hung Wang, Independent Director
		• 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 toRevision of the procedure for acquisition or disposal of assets.
		• Amendment to the procedure for loaning of funds to others and making 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.
		• Review of the independence and competency of the certified public accountants (CPAs) and matters relating to changes in the CPAs of the Company.
		• Other material matters as may be required by this Coporationy or by the competent authority.
			5 meetings (Meet at least quarterly)	100%

Compensation Committee	• Established on December 13, 2011.
	• The Charter of the Compensation Committee has been adopted by the Board of Directors.
	• Member of the Committee: composed of 2 independent directors and 1 external member.
	  1. Wen-Ming Hung, Independent Director (Chair)
	  2. Chih-Hung Wang, Independent Director
	  3. Tien-Hsiang Lee
		• Establish and periodically review the performance evaluation of the directors, supervisors, and managers as well as the compensation policy, system, standards, and structure. Then, take the completion rate of the Board's review of ESG performance into consideration for performance evaluation
		• Periodically evaluate and establish the remuneration to the directors, supervisors and managers.
		• Other business items authorized by the Board of Directors.
			3 meetings (Meet at least twice a year)	100%

ESG Steering Committee	• Established on December 15, 2023.
	• The Charter of the ESG Steering Committee has been adopted by the Board of Directors.
	• Member of the Committee: composed of Chairman and 2 independent directors.
	  1. Wei-Been Yu, Chairman (Chair)
	  2. Wen-Moing Hung, Independent Director
	  3. Yung-Chien Lo, Independent Director
		• Overseeing the implementation of the ESG sustainable development philosophy
		• Authorizing the ESG chairperson to implement due diligence for the ESG negative impact incidents
		• Ensuring the implementation of the ESG sustainable development policies and tracking the implementation results.
		• Appointing the convener.
		• Yearly reviewing and approving the material topics and performance in the ESG Report.
			– (Meet at least once a year)	–

Note 1: The ESG Steering Committee has not met since its establishment up to the end of the year, and has held its first meeting in March 2024.
Note 2: The performance evaluation of each functional committee is disclosed in the annual report of the Company.

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 2023 iST Annual Report.

Appointment of Corporate Governance Executive 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 corporate governance executive 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 corporate governance executive 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 corporate governance executive 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.

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.

The Status of Continuing Education of the Corporate Governance Executive Officer in 2023 Is Shown in the Table Below

Title/Name	Continuing Education Institution	Course Name	Hours
CFO/ Yu-Sang Lin	Taiwan Corporate Governance Association	How to Implement Energy Saving and Carbon Reduction in Companies to Increase Profitability	3
	Accounting Research and Development Foundation	The Latest Amendments to Regulations Governing Internal Controls and Information Security Compliance and Fraud Prevention Practices	6
	Taiwan Corporate Governance Association	How Companies Strengthen Their Strategy Implementation	3

Stakeholder Communication & Complaint Channel

Relevant Party	Responsible Unit	Communication & Complaint Channel	
Community	Branding Planning Department	• Company website	
Investor	Finance Division; Branding Planning Department	• Dedicated phone number of the spokesperson/deputy spokesperson stated in the Annual Report	• Shareholders' meeting • Investor conference • Company website
Supplier	Purchasing Department	• The ESG hotline stated in this Report	• Company website
Employee	Human Resource Management Department	• The "Employee Playground" platform	• Company website
Customer	Sales Division	• Customer service phone number	• Company website

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 content is as follows:

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

Establishment of the inspection mechanism:
To prevent the employees from engaging in unethical or immoral actions 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.

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 2023, 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.

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. iST also encourages employees to voice their opinions about the business practices of the company through labor–management meetings.

iST enhances ethical awareness and emphasizes the anti-corruption policy and relevant procedures in the Employee Handbook and training for new employees in our operating locations. The directors are included in the training as well.

Overview of Training Related to the Ethical Code of Conduct

Type	Year	Employee		Management		Board Members		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
	2023	63	227	9	9	0	0	72	236	472
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
	2023	145	9,545	32	1,838	9	23	186	11,406	7,739
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
	2023	208	9,772	41	1,847	9	23	258	11,642	8,211

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.
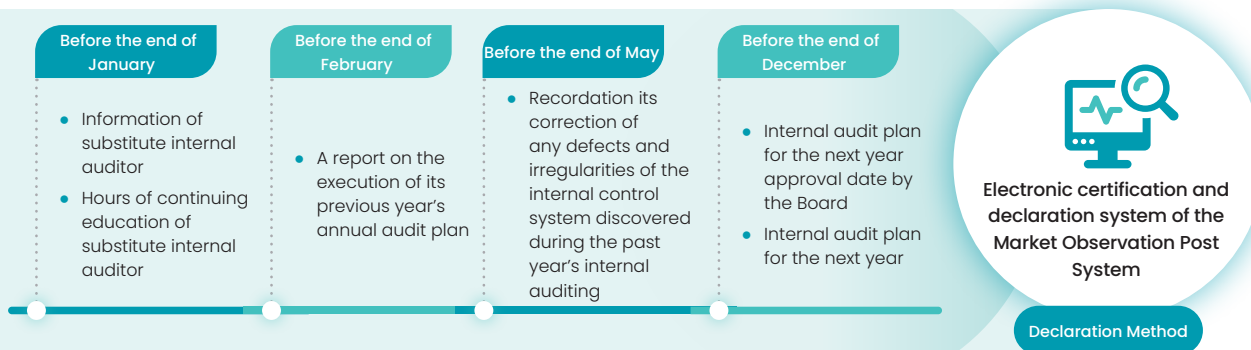
Internal Audit Work Procedure

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7
Establishment of Regulations and Systems	Annual Audit Plan	Notification for Audits	Implementation of Inspection	Working Paper	Audit Reporting	Follow-ups and Improvement

Implementation Status of Internal Audit Plan

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 2023, iST performed inspections on a total of 31 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 general manager to evaluate the overall efficacy of all entire internal control systems and to produce Internal Control Statements.

Annual Declaration Items for Internal Audits

Before the end of January
- Information of substitute internal auditor
- Hours of continuing education of substitute internal auditor

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

Electronic certification and declaration system of the Market Observation Post System

Declaration Method

The Status of Continuing Education of the Chief Internal Auditor in 2023 Is Shown in the Table Below

Continuing Education Institution	Course Name	Hours
The Institute of Internal Auditors-Chinese Taiwan	Production Cycle Practices and Key Audit Matters	6
	How to Adjust Internal Controls to Respond to the New ESG Requirements	6

Investor Service Overview

Information disclosure is 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 is also linked to the content in the MOPS. Please see the relevant links below:

CH3

Environmental Sustainability Force

MetricNote	2023 Objective	2023 Result	2024 Objective	Medium-Term and Long-Term Goals
Energy Management — Reduction of power consumption	Reduce energy usage intensity by 1%	Reduced energy usage intensity by 1.24%	Reduce energy usage intensity by 2%	• The ISO 50001 energy management system certification will be passed in 2030
Greenhouse Gas Emissions — Reduction of GHG emissions	Reduce GHG emission intensity by 3%	Reduced GHG emission intensity by 4.74%	Reduce GHG emission intensity by 5%	• The GHG emission intensity in 2027 will be reduced by more than 6%
Water Resource Management — Reduction of water consumption	Reduce water consumption intensity by 5%	Reduced water consumption intensity by 5.9%	Reduce water consumption intensity by 6%	The water use intensity in 2027 will be reduced by more than 6%
Waste Management — Reduction of waste volume	Reduce waste intensity by 1%	Reduced waste intensity by 3.8%	Reduce waste intensity by 4%	The waste intensity in 2027 will be reduced by more than 5%

Note: The base year set for energy usage/GHG emission/water consumption/waste volume is 2022.

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 CO_2 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.

Energy Management

The energy that we use includes electricity and gasoline/diesel and no other kinds of energy are used to supply heat. The energy comes from state-owned power plants and gas stations. Electricity is the main energy that we use, gasoline is used for company vehicles, and diesel is used for generators. No renewable energy was used in 2023. The electricity and energy consumption intensity is listed below (in the following table).

2023 Energy Intensity (Electricity) Statistics

2023 (Unit: MWh)	Hsinchu Plant I	Hsinchu Plant II	Puding Plant	Dean Plant	Taiyuan Plant	Neihu	Changyi	Total
Purchased electricity usage (MWh)	22,322	3,110	5,947	4,612	238	105	4,620	40,954
Total energy consumption (MJ)	80,359,461	11,194,369	21,409,090	16,604,073	856,682	378,134	16,631,931	147,433,740
Revenue (NT$ million)	3,424.332							
Energy Intensity (MJ/ NT$ million)	43,055							

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 (NT$ million)	Energy Intensity (MJ/NT$ million)
2022	1,897	140,072,400	140,074,297	3,213.134	43,594
2023	1,967	147,433,740	147,435,707	3,424.332	43,055

Note 1: Gasoline and diesel were the major consumption sources.

Note 2: In 2022, the total gasoline is 58714.70 L/diesel is 261.83 L; in 2023, the total gasoline is 59999.07 L/diesel is 156.13 L; As the data of the Energy Administration shows, one liter of gasoline = 7800 Kcal X 0.0042 MJ/1000 Kcal =0.0327 MJ (million joule). As the data of the Energy Administration shows, one liter of diesel = 8400 Kcal X 0.0042 MJ/1000 Kcal =0.0353 MJ (million joule).

Note 3: 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.

In 2023, iST has implemented six energy conservation programs (listed below), which reduced the energy usage intensity by 1.24% compared to 2022, achieving the goal of reducing the energy usage intensity by 1%. In the future, iST will continue to devote itself to improving the energy usage efficiency, selecting renewable energy sources, alternative energy sources, and other planning and implementation programs to care for the earth.

Energy-Saving Plans and Performance in 2023

1 Adjust the water temperature in the ice machine when it is not summertime

Hsinchu Plant II

The average daily electricity consumption for an ice machine during the non-summer season is 3,584 kWh. Adjusting the water temperature of the ice machine by 0.5 kWh saves about 1% of electricity cost.

▶ Power Saving (MWh) **52.682**

2 Energy saving in dryers

Hsinchu Plant II

The regeneration time of the dryer was changed from 2.5hr to 4.5hr to reduce power consumption.

▶ Power Saving (MWh) **28.392**

3 Changed the head of the air compressor

Hsinchu Plant I

The operation efficiency of the air compressor #3 was about 50%. It was upgraded to 100% after change of the head.

▶ Power Saving (MWh) **213.978**

4 Improvement to energy-saving lamps

Puding Plant

4' T5 lamps in the lab on the 3rd floor in Puding Plant were changed to LED fixtures.

▶ Power Saving (MWh) **51.389**

5 Control the number of PCW pumps in operation

Hsinchu Plant I

Change the PCW pumps in operation from 5 units to 4 units to reduce the power consumption.

▶ Power Saving (MWh) **44.226**

6 Replaced IE3 motors of the air handling units

Hsinchu Plant I /Puding Plant

Replaced IE3 motors of the air handling units in Hsinchu Plant I and Puding Plant (total 8 units).

▶ Power Saving (MWh) **33.153**

Total Power Saving

423.820 (MWh)

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 has established a greenhouse gas inventory management process in accordance with ISO 14064-1 and the Guidelines for Greenhouse Gas Inventories by the Ministry of Environment since 2021. In 2021, iST conducted GHG inventory in Hsinchu Plant I; in 2022, the scope of inventory expanded to include all plants; and in 2023, the results of the inventory were verified by a third-party verification agency. Thus, iST is able to fully understand the current status of GHG emissions.
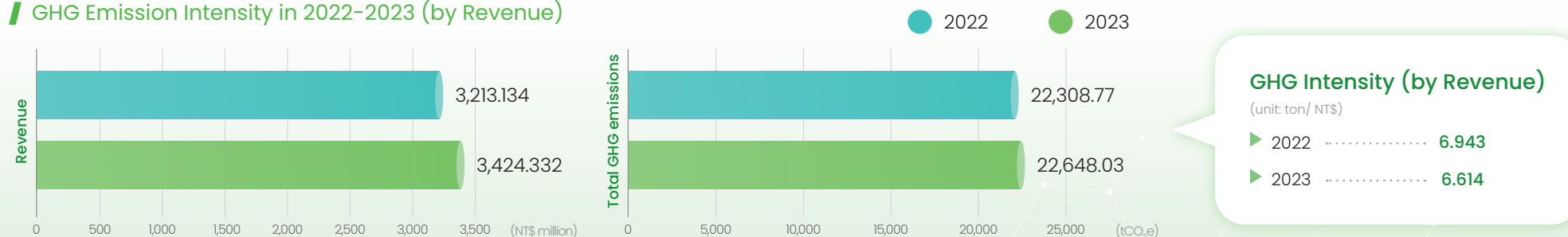
The iST GHG inventory uses operation control as the organizational boundary. In 2023, the plants include in the inventory are Hsinchu Plant I, Hsinchu Plant II, Puding Plant, Dean Plant, Taiyuan Plant, Changyi Plant, and Neihu Plant. The types of GHG are: CO_2, CH_4, N_2O, HFCs, PFCs, and SF_6. No ozone-depleting substances (ODS) are used in the plant. The total GHG emissions (see table below) include: Scope 1 (Category 1) Direct GHG Emissions from Sources: 2,416.827 metric tons of CO_2e (10.66%); Scope 2 (Category 2) Indirect GHG Emissions from Energy Sources: 20,231.185 metric tons of CO_2e (89.26%), which is mainly from purchased electricity; Category 4 Other Indirect GHG Emissions: 18.358 metric tons of CO_2e (0.08%). Thus, our GHG reduction strategy focuses on the increase of electricity usage efficiency and reduction of electricity consumption. The GHG emissions in 2023 increased slightly by 339.242 tCO_2e, but the overall operating revenue increased by 6.57% and thus the GHG emission intensity decreased by 4.74%, achieving the goal of reducing GHG emission intensity by 3%. Six energy-saving projects were carried out in 2023 to save electricity by 423.820 (estimated by iST), equivalent to a reduction of carbon emissions by 209 tCO_2e.

2023 Greenhouse Gas Emissions Table

GHG (Unit: tCO_2e)	Hsinchu Plant I	Hsinchu Plant II	Puding Plant	Dean Plant	Taiyuan Plant	Changy Plant	Neihu Plant	Total
Scope 1 (Cat. 1)	1,856.37	1.9	48.96	392.25	0	117.36	0	2,416.84
Scope 2 (Cat. 2)	11,027.10	1,536.12	2,937.80	2,278.45	117.56	2,282.27	51.89	20,231.19
Cat. 4	15.13	0.04	1.59	1.6	0	0	0	18.36
Total	12,898.60	1,538.06	2,988.35	2,672.30	117.56	2,399.63	51.89	22,666.39
Revnue (million)	3,424.332							

Note: GWP is based on IPCC (AR6).

GHG Emission Intensity in 2022-2023 (by Revenue)

● 2022   ● 2023

Revenue: 3,213.134 (2022), 3,424.332 (2023) (NT$ million)

Total GHG emissions: 22,308.77 (2022), 22,648.03 (2023) (tCO_2e)

GHG Intensity (by Revenue)
(unit: ton/ NT$)
▶ 2022 ·············· **6.943**
▶ 2023 ·············· **6.614**

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

Task Force on Climate-Related Financial Disclosures (TCFD) and Governance

iST focuses on climate risk and follows the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) published by FSB in June 2017 to identify and manage climate-changing risk and physical risk and evaluate the financial impact of high-risk factors based on TCFD structure. iST has also included climate change in the risk management structure for long-term tracking to have better governance results.

iST takes ESG sustainable organizational structure as a climate management organization and helps the Company complete climate risk and opportunity management through climate-related risk and opportunity identification meetings, setting the carbon reduction goal to continuously respond to the government and all the equity for attention and wish on the Company climate governance. In the future, iST plans to have the ESG Committee to report the climate governing performance to the board of directors, and the boards will supervise, decide, and manage climate-related issues. The responsibilities of the iST climate governance organization are as follows. The Climate Change Response and Green Sustainability Team is the dedicated unit to promote the TCFD.

iST has narrowed down the climate risk factors identified by the ESG Steering Committee into 12 risk factors based on their risk characteristics and influence on the industry, supply chain, and R&D-related functions of iST. Furthermore, iST has asked the internal experts to identify the materiality of the risk factors and compare them with the results of the top companies in the industry, and to review and confirm the impact on the supply chain in order to adjust the materiality of the risk factors. According to the identification results, 5 items are distributed in the short to medium term; 4 items are distributed in the medium to medium to long term; and 3 items are distributed in the long term. The distribution of these items is shown in the following climate risk matrix.

Board of Directors
The board of directors is the highest level of climate governance decision-making in the Company and is responsible for overseeing iST's governance performance and goal achieving status on climate-related issues, as well as reviewing corporate sustainability performance annually. Including climate-related governance situation and goal achieving status. The Company has conducted an annual review of its climate-related objectives such as energy saving, carbon reduction and water saving in 2023. Meanwhile, the Company would also include the climate-related topic in reviewing significant capital expenses, annual budget, and business plan. And, the considerations of climate-related issues were incorporated in the review of the important capital expenditures, annual budgets and business plans of the Company.

ESG Steering Committee
The ESG Steering Committee is established under the Board of Directors as the highest steering unit for implementation of sustainable practices and the decision-making unit for ESG activities and policies. It reviews and approves ESG reports with the directors as the members, and reports the management performance of climate-related risks and opportunities to the Board of Directors on a regular basis every year. The Risk Governance Team is responsible for collection and summarization of domestic and foreign climate issue trends and periodical establishment of the overall climate risk and opportunity management policies and response strategies for the Company to ensure the appropriateness of the iST's climate governance direction and practice.
In 2023, the annual implementation results on climate issues and the net-zero emission reduction action plan will be reported to the board of directors.
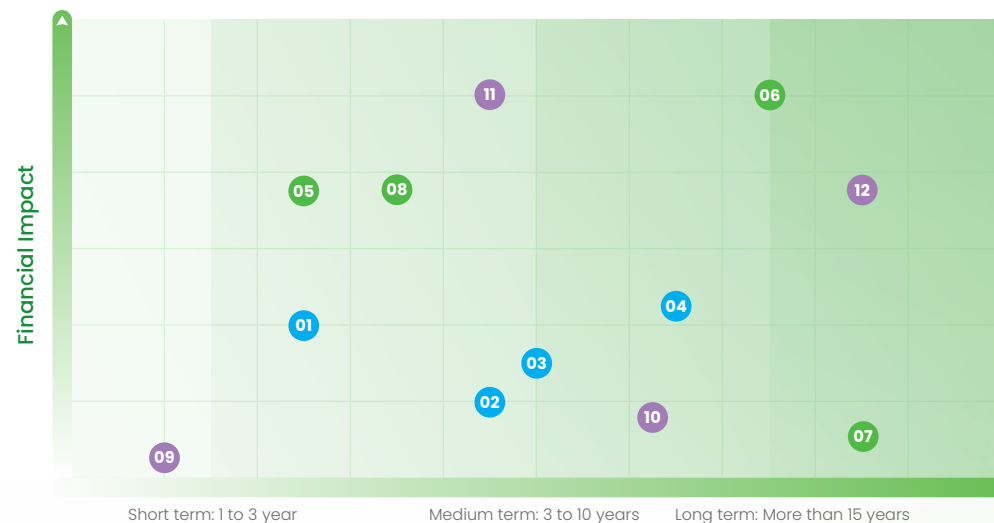
ESG Committee
The ESG Committee is established under the ESG Steering Committee with the Chairman serving as the chair and the managers of the departments as the committee members. The ESG Committee integrates the ESG strategy direction and resources across departments while the convener leads the ESG Secretariat to prepare the promotion of the ESG policies and activities. The ESG Committee shall report material ESG topics that stakeholders are concerned about and the implementation effectiveness to the ESG Steering Committee and the Board of Directors on a regular basis. It shall hold regular meetings and review the effectiveness of the ESG goals and activities to ensure the implementation of sustainability policies.

Operating Office Controlled by the Committee
In charge of identifying and evaluating climate-related risks and opportunities, and analyzing climate-related indicators and objectives such as energy usage and carbon emissions regularly to assist in adjusting and formulating climate management strategies. In 2023, the dedicated reported the implementation effectiveness of sustainability to the ESG Committee, including measures to address climate risks and opportunities, and disclosed the results to stakeholders.

The Process of Identifying Climate Risk Opportunities

Step 1 Check the risk factors → **Step 2** Review materiality → **Step 3** Adjust and confirm

Climate Risk and Opportunity Matrix

● Opportunity ● Transitional risk ● Physical risk

Financial Impact / Impact Duration

Short term: 1 to 3 year | Medium term: 3 to 10 years | Long term: More than 15 years

01 Setting up solar power facilities to reduce carbon emissions

02 Implementing systematic energy saving program and obtaining energy saving incentives from the public sector

03 Continuously introducing energy-saving technology for utility equipment

04 Test equipment implement emission reduction plans

05 Applying for voluntary carbon credits

06 Newly built plant meets green building energy saving standards

07 Continuously obtaining third-party verification certificate for GHG emission and gaining a good reputation

08 Assisting in inventory and reduction for the supply chain

09 Continuously increasing recyclable water to cope with drought

10 Flood disrupted business operations

11 Drought interrupted business operations

12 Rising sea level and extreme climate interrupted business operations

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In response to the climate issue, iST conducted a resilience analysis by considering the risks and carrying capacity of iST. The company developed a list of 12 climate risk factors as follows. After considering the effect of urgency and the level of financial impact, a risk management plan was developed respectively for two opportunity issues and three risk issues of high priority (marked with * in the table below):

No	iST Risk/Opportunity Factors	Type		Effect of Urgency	Level of Effect on Financial Investment
OP1	Introducing energy-saving equipment/technology for utility equipment	Opportunity	Based on Technology	Medium term and short term	Mid high
OP2	Introducing emission reduction equipment/technology for testing equipment	Opportunity	Based on Service	Medium term and long term	Mid high
OP3	Implementing systematic energy-saving plans for acquisition of rewards from public sectors*	Opportunity	Resource Efficency	Medium term	Mid high
OP4	Setting up solar power and green power equipment*	Opportunity	Based on Source of Resources	Medium term and short term	Mid high
TR1	Apply for voluntary carbon rights to comply with the requirements of the Ministry of Environment's carbon fee*	Transtion risk	Policy, Regulations	Medium term and short term	High
TR2	Assisting the supply chain in reduction through value chain management*			Medium term and short term	High
TR3	Newly built plant meets the green building energy-saving assessment criteria	Transtion risk	Technology	Long term	Extreme high
TR4	Continuously obtaining third-party verification certificate for GHG emission and gaining a good reputation	Transtion risk	Market	Long term	Mid low
PR1	Increasing the percentage of recyclable water to cope with drought*			Short term	Low
PR2	Flood disrupted business operations			Medium term and long term	Mid high
PR3	Installation of additional water storage facility to cope with drought	Physical risk	Extreme Climate Impact	Medium term and long term	Extreme high
PR4	Climate insurance			Long term	High

Note 1: Physical risk: Risk of flood/drought caused by adverse weather condition
Note 2: Transitional risk: The financial risk that the Company's investment and profitability may be affected by implementing operational transitions that do not comply with policies or laws, or with customer expectations.

Climate Risk Simulation Corresonding Scenarios

Transformation Risk – Regulation

Corresponding Scenario
IPCC AR6 SSP1-1.9 (temperature increase from 1.2°C to 1.7°C in 2040).

iST's Derivative Impact
The Company must transform when the temperature rises by 1.7°C. If the Company fails to do so, it will not be able to comply with the Carbon Neutral by 2030 and Zero Carbon Emission by 2050.

Financial Impact
The percentage of the derivative carbon fee based on the Ministry of Environmental 2030 charging threshold of 1.5 tons/plant in the cost is <0.2%[Note].

Corresponding Actions
Installation of renewable energy equipment.

Physical risk – drough

Corresponding Scenario
IPCC AR6 SSP5-8.5 (temperature increase from 1.3°C to 1.9°C in 2040).

iST's Derivative Impact
Service interruption due to severe rainfall and drought caused by abnormal weather conditions.

Financial Impact
Thanks to the introduction of the water saving/ storage measures in each plant, the ratio of the cost to revenue is < 1%.

Corresponding Actions
Comprehensive introduction of water-saving/water storage facilities.

Note: The calculation is based on a carbon fee of NT$300 per ton. (with the currency value and operating cost in 2023 as the calculation basis)

iST has followed the climate risk identification process described above. The following describes the risk implications and financial impacts of the climate factors identified as high priority, as well as the measures taken by the Company to address these risks:

Climate Factor	Type	Impact on iST	Strategies and Measures	Duration
Extreme Climate Event	Physical risk	Flood interrupted business operations	Adopting emergency measures for environmental safety and health – purchasing additional flood control equipment if necessary.	Long term
	Physical risk	Drought interrupted business operations	Water saving/storage facilities in each plant	Long term
	Physical risk	Continuously increase the percentage of recyclable water to cope with drought	Recyclin condensed or process water to reduce water intensity and maintain operations	Short term
	Physical risk	Rising sea level and extreme climate interrupted business operations.	TCCIP screens and evaluates long-term climate risk and purchases climate insurance.	Long term
Countermeasure	Law and policy	Appling for voluntary carbon credits in response to Ministry of Environmental carbon fee charging requirements* *	In compliance with the voluntary carbon reduction program of the Ministry of the Environment, we can acquire tradable carbon credits in advance.	Medium term
	Technology	Newly built plant meets green building energy-saving standards	Plant buildings meet green building standards and building energy efficiency rating requirements.	Long term
	Reputation	Continuous third-party verification for GHG emissions.	Improve the information disclosure credibility	Long term
	Reputation	Assisting in inventory and reduction for the supply chain	Introducing SBTi to prioritize carbon reduction for suppliers with high carbon impact and relevance.	Medium term
Improving Performance	Opportunity	Setting up solar power facilities to reduce carbon emissions	Building solar power generation modules and evaluating the possibility for subsequent introduction in large quantities	Short term
	Opportunity	Implementing systematic energy-saving program and obtaining energy-saving incentives from the public sector.	Introduction of ISO 50001 Energy Management System to continuously improve energy-saving performance	Medium term
	Opportunity	Continuing to introduce energy-saving technologies for utility equipment	Updating and introduction of inverter control for all four utility systems	Medium term
	Opportunity	Introduction of testing equipment emission reduction plan	Using eco-friendly refrigerant for reliability testing equipment and developing low energy consumption and low-carbon testing services	Long term

Goals and Metrics to be Achieved through Stragetic Measures

CO₂

Forming low-carbon values to march toward the net-zero goal steadily

Climate Commitment

Short-term
1. An annual electricity saving rate of 1% in compliance with the requirements of energy regulations
2. Setup of green power generation equipment

Medium-term
1. Incorporating energy consumption in the technical assessment when applying for material capital expenditures on facilities/equipment
2. Giving priority to energy-saving labels when purchasing office/factory appliances

Long-term
1. Through level-based supplier management, requesting key suppliers that are highly relevant or have high emissions to implement ISO 14064-1 inventory and emission reduction
2. Adopting energy saving measures in compliance with Ministry of Environmental voluntary carbon reduction methodology to apply for carbon credits and align with the 2050 national net-zero emission policy

Marching Toward Clean Production

Waste Management

Most of the iST sites are located in well-planned industrial parks or science parks, all of which have passed the government's environmental assessments and are not located in environmentally sensitive areas, thus having no significant impact on the biodiversity of the surrounding environment. As a technology service company in the electronics industry, iST runs on a business and production model of providing professional services instead of production or manufacturing, so iST generates both general wastes and hazardous wastes. General waste is employee's domestic garbage. Hazardous waste mainly comes from waste effluent from laboratories and scraps from electronic components.

In 2023, iST generated 35.37 tons of general industrial waste and 8.42 tons of hazardous industrial waste, all of which were disposed of by qualified cleaning suppliers in accordance with the law. The general Industrial wastes from some of the plants (Taiyuan, Neihu, and Changyi plants) were disposed of by the building's management committee.

The following waste management measures are taken to ensure that the Company has no significant impact on the environment through proper disposal of waste.

1 After the department sorts and stores the waste in accordance with its characteristics, the Environmental Health and Safety (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.

2 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.

3 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.

4 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 Ministry of Environment to confirm that the waste clearance and disposal service provider has reported the clearance of the waste and the status of the disposal to ensure that the waste is finally disposed in compliance with the law.

Besides reduction at the source and searching for alternative materials to reduce the amount of waste generated from manufacturing in the plants, we also effectively reuse the waste to collect, sort, reduce, and recycle; e.g. we recycle and reuse the sample packaging materials and wooden pallets. The total weight of recyclable items from recycling waste for 2023 is 11.18 tons. By implementing waste sorting in the plant, iST effectively sorted out waste paper, waste plastics, waste metals, and other recyclable items; therefore, the amount of recyclable materials increased year by year. In 2023, the waste density was reduced by 3.8%, achieving the 1% reduction in waste density. The table below shows the status of waste disposal and waste density in 2023.

Waste Disposal Status in 2023

Waste Disposal Classification (Unit: Ton)	Hsinchu Plant I	Hsinchu Plant II	Puding Plant	Dean Plant	Total	Off-site Disposal
Total weight of general industrial waste	27.95	0.11	2.62	4.69	35.37	Incineratoin
Total weight of recyclable waste	11.18	0	0	0	11.18	Recycle
Total weight of disposed hazardous industrial waste under commission	7.52	0	0.91	0	8.42	Incineration + Physical Treatment
Total weight of waste directly disposed in factory	0	0	0	0	0	-
Total	46.65	0.11	3.53	4.69	54.97	-
Operating revenue (NT$ million)	3,424.332					
Waste volume by revenue (ton/ NT$ million)	0.0161					

Note 1: This is controlled under the Ministry of the Environment Delivery of Triplicate Form to ensure there is no significant impact on the Company.
Note 2: Taiyuan Plant/ Changyi Plant/Neihu Plant are in office & factory buildings. Waste is handled collectively by the administration committee.

Waste Intensity in 2022-2023

Hsinchu Plant I • Puding Plant • Dean Plant

2022 (Base year): 0.0134 | 0.0012 | 0.0021 — Total: 0.0167
2023: 0.0136 | 0.0010 | 0.0014 — Total: 0.0161

Reduction Ratio
3.8% Note 2

(Ton/Million)

In addition, to reduce GHG emissions, we are looking for a waste disposal site with that closer to Hsinchu as the first priority. 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 2023.

Note 1: Considering the operating hours for Hsinchu Plant II, the waste intensity of the plant will be calculated starting from 2024.
Note 2: 2023 waste intensity reduction formula (0.0167-0.0161)/0.0167=3.8%
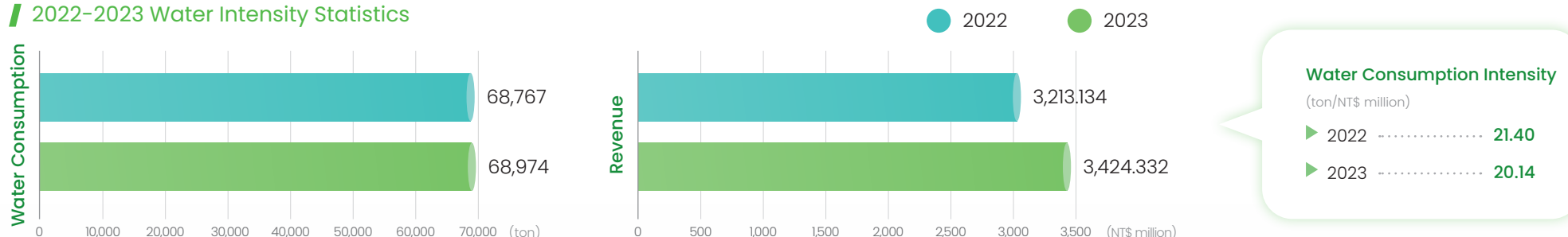
Water Resource Management

The water used in each iST plant is tap water, no groundwater is used. We use water mainly for daily life and air conditioning. A small amount of water is used as pure water for the labs. No large volume of water consumption is required. We use the Aqueduct Water Risk Atlas developed by the World Resources Institute (WRI) to identify water stress levels in the areas where the iST plants are located. We use the Aqueduct Water Risk Atlas developed by the World Resources Institute (WRI) to identify water stress levels in the areas where the iST plants are located. The iST plants are all located in areas of low or moderate water scarcity, not in areas where water is in short supply, so there will be no significant environmental impacts on water resources and the ecosystems around the water sources.

The total water withdrawal in 2023 was 68,974 metric tons, and the three strategies of "reduction," "reuse" and "recycling" were implemented for water resource management to lower the water usage intensity by 5.9% in 2023 to achieve the 5% reduction in water usage intensity target.

2022-2023 Water Withdrawal Table by Plant

Year	Hsinchu Plant I	Hsinchu Plant II	Puding Plant	Dean Plant	Taiyuan Plant	Others (Changyi / Neihu)	Total(ton)
2022	43,771	750	10,909	11,653	523	1,161	68,767
2023	41,022	4,112	11,522	10,346	715	1,257	68,974

2022-2023 Water Intensity Statistics

Water Consumption: 68,767 (2022), 68,974 (2023)

Revenue: 3,213.134 (2022), 3,424.332 (2023) (NT$ million)

Water Consumption Intensity (ton/NT$ million)
- 2022 ·········· **21.40**
- 2023 ·········· **20.14**

Management of Effluent

The domestic wastewater from employees in each plant is discharged after being treated by the underground treatment system in the building. Because we have a lot of employees work in Hinchu Plant I, we have set up a MBR (Membrane Bio-Reactor) system to treat the ammonia nitrogen generated from the domestic wastewater of the employees.
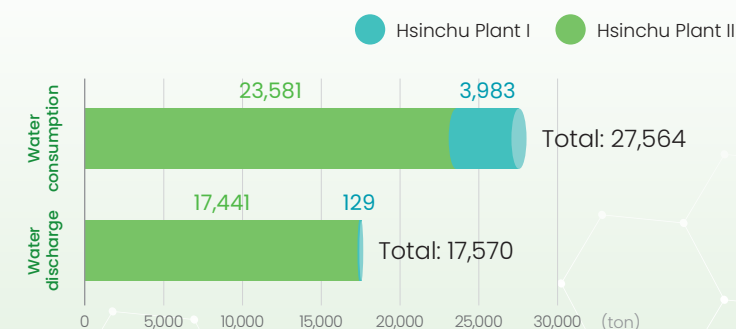
The wastewater from the labs in Hinchu Plant I and Plant II is the main source of the wastewater discharge. It is treated by the wastewater system of the plant, collected through the sewers, and then sent to the wastewater treatment plant in the park.

The discharge is in compliance with 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 wastewater from the plants in Hsinchu Science Park (Hsinchu Plant I, Hsinchu Plant II, and Changyi Plant) is mainly discharged to the Keya Creek after treatment; the Puding Plant and De'an Plant are mainly discharged to the Touqian River; the Taiyuan Plant is mainly discharged to the Fengshan River; and the Neihu Plant is mainly discharged to the Keelung River.

The specific water discharge and consumption are described in the following table. This is to ensure that the quality of effluent discharged from the wastewater treatment plant complies with the discharge standard set by the Ministry of Environment, and to avoid causing pollution to the downstream water body.

List of Water Consumption/Discharge by Plant in 2023

Water consumption: 23,581 (Hsinchu Plant II) + 3,983 (Hsinchu Plant I) — Total: 27,564

Water discharge: 17,441 (Hsinchu Plant II) + 129 (Hsinchu Plant I) — Total: 17,570

Note: Hsinchu Plant I/II are the statistical targets. The water discharge/consumption data are not available in other factory areas.

Water-Saving Measures

- **Saving domestic water:** We will use water-saving faucets, urinals andtoilets and enhance the dissemination on protection of precious water resources and water-saving awareness to reduce the demands for water consumption.
- **Saving 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 22,757 tons of water were recovered in the recent two years with recycled water accounting for 28% of the water withdrawal. Other plants are in office & factory buildings and no recycling systems were set up. We will continue planning and implementing different water saving plans to improve the overall recovery volume of process wastewater.

Hsinchu Plant I Water Recovery Statistics 2022-2023

Recovered Water (ton)	UF-based Recovered Water	Recovered AC Condensed Water	Total Recovery
2022	549	10,529	11,078
2023	573	11,106	11,679

Legal Compliance and Continuous Improvement

There were no major non-compliance events in 2023 after the audit by the competent authority.

Environmental Expenditure

We are concerned about the external environmental cost resulting from discharge of pollutants. Thus, we continuously reduce environmental pollution through environmental expenditure. Please refer to the following table for the specific expenses in 2023.

Environmental Cost – Pollution Control and Expenditure

Wastewater treatment expense
(sewer connection expense/test expense/ wastewater treatment facility maintenance expense)
NTD **5,315,712**

Waste disposal expense
(general and hazardous waste treatment expense/review of waste clearance document)
NTD **1,578,141**

Air pollution control expense
(air pollution control equipment operation expense)
NTD **1,061,855**

Non-compliance with environmental laws and regulations
NTD **6,000**

ISO 14001 maintenance expense
NTD **68,250**

Planting and greening expense
NTD **430,000**

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CH4

Value Chain Competitiveness

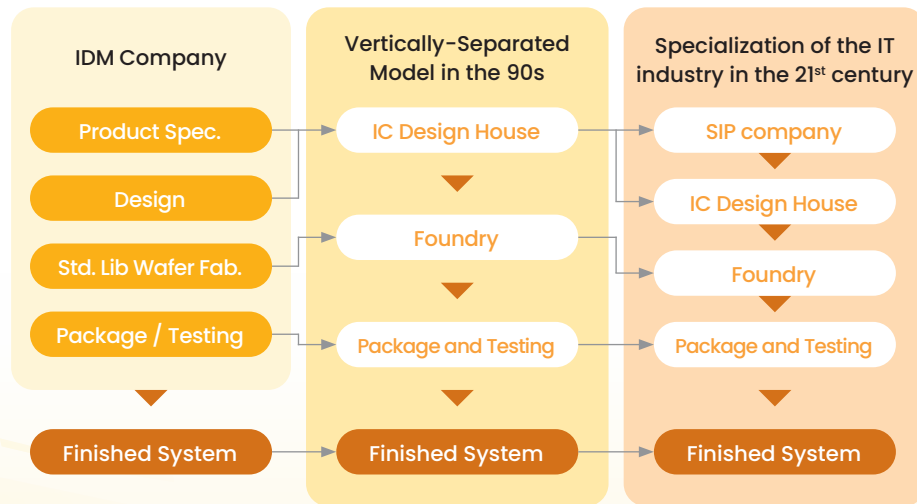|	Metric	2023 Objective	2023 Result	2024 Objective	Medium-Term and Long-Term Goals
Customer-oriented	Number of customer privacy violations	Protecting customers' privacy through information risk control measures	• The completion rate for information security education training is 100% • No complaints concerning breaches of customer privacy or losses of customer data	• The completion rate for information security education training remains 100% • No complaints concerning breaches of customer privacy or losses of customer data	Developing an information security obligation compliance culture
	Valuing customer experience, improving service quality, building customer loyalty and enhancing brand reputation	• Conduct weekly customer phone interviews to assess customers' experience regarding the commissioning process, the average customer rating must be above 9.2 • Invite customers to take a satisfaction survey annually, the percentage of "satisfied" rating must reach over 95%	• A total of 1,260 random phone interviews with customers were conducted per year, with a customer rating of 9.83 for commissioning experience. • A total of 1,180 valid annual customer satisfaction surveys were received, with 97.5% of customers rating "Satisfied"	• The number of random phone interviews with customers shall not be less than that of the previous year • The number of valid annual customer satisfaction surveys and the results of the surveys shall not be lower than those of the previous year	The number of valid customer surveys for the annual survey must be at least 1,200; the percentage of satisfied rating must not be less than 97.8%
Supplier Social Assessment	Completion rate of signing the Declaration of Non-Use Conflict Minerals	100% of metal material suppliers use corporate sources of conflict-free minerals	100% of metal material suppliers use corporate sources of conflict-free minerals	Requirement extended to major suppliers (PCB manufacturers, assembly plants) to use conflict-free minerals – 100%	Promoting sustainable supply chain to reduce operational risks
	Completion rate of supplier signing the ethical commitment	Important suppliers have signed the ethical commitment – 100%	13 important suppliers have signed the ethical commitment – 100%	Important suppliers have signed the ethical commitment – 100%	Purchase green and environmental protection products preferably
	Proportion of domestic procurement amount	Over 90% of raw materials and consumables are purchased locally	Raw materials and consumables purchased locally – 97%	Continuously find local suppliers	Packaging materials must be made of renewable materials, recyclable and low pollution

Insight into Customer's Needs

iST's Value is to Create Value for Customers

"Strengthening the quality, solving critical problems for customers, and acting as an R&D partner to accelerate time to market are iST's vision for account management. Our brand is etched into the history of the global electronics industry. We have accumulated hundreds of thousands of solutions and core technology platforms that align with international specifications on the one hand, while defining the new standards on the other. We have spared no efforts to achieve all of these just for one original purpose: to create greater value for our 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

IDM Company	Vertically-Separated Model in the 90s	Specialization of the IT industry in the 21st century
Product Spec.	IC Design House	SIP company
Design		IC Design House
Std. Lib Wafer Fab.	Foundry	Foundry
Package / Testing	Package and Testing	Package and Testing
Finished System	Finished System	Finished System

iST INTEGRATED SERVICE TECHNOLOGY

- R&D support
- Process analysis
- Quality checkup

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

For nearly 30 years, iST has solidified 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 reach 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 AI, advanced process, Wide Band Gap (WBG) semiconductor, automotive electronics, signal integrity, and space environment testing.

AI Verification Platform

In the domain of AI high-performance computing (HPC), the market's optimistic outlook on AI development secures its status as an essential "rigid demand" across diverse sectors. As AI applications proliferate, the need for highly reliable verification and analysis service has become paramount. High-performance computing (HPC), a crucial aspect of AI development, relies on advanced three-dimensional stacked packaging technology to achieve the goal of size reduction and performance enhancement. Challenges such as thermal expansion coefficient differences arising from the stacking of complex heterogeneous materials directly impact product reliability and lifespan. At the end of 2023, iST collaborated with several international industry leaders during the Electronics Packaging Technology Conference (EPTC) in Singapore to present two groundbreaking papers: "A Board Level Vibration Test Method for Electronic Industry Application" and "Method of Triple Thin Film RDL Layers on 2.2D Substrate," aiming to provide better solutions. As high-end chip technology continues to flourish, international chip giants have witnessed an upswing in gross profit margins, reflecting a heightened commitment to long-term partnerships to meet the escalating demand for chip quality. Amidst this thriving verification demand, orders continue to flow in.

Advanced Process Verification Platform

In recent years, iST's strategic investment in material analysis has begun to yield significant results in meeting the demands of advanced process verification. Through unwavering dedication and validated by client performance, iST has successfully extended its material analysis capabilities to the 1.4/2 nanometer process node. Moreover, our operations run on a 24/7 basis, ensuring swift responses to meet clients' urgent delivery needs.

WBG Semiconductors Verification Platform

In the realm of WBG semiconductor verification, the growing energy demands necessitate materials capable of withstanding high voltage, large currents, rapid transmission, and efficient heat dissipation. Essential to this is the wide bandgap (WBG) of semiconductor materials, enabling them to endure higher voltage conditions and achieve stable, rapid, and higher-power conversion and output. Currently, gallium nitride (GaN) and silicon carbide (SiC) stand out as the primary materials for WBG semiconductors, predominantly utilized in high-frequency communication and power semiconductor devices. Previously restricted to niche applications like defense and aerospace due to limited accessibility and high costs, these materials have progressively gained traction in industrial, automotive, and consumer electronics sectors, thanks to advancements in semiconductor technology and cost reduction.

The application of WBG semiconductors has emerged in global wafer foundries. Compared to other semiconductor materials, the characteristics of gallium nitride (GaN) include high voltage compatibility, high temperature tolerance, low electrical resistance, excellent electrical and thermal conductivity, small size, and low energy consumption. However, a major drawback of GaN is the significantly higher dislocation density within its single crystal compared to other semiconductors, leading to an increased probability of leakage current in subsequent components and ensuing functional abnormalities. iST's Transmission Electron Microscopy (TEM) dual-beam diffraction imaging technology enables in-depth analysis of dislocation density and types within GaN single crystals, providing comprehensive control over GaN's dislocation quality and serving as a crucial key to assisting clients in developing third-class semiconductors. Additionally, iST analyzes the bandgap values of new materials through Ultraviolet Photoelectron Spectroscopy (UPS) and Low Energy Inverse Photoemission Spectroscopy (LEIPS), assisting clients in developing compounds with wider band gaps.

Signal Integrity Service Platform

In signal testing, the global gaming industry is currently experiencing immense popularity, attracting significant attention and investment. In 2023, iST achieved accreditation from the Video Electronics Standards Association (VESA) as an Authorized Test Center (ATC) for ClearMR certification. This recognition empowers us to provide clients with specialized technical seminars and testing services, ensuring their products meet stringent technical specifications and attain certification.

Automotive Electronic Verification Platform

In the area of EVs, the industry is witnessing a surge in demand driven by the global trend toward energy conservation and carbon reduction, particularly in the development of green energy vehicles. The transition to electric and autonomous vehicles has doubled the quantity of semiconductor components used compared to traditional gasoline-powered vehicles. With the high-end automotive chip market experiencing rapid growth, it is projected to be the fastest-growing segment of the global semiconductor industry by 2027. This can also be seen from the major semiconductor fabs continue to set up factories in Japan, Germany, to aggressively capture the automotive semiconductor business opportunities. Automotive electronics are the main force for semiconductor companies to increase their sales. iST's recognition by the Automotive Electronics Council (AEC) as the first impartial third-party laboratory in Asia highlights our commitment to precision and compliance with international standards. Our proactive approach ensures timely adaptation to evolving regulations, such as the recent updates to automotive regulations AEC-Q200 (passive components) and Q100 (IC chips) in 2023. This positions iST as a trusted partner in facilitating our clients' seamless entry into the electric vehicle domain. As automotive components are intrinsically linked to personal safety, continuous research and development efforts by automotive chip manufacturers will drive further demand for highly reliable verification and analysis services.

Space Environment Testing Platform

As of today, the burgeoning space economy has led to a surge in demand for semiconductor components, particularly in Low Earth Orbit Satellite (LEO) communications. Meanwhile, the trend toward Commercial Off the Shelf (COTS) applications in space is rapidly evolving, necessitating semiconductor components with robust radiation tolerance, shock resistance, vibration absorption and so on to comply with stringent space regulations. In the realm of electronic component radiation testing, the integration of satellite missions, radiation sources, dose calculations, measurements, and radiation safety protocols present challenges for newcomers. Since 2020, iST has been a member of the Taiwan Space Radiation Environment Verification and Testing Alliance (TSREVTA), invited by the Taiwan Space Agency (TASA). In April 2023, following TASA's restructuring as a statutory body, iST signed a new memorandum of understanding. As a member of TSREVTA, iST is committed to establishing a comprehensive domestic space verification platform covering various tests such as temperature, vibration, shock, thermal vacuum, and gas volatility. With an increasing number of clients and testing requirements, iST's collaboration with the industry ensures a smooth entry for domestic manufacturers into the international space industry.

Timely Sharing of Industrial News and Assistance in the Industry's Connection to the World with Abolition of Time Zones

In addition to opening workshops, iST irregularly publishes the Easy Learning 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 2023, iST had gotten a total of over 2.09 million views.

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 experimental 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.

As a member, iST has joined guilds and associations to share management techniques and practical experience. The information of the guilds/associations is as follows:

01 Automotive Electronics Council (AEC)

02 Global Association for Electronics Manufacturing (IPC)

03 Surface Mount Technology Association (SMTA)

04 JEDEC Solid State Technology Association

05 Taiwan Printed Circuit Association (TPCA)

06 International Microelectronics Assembly & Packaging Society Taiwan Chapter (IMPAS)

07 Taiwan Battery Association (TBA)

08 Lithium-Ion Battery R&D Center (LIB)

09 Mobility in Harmony (MIH) – an open platform for electric vehicles

10 Taiwan ITRI New Venture Association (TINVA)

11 Taiwan Space Industry Development Association (TSIDA)

12 Taiwan Semiconductor Industry Association (TSIA)

13 Taiwan Electronic Equipment Industry Association (TEEIA)

Continuous Improvement of Quality

iST has established a 6S audit team to promote 6S activities. By doing so, we enable all employees to effectively maintain work areas while 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 improves 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 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) and with methods that meet the demand of the customers, regulatory competent authority, and certification bodies.

Quality Management System Operating Cycle

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🔶 Providing Reliable Verification Services with Multiple Certificates of Professional Certification

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. iST has various certificates of professional certification 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

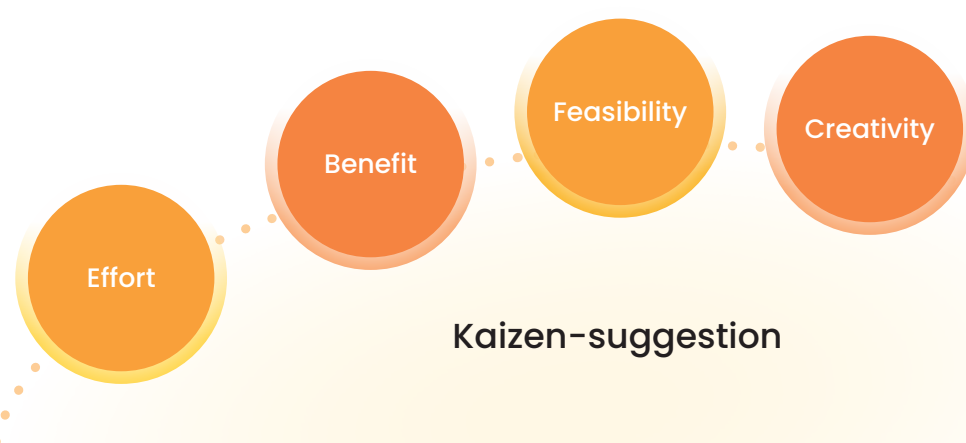| ISO/IEC 17025 | ISO 9001 | ISO/IEC 27001 | ISO 14001 | ISO 45001 | ANSI/ESD S20.20 |

🔶 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.

Number of Proposals in Recent Years

● Number of high-quality proposals (Grade B or above)

Year	High-quality proposals	Total
2018	23	49
2019	20	39
2020	23	38
2021	30	61
2022	25	39
2023	41	58
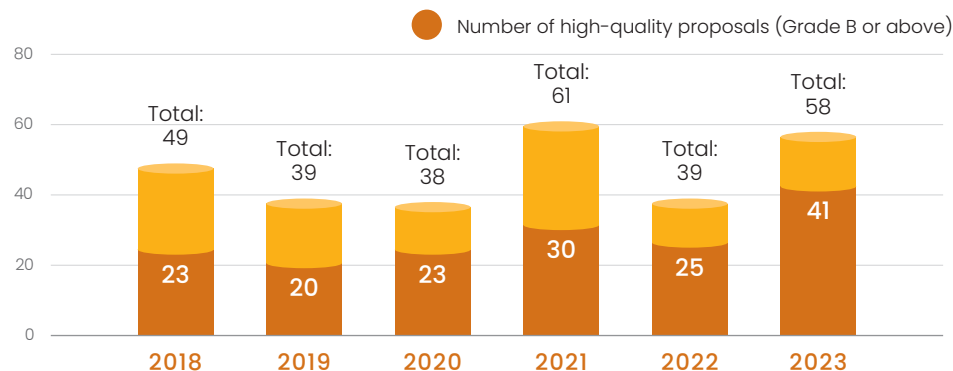
Four Aspects of Evaluating Improvement Proposals

Effort · Benefit · Feasibility · Creativity

Kaizen-suggestion

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 traditional gasoline vehicles with three hybrid cars as part of our commitment to sustainability.

Energy-saving and eco-friendly hybrid vehicle fleet for delivery and pickup.

Care for Customers – Valuing Customers' Feelings, Continuously Improving Service Quality, Building Customer Loyalty, and Enhancing Brand Reputation

iST cares for customer satisfaction from two methods: weekly phone calls and annual satisfaction surveys. The average score for the weekly phone calls in 2023 was 9.83; the satisfaction rate of the annual satisfaction surveys was more than 97.5%.

1 Weekly phone calls

iST conducts weekly telephone sampling surveys to monitor customer experiences with their projects at iST in real-time. The content in the weekly phone call includes "service attitude," "professional capabilities," "speed of response to inquiries," and "tdelivery time," allowing the customers to score their satisfaction with the products and services provided by the Engineering Department if iST. In 2023, the total number of random phone interviews was 1,260 with an average customer satisfaction score of 9.83. (Target score is 9.2)

2 Annual Satisfaction Questionnaire

iST conducts annual customer satisfaction surveys, inviting all customers who have worked with us during the year to rate their satisfaction level on their commissioning experience for the year. In 2023, we received a total of 1,180 valid questionnaires from customers; the percentage of customers who rated "Satisfied" for "Overall Service of iST," "Engineering Service," "Sales Services," "Logistics Service," and "Delivery Service" reached more than 97.5%. (Target: over 95%)

	iST Overall Service	Engineering Service	Sales Service	Logistics Service	Delivery Service
	98.82%	97.52%	98%	97.90%	97.92%
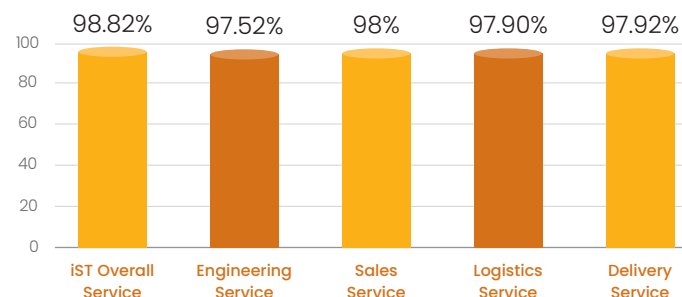
Satisfaction in Various Aspects Achieved over

97.5%

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 security 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

- Security Governance Committee
  - Executive Secretary
  - Information Security Audit Team
  - Information Security Implementation Team
  - Emergency Response Team
  - Document Management Center

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.

Implementing Information Security Educational Training

- All newcomers 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.

Establishing Information Security Operations Management

iST's 2023 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.

Border 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.

Internal Network 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 micro-molecular firewall technology.

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.

Physical and Environmental Security

Physical Security Protection

- Establishment of 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

- Digital records 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

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

New or revised information security standards

2023	2022	2021	2020
7 pieces	17 pieces	19 pieces	31 pieces

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

Employees penalized for violating information security regulations

2023	2022	2021	2020
0 persons	0 persons	0 persons	0 persons

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

Course Name	2023	2022	2021	2020
Information security education training course	245 persons	299 persons	174 persons	70 persons
Annual information security education training (retraining)	897 persons	826 persons	763 persons	679 persons
Release of information security e-newsletters	18 pieces	10 pieces	26 pieces	9 pieces
Social Engineering training	917 persons	834 persons	192 persons [Note 1]	None
Corporate Information security advocacy course	2,802 persons	2,542 persons	None [Note 2]	None [Note 3]
Information security education training in control areas	324 persons	296 persons	162 persons	None
Cloud operation education training	266 persons	163 persons	None [Note 4]	None [Note 5]
Information security personnel professional education training [Note 6]	10.16 hours	5.6 hours	3.04 hours	11.43 hours

Note 1: In 2021, not all employees were required to undergo training courses. Through drills, a total of 192 individuals were captured and required to undergo education training.
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 6 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 4.68.
- The response rate was 45% for supervisors and 54% for employees, with a total of 521 questionnaires.

Through rigorous information security control measures mentioned above, there were no complaints in 2023 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.

Supplier Management System

	Existing Supplier	New Suppliers from 2023
Supplier	• Meeting the requirements of assessment specified in the "Suppliers Management Procedure" • Signing the "Non-Disclosure Agreement"	• Acting additionally in line with ESG dissemination • Signing the "Supplier Integrity Commitment Letter" additionally for higher annual purchase amount • Signing the "ESG Score Sheet" and performing ESG review additionally for higher annual purchase amount
Machine supplier	• Signing the "Information Security Declaration" separately	
PCBA assembly plant	• Signing the "Conflict Minerals Non-Usage Commitment" separately	

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 Rights

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.

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.

Health and Safety

Suppliers shall do their best to reduce the occurrence of work-related injuries and diseases and they should recognize that a safe and healthy workplace environment helps improve product and service quality, stability in production, and laborer loyalty and morale. Suppliers must also understand that employee feedback and education are of the utmost importance for resolving health and safety issues in the workplace. Suppliers should comply with relevant regulations on occupational safety, emergency preparedness, occupational injuries and diseases, industrial hygiene, manual labor, and so on.

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.

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 2023, all 10 new equipment manufacturers have signed the declaration.

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 purchasing amount	2021	Proportion	2022	Proportion	2023	Proportion
Foreign	54,256,657	5.8%	33,455,101	3.3%	34,464,614	3.3%
Domestic	878,112,382	94.2%	994,967,260	96.7%	998,735,366	96.7%
Total amount	932,369,039		1,028,422,361		1,033,199,980	

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 "Conflict Minerals Non-Usage Commitment" 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 2023, 4 new PCBA assembly plants were included in the due diligence, and all of them complied with the requirements of the "Conflict Minerals Non-Usage Commitment."

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 "Procurement 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 "Confidentiality Agreement" to safeguard sensitive information.

iST conducts annual evaluations for key suppliers engaged in significant transactions. In addition to cost, delivery, service, and process, the new ESG rating scale for sustainable management of suppliers has included ESG self-assessment surveys as part of the annual evaluation criteria in 2023. 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 2023, a total of 43 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 Environmental Health and Safety (EHS) unit. In 2023, 26 safety education sessions were held with 208 participants. Waste disposal contractors must possess relevant certifications and comply with environmental regulations, signing a "Contractor Safety and Environmental Consent Agreement" 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 2023, 13 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.

CH5

Co-Prosperity Force

	Metric	2023 Objective	2023 Result	2024 Objective	Medium-Term and Long-Term Goals
Employment	Adhering to principles of Diversity, Equality and Inclusion/Employing Talent Based on Suitability	• Enhancing employee retention; employee turnover rate < 10.0% • Retaining top talents, retention rate of outstanding employees ≥ 90.0% • Promotion rate for managerial vacancies filled by internal staff ≥ 40.0%	• Employees turnover rate 8.9% • Turnover rate of new recruit 10.6% • Retention rate of outstanding employees is 96.6% • Promotion rate for managerial vacancies filled by internal staff is 50.0%	• Employees turnover rate ≤ 10.0% • Turnover rate of new recruit ≤ 10.0% • Retention rate of outstanding employees ≥ 90.0% • Promotion rate for managerial vacancies filled by internal staff ≥ 50.0%	• Continuously increase employee retention rate ≥ 90.0% • Continuously increase new employee retention rate ≥ 90.0% • Continuously enhance retention rate of outstanding employees ≥ 95.0% • Promotion rate for managerial vacancies filled by internal staff ≥ 55.0%
	Enhance organizational identification and improve employee engagement	–	–	Conduct an employee engagement survey with a score of 3.0 or higher (on a 5-point scale) and a response rate of ≥ 70.0%	Conduct an employee engagement survey every other year with a score of 4.0 or higher (on a 5-point scale) and a response rate of ≥ 75.0%
	Creating a welcoming and inclusive workplace	Reinstatement rate for employee taking unpaid parental leave for raising children ≥ 75.0%	Reinstatement rate for employee taking unpaid parental leave for raising children is 87.5%	Reinstatement rate for employee taking unpaid parental leave for raising children ≥ 80.0%	Continuously enhance retention rate for employee taking unpaid parental leave for raising children
Training and Education	On-job training hours	Average annual learning time per person of ≥ 20 hours	Average annual learning time per person of 23.4 hours	Average annual learning time per person of ≥ 25 hours	Continuously improving employee professional competency and increase the average annual learning hours per person of ≥ 30 hours
	Industry–Academia Collaboration and Fostering Excellent Talents	• Starting the industry–academia cooperation program for talent cultivation with more than 5 schools for early deployment of excellent talents in the industry • Retention rate for interns ≥ 80.0%, cultivating outstanding talents' skill and professionalism	• 8 schools join industry–academia cooperation in talent cultivation • Retention rate for interns is 87.5% • Industry–academia cooperation program: NT$7 million	• Number of schools join the industry–academia cooperation program for talent cultivation ≥ 10 • Retention rate for interns ≥ 80.0% • Industry–academia cooperation program: NT$10 million	• Continuously developing industry–academia cooperation program with number of schools join the industry–academia cooperation program for talent cultivation ≥ 15 • Retention rate for interns ≥ 80.0% • Stimulating the learning momentum for excellent students; industry–academia cooperation program ≥ NT10 million
Employee Diversity and Equal Opportunity (Diversity and Inclusion)	Shaping a diverse and inclusive occupational culture	• Proportion of female employees ≥ 45.0% • Proportion of female managers ≥ 40.0%	• Proportion of female employees is 47.7% • Proportion of female managers is 40.9%	• Proportion of female employees ≥ 48.0% • Proportion of female managers ≥ 41.0%	• Proportion of female employees ≥ 45.0% • Proportion of female managers ≥ 45.0%
	Creating diverse and friendly workplace	Provide sufficient quota to employ people with disabilities	Provide sufficient quota to employ people with disabilities	Provide extra quota to employ people with disabilities	Creating a friendly workplace and providing extra quota to employ people with disabilities

	Metric	2023 Objective	2023 Result	2024 Objective	Medium-Term and Long-Term Goals
Labor-management Relations	• Adhering to international human rights conventions • Continuously strengthening the awareness and action to prevent workplace misconduct	• Number of complaints about human rights violation: 0 • 100.0% completion rate of training on prevention of workplace misconduct for new employees	• Number of complaints about human rights violation: 0 • 100.0% completion rate of training on prevention of workplace misconduct for new employees	• Number of complaints about human rights violation: 0 • 100.0% completion rate of training on prevention of workplace misconduct for all employees	• Continuously concerned about human rights issues; no major human rights violations • Continuously strengthening the awareness and action to prevent workplace misconduct; 100.0% completion rate of training on prevention of workplace misconduct for new employees
	Establishing good labor-management interaction	• Case closing rate of employee feedback 100.0% • Participation rate of employee feedback on managers' competency management ≥ 70.0%	• Case closing rate of employee feedback 100.0% • Participation rate of employee feedback on managers' competency management is 74.0%	• Case closing rate of employee feedback 100.0% • Participation rate of employee feedback on managers' competency management ≥ 75.0%	• Case closing rate of employee feedback 100.0% • Participation rate of employee feedback on managers' competency management ≥ 80.0%
Occupational Safety and Health	• Disabling Injury Frequency Rate • Disabling Injury Severity Rate • Occupational Disease Rate • Fatality Ratio	• Disabling Injury Frequency Rate < 2 • Disabling Injury Severity Rate < 20 • Occupational Disease Rate is 0 • Fatality Ratio is 0	• Disabling Injury Frequency Rate is 1.48 • Disabling Injury Severity Rate is 4.44[Note] • Occupational Disease Rate is 0 • Fatality Ratio is 0	• Disabling Injury Frequency Rate < 1 • Disabling Injury Severity Rate < 20 • Occupational Disease Rate is 0 • Fatality Ratio is 0	• Disabling Injury Frequency Rate < 0.5 • Disabling Injury Severity Rate < 10 • Occupational Disease Rate is 0 • Fatality Ratio is 0
Local Community	Educational Empowerment in Remote Areas Working with educational organizations to reduce the resource gap between urban and rural education	• At least 150 schools participated in the Youth Empowerment Program • At least 30 schools have participated in the remote area education program, with at least 500 students benefiting from the program	• Youth Empowerment: By working with social welfare organizations, we have assisted 190 schools in providing EQ education and scholarship. • Education in remote areas: Partnering with 39 schools, we have positively impacted 607 students	• Support at least 190 schools for the EQ Education and scholarships program • Support at least 610 students through sponsorships	Collaborated with 195 schools at least for the remote area education and youth empowerment programs each year, with at least 700 students benefiting from the programs
	Caring for the Disadvantaged Groups Continuously caring for all kinds of disadvantaged group, and embodying the spirit of giving timely assistance to those in need, contributing to society	• Conducting at least 30 charity sales • Sponsored at least 7 social welfare organizations and groups	• Providing venues in various plants to organize 40 charity sales • Sponsored 9 groups of social welfare organizations	• Conducting at least 40 public service activities • Sponsored at least 10 social welfare organizations and groups • At least 8 internal volunteers participated in the program	Organize at least 45 public service activities each year, with at least 12 social welfare organizations and groups to cooperate with, and at least 20 internal volunteers to participate

Note: The number of disability days due to a single slip and fall accident in 2023 is currently ongoing.

Talent Attraction and Retention

Human Resource

Talents are the key to corporate sustainability and are iST's most important asset and core competitiveness. iST is committed to adhering to the spirit of documents such as the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, and the Responsible Business Alliance (RBA) Code of Conduct, along with other relevant industry standards and international agreements. Upholding the principles of "Respect for Human Rights" and "Merit-Based Employment," we actively promote gender equality and are dedicated to creating a diverse, equal, and inclusive workplace without discrimination based on non-work-related factors such as race, beliefs, religion, party background, gender, marital status, disability, or other legally protected attributes is strictly prohibited. These principles apply to recruiting, hiring, training, promotion, salary and benefits, and we look forward to growing together with our employees.

iST continues to build a friendly environment with positive communication. iST has also established a comprehensive labor–management communication channel, listening to employees' voices so that employees can find a balance between the workplace and their families. The reinstatement rate for employees taking parental leave in 2023 reached 87.5%, allowing employees to return to the workplace with confidence. iST attaches great importance in promoting labor and business ethical policies through work rules, document management systems, and bulletin systems, etc. iST also regularly reviews and optimizes relevant systems to respect all employees' human rights and to provide fair and suitable job opportunities to both applicants and employees.

Diverse Hiring

iST provides competitive compensation to attract external talent and retain top employees, while rewarding employees who create performance and make long-term contributions. We give priority to hiring local employees. The standard salary for entry-level employee is better than the local statutory salary requirements. Also, Taiwanese citizens are given priority for senior management positions within the Taiwan operational headquarters. The total number of employees in 2023 is 1,113 including 176 managers and 937 professional technicians. Employees between the ages of 30–49 account for 61.2% of the total employees, with an average age of 33.9 years old, which is the main labor structure and supports the company's growth momentum. Based on the principle of diversity and inclusion, iST continues to develop a diverse workforce. In 2023, 18.2% of new employees are from foreign countries, representing 11.1% of the company's total workforce. 99.0% of employees are full-time employees and 1.0% are part-time employees.

Employee Labor Structure

Year		2022						2023					
Category	Class	Male	Male Ratio	Female	Female Ratio	Total	Total Percentage	Male	Male Ratio	Female	Female Ratio	Total	Total Percentage
Position	Management personnel	103	59.9%	69	40.1%	172	17.3%	104	59.1%	72	40.9%	176	15.8%
	Technical personnel	429	52.3%	392	47.7%	821	82.7%	478	51.0%	459	49.0%	937	84.2%
Age	Below 29	195	52.8%	174	47.2%	369	37.2%	191	51.8%	178	48.2%	369	33.2%
	30-49	311	53.8%	267	46.2%	578	58.2%	354	52.0%	327	48.0%	681	61.2%
	Above 50	26	56.5%	20	43.5%	46	4.6%	37	58.7%	26	41.3%	63	5.7%
Nationality	Taiwanese citizen	495	54.6%	411	45.4%	906	91.2%	538	54.3%	452	45.7%	990	88.9%
	Foreign citizen	37	42.5%	50	57.5%	87	8.8%	44	35.8%	79	64.2%	123	11.1%
Education	Doctoral degree	5	100.0%	0	0.0%	5	0.5%	4	100.0%	0	0.0%	4	0.4%
	Master's degree	69	54.8%	57	45.2%	126	12.7%	73	50.3%	72	49.7%	145	13.0%
	Bachelor's degree	383	54.6%	319	45.4%	702	70.7%	419	53.9%	358	46.1%	777	69.8%
	Junior college	43	47.3%	48	52.7%	91	9.2%	41	44.6%	51	55.4%	92	8.3%
	General and vocational high school	26	41.9%	36	58.1%	62	6.2%	38	44.2%	48	55.8%	86	7.7%
	Others	6	85.7%	1	14.3%	7	0.7%	7	77.8%	2	22.2%	9	0.8%
Contractor	Regular employee	527	53.7%	454	46.3%	981	98.8%	575	52.2%	527	47.8%	1,102	99.0%
	Non-regular employee	5	41.7%	7	58.3%	12	1.2%	7	63.6%	4	36.4%	11	1.0%
Total		532	53.6%	461	46.4%	993	100.0%	582	52.3%	531	47.7%	1,113	100.0%

Note 1: Management 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.
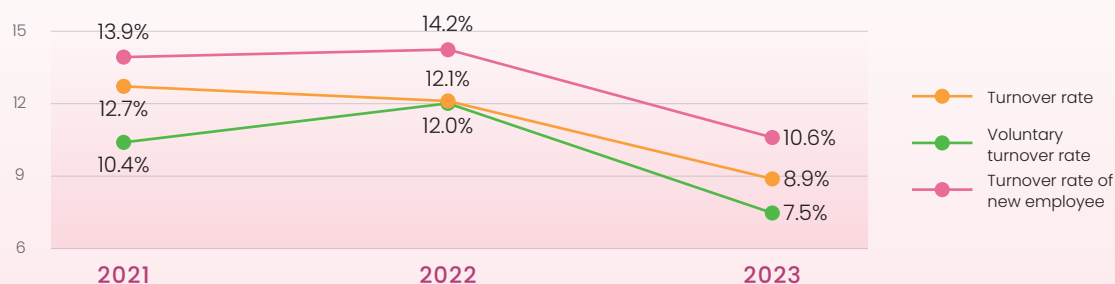
iST actively builds a friendly workplace, with equality, diversity, and inclusion, and create a work environment that inspires passion among our employees through competitive compensation, developmental learning programs and various communication channels. iST actively implements various recruiting programs and activities to attract talents to join us. Through campus recruitment, regional recruitment, industry–academia collaboration, and the diverse employment incentive program, we are able to attract and promote outstanding talents. iST recruits people based on their abilities, not on age, gender, or nationality. In 2023, the number of new employees was 236, of which 18.2% were from foreign countries, and the percentage of new female employees was 53.4%.

New Recruit Labor Structure

Year	2022			2023		
Category	Male	Female	Total Percentage	Male	Female	Total Percentage
Below 29	55.8%	44.2%	65.7%	48.6%	51.4%	59.3%
30-49	50.9%	49.1%	33.7%	41.8%	58.2%	38.6%
Above 50	33.3%	66.7%	0.6%	80.0%	20.0%	2.1%
Taiwanese citizen	56.1%	43.9%	89.5%	51.3%	48.7%	81.8%
Foreign citizen	34.5%	65.5%	10.5%	25.6%	74.4%	18.2%
Ratio	53.7%	46.3%	100.0%	46.6%	53.4%	100.0%

iST values the opinions and feedback of each employee, establishing a diverse and open communication channel to allow employees to give feedback, and strengthening communication between the Company and the employees through diverse operations in order to promote harmony in labor and management relations. Due to the Company's efforts to create a harmonious working environment, attractive compensation and benefits, and a training and development platform, the turnover rate in 2023 was 8.9%, which is lower than the industry average. A healthy talent movement is also conducive to the company's long-term growth. We conduct retention interviews with each employee who is resigning, assist in transferring to a suitable position, and analyze the key factors of retention and resignation in order to make immediate improvements and continue to 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 2023, iST did not have any significant operational changes.

Annual Turnover Rate

Turnover rate of new employee: 13.9% (2021), 14.2% (2022), 10.6% (2023)
Turnover rate: 12.7% (2021), 12.1% (2022), 8.9% (2023)
Voluntary turnover rate: 10.4% (2021), 12.0% (2022), 7.5% (2023)

Except for full-time employees, the composition of non-employee workers at iST in 2023 is as follows.

Non-Employee Labor Structure

Category	Gender	Security	Group Catering	Cleanness	Contractor
Below 29	Male	1	1	0	48
	Female	1	0	0	2
30-49	Male	2	0	0	95
	Female	3	1	2	6
Above 50	Male	10	2	1	41
	Female	4	3	9	17
Subtotal	Male	13	3	1	184
	Female	8	4	11	25
Total		21	7	12	209

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.

In addition, through comprehensive talent cultivation and development, performance management, and salary adjustment mechanisms, iST has established a favorable working environment and self-fulfillment through a systematic management approach, attracting and retaining top talents. In the past three years, the retention rate of top talents has been above 90.0%, and the rate for 2023 has reached 96.6%.

Retention Rate of Top Talent

93.8% (2021), 93.0% (2022), 96.6% (2023)
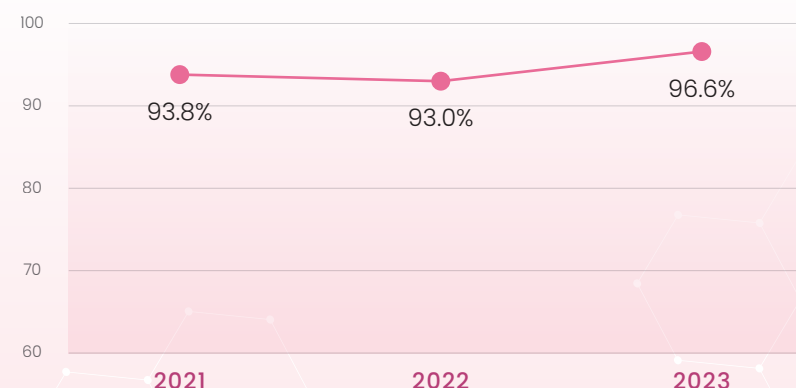
Compassionate Equality Care

iST implements diversity, equality, and gender equality. iST promotes employee and determines salaries based on individual's ability and job requirements, without any gender or racial differences. In 2023, 50.0% of managerial vacancies were promoted from internal employees. iST continues to complete its talent pipeline at every level of the organization. iST actively hires and promotes female employees. In 2023, the proportion of female employees in Taiwan accounted for approximately 47.7% of the total workforce, increasing by 1.3% compared to 2022. The proportion of female managers has continued to increase to 40.9%, up 0.8% compared to 2022; among them, 43.7% are female junior management and 16.7% are female top management. This allows female employees to develop their potentials and demonstrate their influences.
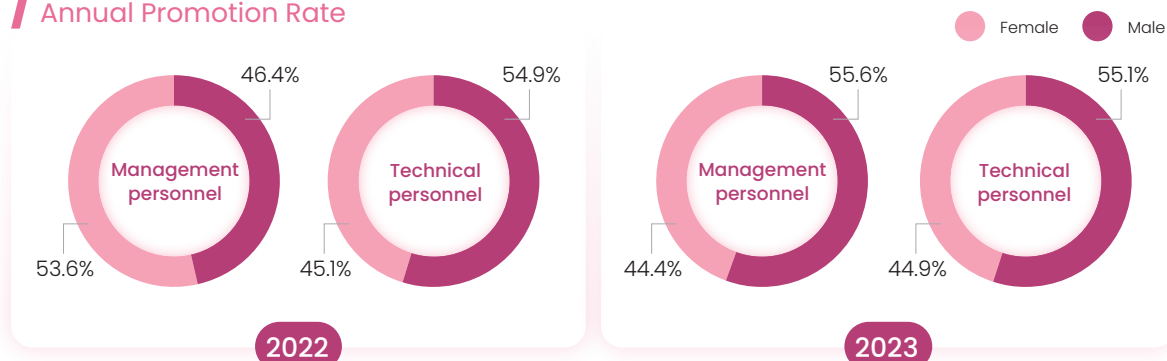
iST values every employee's rights and personal health and safety. We provide a safe and secure work environment for our foreign employees. Starting from 2023, iST has implemented the "Zero Placement Fee" policy to ease the financial burden for foreign employees who come to work in Taiwan and to avoid bonded labor problem. All employees receive equal employment based on the principle of reasonableness and fairness. Exceptional foreign blue-collar employees may be promoted to white-collar engineers. The promotion rate of exceptional foreign blue-collar employees in 2023 reached 30%, so that we could retain the excellent talents.

Annual Promotion Rate

Female   Male

Management personnel — 46.4% / 53.6%
Technical personnel — 54.9% / 45.1%
2022

Management personnel — 55.6% / 44.4%
Technical personnel — 55.1% / 44.9%
2023

The Proportion of iST's Female Employee and Female Management

Year	2022		2023	
Category	Male	Female	Male	Female
Staff	53.6%	46.4%	52.3%	47.7%
Management	59.9%	40.1%	59.1%	40.9%
First level management	57.7%	42.3%	56.3%	43.7%
Top management	81.3%	18.8%	83.3%	16.7%

Note: First level management refers to technical level, section-level, department-level managers; senior management are division-level managers.

iST has been supporting the government's policy on employing people with disabilities. In 2023, iST provided sufficient quota to employ seven people with disabilities. All of these employees with disabilities are employees who actually participate in the Company's work and business. iST has provided staff and equipment to support the employees with disabilities according to their conditions, so that the employees with disabilities are able to work with confidence. We hope to attract more potential and suitable people with disabilities to take the initiative to apply for the positions in iST.

Eligible employees of iST may apply for unpaid parental leave for raising their children. In 2023, a total of 10 employees applied for unpaid parental leave, with an average reinstatement rate of 87.5%. iST also continues to observe the retention of reinstated employees. For female employees who resumed work after taking parental leave and completed one year of service in 2023, the retention rate was 66.7%. iST is committed to creating a friendly and equal workplace, and continually striving to enhance reinstatement and retention rates.

Annual Parental Leave Status

Year	2022			2023		
Category	Male	Female	Total	Male	Female	Total
Employees on parental leave count (A)	55	49	104	48	49	97
Employees on parental leave count (B)	0	11	11	1	9	10
Number of employees who should be reinstated in the current year (C)	3	8	11	0	8	8
Number of employees who are actually be reinstated in the current year (D)	2	6	8	0	7	7
Employees who resumed work after completing parental leave in the preceding year (E)	1	3	4	2	6	8
Employees who resumed work after completing parental leave in the preceding year and remained employed for over a year (F)	1	2	3	0	4	4
Rate of parental leave requests (B/A)	0.0%	22.4%	10.6%	2.1%	18.4%	10.3%
Re-employment rate (D/C)	66.7%	75.0%	72.7%	–	87.5%	87.5%
Retention rate (F/E)	100.0%	66.7%	75.0%	0.0%	66.7%	50.0%

Note: Employees within three years from childbirth are eligible for parental leave, for instance, in 2023, the qualified statistic range includes employees who gave birth between January 1, 2020, and December 31, 2023 (source: Number of maternity and paternity leave applications).

Competitive Compensation and Benefits

Each year, iST formulates compensation strategies based on changes in company operations and industry environment. 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, to ensure that the compensation policy is competitive externally and fair internally. We provide our employees with generous bonuses and incentives, a high-quality work environment, and a comprehensive benefits system, enabling them to achieve a balanced development in work, life, and leisure. In 2023, the average salary of iST employees was NT$1,047,508, while the median salary was NT$915,401, both of which had increased from the previous year. This not only demonstrates that we are sharing the profits with our employees, but also shows that we are continuously improving iST's competitiveness. In 2023, the median total compensation (excluding pension) of iST was approximately NT$915 thousand, which is roughly 1:18 in comparison to the total compensation (excluding pension) of the chairman and general manager; The increase percentage of the annual total compensation for the Chairman and general manager as a ratio to the increase percentage of the median in the total compensation for the employees is approximately -2 to 1.

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

Year	2022		2023	
Category	Male	Female	Male	Female
General employees	1:0.94		1:0.93	
Management personnel	1:0.85		1:0.84	

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

Year	2022		2023	
Category	Male	Female	Male	Female
General employees	1:0.90		1:0.92	
Management personnel	1:0.83		1:0.81	

Annual Salary Status

Year	2022	2023
Number of full-time non-managerial employees	833	978
The average salary of full-time non-managerial employees	977,294	1,047,508
The median salary of full-time non-managerial employees	871,292	915,401

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 and implements a fair remuneration system, regardless of gender, age, race, religion, nationality, physical or mental disabilities, etc. Additionally, it implements a diverse incentive bonus system, aligning employees with the success of the Company's operations.

Employee Welfare Policy

iST provides a competitive welfare policy to fulfill the belief of taking good care of the employees, so that our employees can work without worries and focus on creating value for the Company. In accordance with the Labor Standards Act, the Company has established the Labor Retirement Reserve Supervisory Committee, which is responsible for overseeing and managing the allocation and payment of retirement reserve funds. A monthly contribution of 2% of salary is deposited in a special account at the Bank of Taiwan. Each year, a professional accounting consultant conducts an actuarial analysis on the retirement reserve to ensure that sufficient contributions are made. If an employee is eligible for retirement under the Labor Standards Act, the employee's pension is calculated based on the years of service before retirement and the average six-month salary; if the Labor Pension Act is applicable, the Company shall allocate 6% of the employee's salary to the individual pension account of the Bureau of Labor Insurance each month. 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.

Diverse Incentives

- Includes high performance bonuses, incentives, achievement bonuses, referral bonuses, improvement proposal bonuses, coaching bonuses, retention bonuses, and so on.

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 – Sustainable Talent Strategy

iST strongly believes that talent is the core element for sustainable development. We uphold the core concept of "Focus on Human" to create a friendly environment that emphasizes talent cultivation and development as well as employee identification, to enhance the company's employer brand, and to raise the company's growth momentum through diverse recruiting channels, in order to bring the power for innovation together.

iST has actively promoted industry–academia collaboration projects. Through the Elite Talent Scholarship, Freshman Pre-employment Program, Rooted Learning Program, Professional Lecture, Diverse Internship Program, Corporate Visits, and Campus Recruitment, iST has continued to collaborate with National Tsing Hua University, National Yang Ming Chiao Tung University, Tamkang University, and Ming Hsin University to deepen campus relationships and continue to recruit more excellent talents to join iST to achieve the company's talent sustainable development goal.

1 Elite Talent Scholarship

iST cultivates outstanding students by providing Elite Talent Scholarships. It promotes industry–academia collaboration to implement corporate talent cultivation program, so that students can study without fear, thereby cultivating professional talents for the semiconductor industry.

▶ Talent Scholarship **> NT$1.1M**

2 Freshman Pre-employment Program

iST implements an AO (Advanced Offer) system. We give new employees more time to understand their roles and responsibilities and thus help them become familiar with their tasks and improve work efficiency.

▶ Pre-employment bonus **> NT$1.4M**

3 Professional Talent Incubation Program

Professional Talent Cultivation Program We provide practice-based professional training through our Incubation Program, which aims to guide students to acquire practical knowledge and skills for the workplace.

▶ Total participants **> 100**

4 Corporate Visits

Through on-site visits, students were able to learn more about iST's vision, organizational culture, work environment and talent development, and get a closer look at how the company operates.

▶ The satisfaction rate is **4.8** out of 5

5 Professional Lecture

Conducted 10 professional lectures to introduce the professional knowledge and experience of the industry to the campus and share the new industrial knowledge with the students.

▶ The satisfaction rate is **4.8** out of 5

6 Rooted Learning Program

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.

▶ Number of people received the textbooks **> 150**

7 Testing and Analysis Technology Subsidy

iST assists schools in academic research and technological innovation, and actively contributes to the development of specialized fields through industry–academia collaboration.

▶ Testing and analysis subsidies **> NT$4M**

8 Diverse Internship Program

By offering internships, students are able to apply what they have learned in the workplace, thereby establishing a long-term partnership with the school, and actively enhancing the students' competitiveness in the workplace, as well as reserving future talents for the Company.

▶ Retention rate of intern **> 80.0%**

Elite Talent Cultivation Program

Rooted Learning Program

Professional Lecture

Campus Recruitment Activity

Job Promotion Activities

To help enhance the competitiveness of industrial talents in the workplace, iST participated in the online live broadcasting, employment promotion courses, and corporate visits organized by Job Taole Career Development Center, Ministry of Labor. Through the introduction of industrial trends and job-hunting skills, people were able to gain a better understanding of the company's operations and get to know iST's corporate culture in person. The overall satisfaction rating of the event was 4.7 out of 5.

Job Search Website-Live

Live stream: We share career planning, job search skills, iST's position in the industry, and high-quality job recommendations. These enable people to learn easily at the lunch time and interact directly with streamers during live streaming to learn useful job search advise.

Job Lecture School

Employment promotion course series: This series covers a variety of themed courses including the trend of the industry, the key role that iST plays, job search skills, and writing of a resume. One-on-one feedback and advice are provided to increase the opportunity for a successful job search by giving comprehensive guidance such as learning of interview skills and job search strategies, diagnosis of the resume, and career consultation.

Career Dreams with an Insight in the Industry

A visit to the company: Job seekers can understand the operating process, workplace culture, and work environment of the company by paying a visit. Internal experts introduce the development and future plans of the company during the visit. They interact with the visitors and answer the questions of the job seekers to enhance their understanding and recognization of the compay. These activities not only help job seekers improve their employment skills and competitive strength, but also promote the mutual understanding between the company and job seekers, help them find a job successfully, and create a three-win benefit.

iST continues to enhance its strategy for human resources sustainable development and has cooperated with the government's Youth's Employment Ultimate Program to assist young graduates in making a solid transition to workplace. More than 346 young people have been recruited since the start of the program up to 2023, with a completion rate of more than 80.0%. The program has been awarded the 2023 successful case study of the Youth's Employment Ultimate Program by the Taoyuan-Hsinchu-Miaoli Regional Branch.


Insights from Intern

O-Hua Lin, Department of Electrical Engineering, Taipei City University of Science and Technology

My work at iST is mainly doing EMMI's failure analysis. I have also learned basic IV and wire bonding machine. I need to be very careful in my work, otherwise there is a chance that I may damage the customer's samples. The instructor who coached me was very considerate and attentive to me during the training. At the beginning, when I was unfamiliar with the job, instructor was not harsh on me and taught me a lot of useful tips to help me do my job more smoothly. My greatest fulfillment is that I am able to communicate with my clients smoothly without being nervous when they arrive at the site. Sometimes I can even suggest other choices to my clients, which saves them a lot of time.

At the beginning, when I encountered problems, I would seek help from my colleagues. They have always given me a lot of useful advice, which has helped me to grow rapidly. By now, I am able to handle the problems I encounter independently and solve them smoothly.

As for the company's benefits, there is afternoon tea get together every month. It allows me to have a nice break from my busy work schedule; there is also a monthly coffee coupon, so that I can quickly refresh myself when I am mentally exhausted, and it helps me to keep up with my work efficiency. Regardless of work or personal life, my supervisor is always very enthusiastic to answer my questions and give me a lot of advice and encouragement. When I encounter problems or need help in the lab, everyone is very enthusiastic to help each other without being annoyed, I really like this working atmosphere.

So far, I think that iST's culture, work environment, and the relationship between my colleagues are all very well. As for the future development direction, I have a high interest in the new machine, and I also use my free time to learn, hoping that I will have the opportunity to use the wire bonding machine in the future.
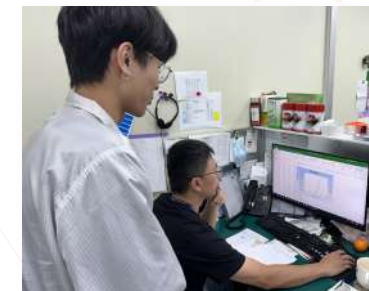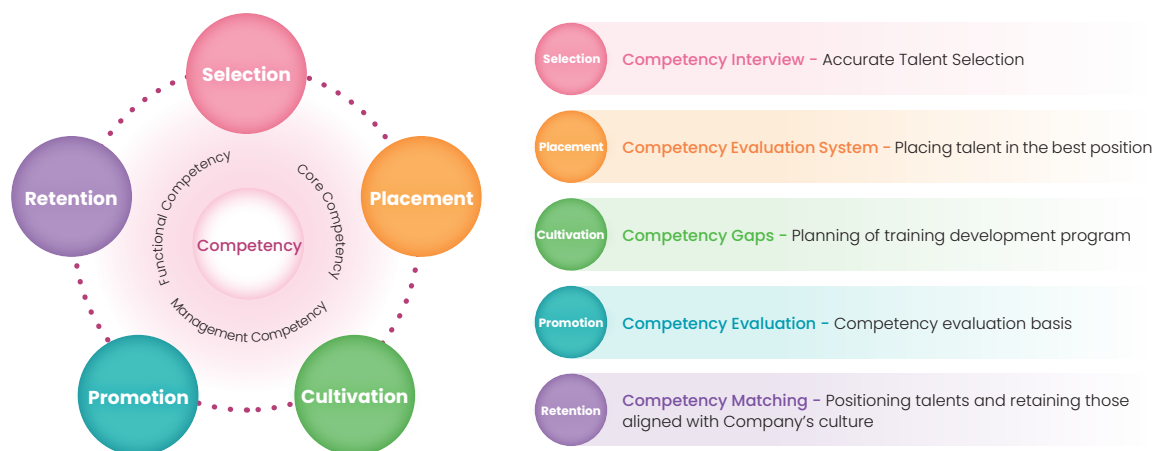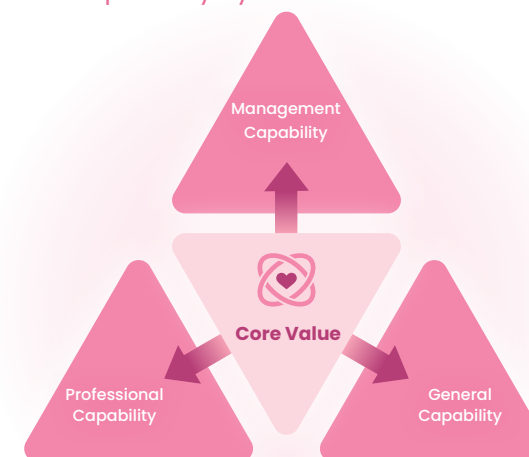
Talent Cultivation and Development

iST is the medical center for the semiconductor industry. iST not only continues to cultivate and develop its professional technology, but also adheres to the core principle of "Focus on Human," and forms a "Service," "Unity," and "Innovation" corporate culture, hoping that iST will become a company that its employees will be proud of.

iST's talent management and development system structure is built based on "Competency," which is the basis for the selection, placement, cultivation, promotion, and retention of talents. 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. We provide diverse development channels to facilitate the development of our employees. Through job training roadmap for each position and the diverse development channels, we are able to cultivate and build up professional capabilities, creating an environment that offers unlimited growth opportunities for employees, thereby fostering the talent competitiveness.

Comprehensive Management and Development System

Selection – Competency Interview – Accurate Talent Selection

Placement – Competency Evaluation System – Placing talent in the best position

Cultivation – Competency Gaps – Planning of training development program

Promotion – Competency Evaluation – Competency evaluation basis

Retention – Competency Matching – Positioning talents and retaining those aligned with Company's culture

Employee Competency Pyramid

Diverse Developmental Channels

01 New Employee Development (Sustaining Energy)
- Professional competency certification and development
- Online learning /Self Directed Learning

02 Professional Development (Deepening and Internalizing Experience)
- Duty and project experience
- Continued enhancement of professional and technical skills

03 Integrated Development (Building Competitiveness)
- Combination of core competency and general capability
- Multi-skilled training and cross-department cooperation

04 Dual Track Development (Right Person in the Right Place)
- Management Career Development
- Technical Career Development

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.

iST's Training Development System Chart

iST's Training Development System

The Company's Operation Strategy/Plan

Talents Development Strategy

Personal Development Plan

- New employee category
- Competency management category
- Professional and technical skill category
- Core competency category
- Quality management category
- Environmental, safety, and health category
- Ethical management category

Training Investment by Gender & Status

Category		Item	2021	2022	2023
Gender	Female	Training hours	7,444	11,488	12,549
		Employees count	409	461	531
		Average training hours	18	25	24
	Male	Training hours	8,864	13,424	13,447
		Employees count	479	542	582
		Average training hours	19	25	23
Status	Employee	Training hours	13,699	22,808	22,926
		Employees count	718	821	937
		Average training hours	19	28	25
	Management	Training hours	2,549	2,041	3,070
		Employees count	160	172	176
		Average training hours	16	12	17

Training Investment by Course Type

Course Category	Course Type	2021			2022			2023		
		Batch	Participants	Hours	Batch	Participants	Hours	Batch	Participants	Hours
New employee category	Employee Code of Conduct	410	2,205	4,332	442	5,052	6,665	459	3,597	7,415
Core competency category	Customer service and competency development training	27	2,287	1,773	37	3,957	2,136	40	2,977	2,023
Professional and technical skill category	Professional competency development, keynote lecture, and technical seminar	133	1,639	1,517	256	1,742	3,056	306	2,129	3,277
Environmental, safety, and health category	Environmental safety and certification	41	1,243	3,368	37	899	5,336	54	1,240	3,689
Competency management category	Regulation management and competency development	10	313	1,138	8	35	16	17	165	442
Quality management category	Quality system and management	26	1,057	1,877	12	1,018	3,050	28	1,210	2,023
Ethical management category	Integrity management training	282	2,224	2,306	327	7,153	4,653	33	10,911	7,127
Total		929	10,968	16,309	1,119	19,856	24,912	937	22,229	25,996

Note:
- 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 24,8 hours; the total training cost was NT$1,150,000.
- 2023: iST offered various training courses, with a total participation of 22,229persons, 937 phases, and a total of 25,996 training hours. The average duration per employee was 23.4 hours; the total training cost was NT$1,628,926.

New Employee Development and Care

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.

iST has implemented a coaching system to transfer the departmental expertise and knowledge. In 2023, there were 28 new qualified coaches, who not only taught in professional field, but also offered 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.

New Employee Guideline
- Organizational environment
- Employee code of conduct
- Information security
- ESD protection
- Safety and health

Digital Learning
- Common regulations
- System operations
- Technical processes
- Product service
- Quality Policy

On-job Training
New employees receive OTJ training and certification by personal trainer, which includes new employee care and surveys

Consensus Camp
Through participation in physical courses, new employees can gain a deeper understanding of iST's operating philosophy and cultural values

- Onboarding day (physical training)
- Within 3 months of onboarding (online + practical training)
- Within 6 months of onboarding (online + practical training)

Guidelines for Caring New Employee

1 Multiple Communication Channels

iST values every new employee. We communicate and care for new employees through heads of departments, coaches, and human resources unit, and use multi-channels to build up new employees' devotion and identification with the organization, demonstrating the company's attitude in listening to new employees and making continuous improvements, ensuring that every new employee receives the same level of attention and support.

Satisfaction Rate of New Employee

Year	Rate
2021	4.67
2022	4.77
2023	4.71

2 Danny's talk – Direct Communication between New Employees and the Chairman of the Board of Directors

The Chairman of the Board of Directors personally came to the camp to share his views on corporate strategies, cultural values, and employee development expectations, allowing all new employees to interact directly with the Chairman and share each other's views and suggestions.

> I really enjoyed Danny's talk and listening to the Chairman share his future goals for the company made me feel like I am part of the iST team

▶ New Employee Caring Process:

1 First Week of On-board

iST provides many resources to help new employees get to know the Company and the team quickly. It also makes initial checks on the coach's teaching methods to ensure that the new employee's learning process is smooth, and builds trust and connection between the new employee and the coach.
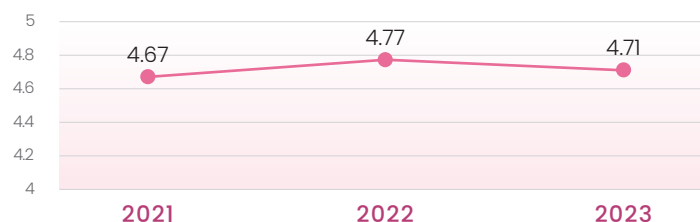
2 First Month of On-board

Human resource unit and coaches understand how new employees feel about the company and the organization, and provide resources and assistance promptly by caring about their adjustment, learning progress and difficulties and challenges.

3 Third Month of On-board

A manager would conduct a caring interview with the new employee, to care about the work objectives and the progress of organizational adaptation; meanwhile, to explore the new employee's expectation for professional growth and personal career goal, and to support the growth and development of the new employee through positive interaction.

Stimulating Innovation and Broadening Horizon – Technical Forum

iST continues to organize technical forums and seminars to provide a platform for employees to meet and work with internal and external experts. In 2023, the total participants were 359 with 534 learning hours and a satisfaction rating of more than 4.6 out of 5. Through the technical forum, employees can continuously learn new skills, refresh their professional horizons, stimulate their innovative thinking, and provide them with a broader perspective on professional development, which in turn promotes the company's sustainable development and enhances the competitiveness of the company's long-term development.

Lecture on the analysis of charge and discharge characteristics of positive and negative electrode materials for lithiumion batteries

SA Analytical Techniques and Applications

Introduction to MA Microscopic Analysis

Introduction to Advanced Semiconductor Processes

Learning Feedback of Employees:

It helps to understand the fundamental knowledge and latest processes in complicated semiconductor processes, and helps to understand the customer's analytical needs.

I am very happy to gain new knowledge apart from work, and the contents of the professional course are very helpful for my job.

I was able to learn what I need to know for my daily work even though I wasn't major in this professional subject.

The Engine for Accelerating Talent Capability

iST has a complete system of internal trainer system. By actively cultivating professional succession team, iST systematically accumulates and passes on key knowledge, shares and spreads the benefits of learning, and helps the company and employees to grow together.

Internal Trainer's Recent Teaching Status

Year	2021		2022		2023	
Training Method	Physical	Digital	Physical	Digital	Physical	Digital
Training courses	70	74	93	190	101	243
	144		283		344	
Total participants	2,248	7,261	2,502	15,375	2,356	19,081
	9,509		17,877		21,437	
Total training hours	8,703	3,224	13,6330	5,246	9,459	10,276
	11,927		18,878		19,735	

Happy Teacher's Day

Employee Self-directed Learning - Online Diverse Learning Resources

iST continues to cultivate employees' knowledge to keep up with the times and strengthen employees' self-learning ability. Therefore, iST has worked with internal trainer to launch online microclasses, articles, and other technical resources; so far, a total of nearly 500 online multi-learning resources have been offered to employees. In 2023, over 15,937 employees participated in reading sessions with 19,846 total reading hours. Managers can also use the Learning Dashboard to know the learning history of employees, so that employees are able to improve their abilities through work or projects, thus supporting employees' self-development.

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. The Company organizes diverse cultural activities every year to inspire employees to take the initiative in demonstrating and carrying out their competency requirements. iST adopts the Kirkpatrick Model to track the effectiveness of training through four levels of evaluations: reaction, learning, behavior, and outcome, ultimately achieving the goal of win-win situation for both individuals and organization. iST adopts learning through play to engage employees in cultural and competency development. In 2023, we incorporated culture and competency in the Escape Room game with nearly 400 participants, including more than 10 % of management executives.

iST Core Competency Development Chart

70-20-10 Core Competency Development

10% — Cognitive Concept

- **The Moment of Truth Card**
To ensure that each employee knows the behavioral requirements for different job roles and customer interactions.
- **Competency Dictionary**
To ensure that every employee is aware of the behavioral code for competencies
- **Cultural Consensus Camp**
The training clearly conveys the Company's culture, value, as well as the importance of core competency, behaviors and the mindset and behavior of customer first

20% — Behavioral Practices

- **Team Service Competition**
By means of the combination of physical events and digital platforms, a series of development activities are planned with a hybrid design to effectively attract employees and encourage them to apply their mentality and knowledge to work behaviors.
- **Mystery Shopper**
Through the role play of customers by external personnel, employees were able to practice on the indicators and provide timely feedback and guidance.

70% — Work Practices

- **Practices on Work**
Through behavioral examples to record actual situation tasks, actions and outcomes, and using a "learn by doing" approach to continuously improve and connect to performance management frameworks for competency management to encourage employees to practice and achieve team performance goals.

2023 Effectiveness Assessment

L1 — Reaction
The average satisfaction rate of core competency training course achieves 4.8.

L2 — Learning
The average score of core competency (online) video is 100.

L3 — Behavior

Implementation of competency behavior on the job:
In 2023, 861 reports of key competency behavior were submitted, demonstrating the application of competency behaviors in the workplace and leaving documented records.

Mystery Shopper audit:
In 2023, employee competence in establishing customer loyalty and satisfaction scored an overall 89.3.

L4 — Results

Customer satisfaction survey:
In 2023, the customer satisfaction from the satisfaction survey reached 9.8 and was better than last year; this demonstrated a steady and ongoing improvement in customer satisfaction.

Performance Management Evaluation:
The average score of the core competency behavioral practice was 3.5.


Team Service Competition

Conduct Service Quality Check through Mysterious Visitors

iST treats external customers with care and conducts service quality checks through mystery visitors. By evaluating customer service, perception, learning, and behavioral changes, the feedback from mysterious visitor check allows our staff to continuously improve service quality. In the last two years, the score of mysterious visitor check has reached nearly 90 points. In 2023, the customer satisfaction rate has reached as high as 9.8 points, showing a great result of the results from mysterious visitor check and the formation of the corporate cultures.

Employees as iST's Internal Customer

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

Internal Customer Satisfaction Survey

Year	2019	2020	2021	2022	2023
Score	4.27	4.27	4.28	4.35	4.17

69
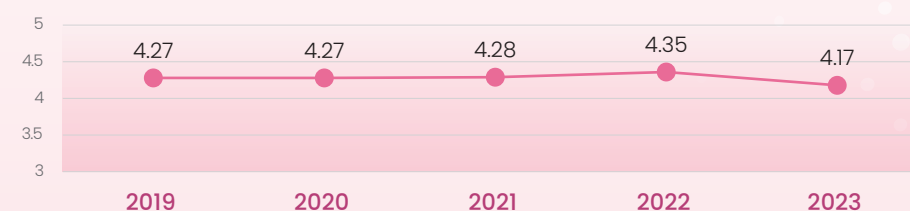
Cultivating Leadership and Strengthening the Management Foundation

To arouse the potential and retain talents, iST has cultivated and reserved professional capability through job training roadmap and diverse development channels, and has adopted a "dual-track system" for both management and professional competency, which allows right employees in right places and enhances employees' motivation and commitment.

Navigator of Management

Improve the leadership of the manager in the aspects of planning, organizing, leading, and guiding 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.

Find the Right Antidote for Competency Management – Annual Comprehensive Feedback on Management Capability

iST actively develops managers' management skills based on competency management to enhance the team's performance. We conduct a comprehensive management capability review every year to understand the strengths and weaknesses of our managers through the feedback from their subordinates and use the review outcome as a reference for providing training in this aspect and promotion for all managers. In 2023, the participation rate of feedback on competency management is 74.0%; the average score of competency management assessment is 4.4, and the overall performance is increasing as compared to that of 2022.

Enhancing the Management Capability for Managers Step-by-step Based on Competency Management

iST follows the management training roadmap to cultivate managers, enhance their management skills, form a responsible culture in the organization, develop a positive work attitude, and have the courage to take responsibility for results, thereby enhancing the organizational competitiveness. There were 17 manager training sessions in 2023, with a total of 165 participants, 442 hours, and a course satisfaction score of 4.8.

The Company offers a series of courses, such as the Executive Management Handbook and Management Tips, to help new managers quickly learn about the Company's management system and regulations, and to effectively solve the problems encountered by their subordinates. The "Employee Coaching and Counseling" and "Motivating Teams, Creating Value" courses held in 2023 helped managers learn how to stimulate the "potential" of their subordinates, display a "positive and proactive" attitude, and build a good team atmosphere. For our mid-level and top management teams, we also arranged Outing that combines both development and leisure, a two-day and one-night team course, to build consensus and to allow our executives to take a break while getting refreshed.

Executive Outing-Master Course

Management Course

Performance Management and Development

Through the performance management and development system, iST assures the linkage and consistency of the organization, department and individual in terms of their goals. We ensure that performance results are reflected by conducting performance review and communication in a timely manner, which is helpful for employees' appointment, promotion, wage adjustment, and development.

We combine the performance of all the employees with their individual development, promotion, reward and remuneration. Each year, 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. 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.

In addition to organizational and personal performance, we place more importance on the development and retention of outstanding talents. In addition to exclusive reward discussions, generous performance bonuses, honorary leave, competitive wage adjustments and bonuses, outstanding employees also have opportunities to be cultivated and developed by the organization. In 2023, the retention rate of outstanding employees was over 96.6%.

Performance Management and Development Chart

Planning
- Management by Objectives (MBO)
- Personal development plan
- Competency development

Evaluation
- Review of annual objectives
- Annual self-evaluation of competency development
- Evaluation by management
- Continuous progress and development

Review
- Implementation status follow-ups
- Communication, feedback, guidance
- Competency and personnel development recommendation

Diversity, Friendly Workplace

Human Rights Policy

iST is committed to adhering to international human rights conventions, referencing the spirit of documents such as the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, and the Responsible Business Alliance (RBA) Code of Conduct, along with other relevant industry standards and international agreements. Upholding the principles of "Respect for Human Rights" and "Merit-Based Employment," we treat all colleagues equally and with respect. We are dedicated to establishing a workplace characterized by integrity, health, and safety, ensuring that the safety and health conditions of the work environment meet established standards. Our ongoing efforts involve improving the working conditions and welfare of all employees.

In order to implement human rights protection principles and policies, iST actively conducts training and dissemination on diverse human rights protection, including plant safety and health, emergency response, first-aid training, personal data protection, workplace misconduct in a friendly workplace, and prevention and control of sexual harassment and other misconduct in the workplace, in order to raise the human rights awareness among employees. iST has also introduced a human rights management and training mechanism for "eradicating sexual harassment and workplace bullying" in order to continuously implement and optimize the human rights policies and protections. In 2023, a total of 1,948 participants attended the course, with a total of 5,588.8 training hours. There were 0 cases related to discrimination and harassment complaints reported.

The Following are iST's Regulations Related to Human Rights Management:

Eradicating Unlawful Discrimination and Ensuring Equal Opportunity
- Our work regulations unequivocally state that the company does not allow any factors such as race, religion, belief, gender, marital or pregnancy status, age, political background, nationality, disability, sexual orientation, zodiac sign, blood type, or any other reasons to affect the recruitment process and hiring decisions.
- There have been zero complaints related to recruitment or hiring violations.

Zero Tolerance for Unlawful Infringement
- We have established the "Guidelines for Preventing Unlawful Infringement during Job Duties" and the "Complaint and Disciplinary Measures for the Prevention of Workplace Infringement".
- A total of 236 participants attended these prevention education and training courses.
- No reported cases of employee human rights violation.

Laws Governing Labor Rights
- We sign a labor contract adhering to Taiwan's labor and human rights-related statutes with each employee.
- No reported cases of employee human rights violation.

Prohibition of Forced Labor
- Sign labor contracts legally and ensure that no form of slavery or coercion forces employees into involuntary labor.

Child Labor Prohibition
- The Company abides by regulations and does not employ individuals under the age of 18 as child labor or young workers.
- Any behavior that could lead to child labor employment is strictly prohibited.

Protection of Female Workers
- Our work rules specify protection measures for female workers.
- Protection for pregnant workers: including prohibition from night work and hazardous tasks.

Working Hours
- Daily working hours shall not exceed 12 hours; weekly working hours shall not exceed 7 days; monthly overtime is limited to 46 hours.
- Relevant standards are periodically communicated through labor–management meetings.

Competitive Compensation and Generous Benefits
- Regularly review the compensation system to ensure the competitive remuneration in the talent market.
- Benefits and leave system surpass statutory requirements to ensure internal fairness and external competitiveness.

Positive Communication with Employees through Multiple Channels

iST values employee feedback and actively encourages employees to come up with innovative ideas. iST's multiple smooth communication platform allows employees directly express their opinions to the top management, so we can solve problems immediately and effectively, thus creating a harmonious work environment. In 2023, the case closing rate for employee feedback was 100%. The Company also persist in zero tolerance for unlawful 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 2023.

Labor–management Meetings · 1

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

Cultural Consensus Camp and Seminar · 2

The Chairman of the Board of Directors shares his expectations on corporate strategy, cultural values and employee development through the Cultural Consensus Camp, which allows new employees to interact and communicate directly with the Chairman, and strengthens the identification with the organization.

New Employee Feedback and Interviews · 3

We provide new employee care in one week, one month and three months after each new employee onboarding, and conduct multiple interviews to understand the new employee's learning status, supervisor's guidance and management, peer interaction, and work environment, so that each new employee feels comfortable and builds up the sense of belongingness.

Foreign Labor Discussion Meeting · 4

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.

Employee Assistance Hotline · 5

- Zero tolerance for unlawful infringement hotline: 995
- Occupational health nurse hotline: 885

Employee's Opinion · 6

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 · 7

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 · 8

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.

Questionnaire & Feedback · 9

Conduct satisfaction survey for various activities to collect the opinions of the employees as a reference for the planning of events in the future.

Social Platform · 10

We share various employee relations and employee care activities information instantly by means of highlights, videos and other means to allow all employees and potential job applicants to quickly understand how much the Company values and cares for its employees through an open platform. We hope to continue to build a positive organizational growth cycle.

Labor–management Meetings

Welfare Committee Meeting

Healthy, Vital Employee Relations

Health Employee Benefit

Employees are the most valuable assets of a company. "Happy employees are the foundation of customer satisfaction" 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.

In 2023, a travel subsidy of NT$20,000 per employee was distributed in order to meet the employees' expectations for flexible benefits and to allow them to freely arrange their own trips to achieve work–life balance.

Class	Item	Detail		2023 Implementation Results
Benefit and Subsidy	Welfare Committee's Subsidy Measures	• Subsidy for welfare	• Festival gifts and cash gifts	• More than NT$8.5 million were paid for welfare-related subsidies, including childbirth, hospitalization, subsidies for weddings and funerals, chileren's education subsidies, and festival gifts and cash gifts.
	Company's Subsidy Measures	• Annual travel subsidy • Social Fund • Birthday bonus	• Massage room • Employee restaurant with multiple choices	• More than NT$26.5 million were paid for travel subsidies, department gatherings, afternoon tea funds, social event funds, and birthday cash gifts and celibrations. • Employees enjoyed the benefit of de-stressing and massage services.
Build Cohesion	The Company and the Welfare Committee have organized	• Year-end banquet • Team Competition	• Film Festival • Handcraft and lecture classes	• Large events, including family day, year-end banquet, road running events, dragon boat competitions, bowling team competitions, shooting machine competitions, handicrafts and lectures, were organized and attracted more than 2,600 participants.
	Employee Voluntary Activity	• Diverse Club Activities		• 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, Basketball Club, Badminton Club, Muscle Training & Body Shaping Club, Yoga Club, and Boxing 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.
Promotion of Health	Medical Insurance & Health Care	• Employee Insurance: group insurance, travel insurance, occupational accident insurance	• Health Lecture and Seminar	• Health Lecture and Seminar: "Smart and Healthy Eating, Reducing Fat Is Easy," "Physiotherapy Helps Me," "Movement Test Workshop," "Getting Rid of Back Pain, Exercise Together."
	Social Promotion Activities	• Walking Toward Healthy Life 4.0	• King of Fitness 3.0	iST continues to encourage employees to exercise for a healthy workplace. More than 720 employees have participated in these activities. • Walking Toward Healthy Life: A total of walked nearly 500 million steps, which is equivalent to a reduction of 70,000 kg of carbon emissions. • King of Fitness: A total of lost 641 kg of weight and 237% of body fat.
Combining Public Service	Giving back to the community, participating in volunteer activities	• Blood Donation Event • April 22nd Earth Day	• Autumn Beach Cleaning Event	• Over 300 employees participated in blood donation event, donating more than 120,000 cc of blood. • Donated 69.5 kg of batteries to charity on Earth Day. • The Earth Day and autumn beach cleaing event were organized to attract 770 participatents with 348 volunteer hours.

Thank You for Donating Your Blood
Blood Donation Event

iST actively advocates "rolling up your sleeves and donating blood to save a life." The blood donation vehicle arrives directly at each plant, making it easy for employees to participate in the blood donation event. In addition, we offer various incentives to encourage employees to participate in blood donation events. These events involve employees, contractors, and nearby companies, together making a contribution to the community. In 2023, more than 300 people participated and donated more than 120,000cc of blood.

Sustainable Environmental Protection Activity

iST has long been concerned about environmental protection and global sustainability, and has joined hands with employees' families to demonstrate its corporate influence by organizing 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. These self-initiated environmental protection and education activities have drawn 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 770 participants in 2023.

Love Exercise

Through various fun and interesting health promotion events, iST's employees voluntarily participate in the "Get Up and Get Moving" health mission, which in turn shapes a happy and healthy working culture and enhances team solidarity. In 2023, we participated in the Dragon Boat Competition organized by the Hsinchu City Government, showing our passion and spirit of teamwork; More than 100 employees and their families participated in the 2023 Maxwell Run. What we received were not only medals and souvenirs, but also a lot of friendship, love and health!

Promotion of Occupational Safety and Health

Occupational Health and Safety Management Systems

iST established the ISO 45001 Occupational Health and Safety Management System which provides employees with a safe and reliable workplace and reduces the possibility of employee accidents and illnesses. Through the PDCA (Plan-Do-Check-Act) cycle, continuous improvement is pursued. Regular reviews of performance indicators are conducted in the Company's Occupational Safety and Health Committees and Environmental, Health and Safety Management Review Meetings, hoping that all units can work together to improve and promote safety, environmental protection and hygiene issues by working hard together.

The total number of employees in Hsinchu and Neihu plants was 1,113 in 2023. These plants have introduced the operational requirments of the occupational safety and health management system. Hsinchu Plant I acquired the third-party ISO 45001 certificate in 2019. It has 492 employees (accounting for 44%) and 209 contractors (accounting for 100%).

Hazard Identification and Risk Evaluation Management

In order to identify the hazards associated with the Company's activities, products, and services, iST has established the "Hazard Identification and Procedures for Risk Assessment Identification" to evaluate the impact of hazard identification and risk assessment on work safety, which serve as the basis for improving the environmental health and safety management system. Hazard identification and risk assessment operations are conducted by each unit. If the result is acceptable risk, it will be controlled by publicizing/labeling/safety and health education and training. If the result is unacceptable risk, the improvement or control measures will be carried out first.
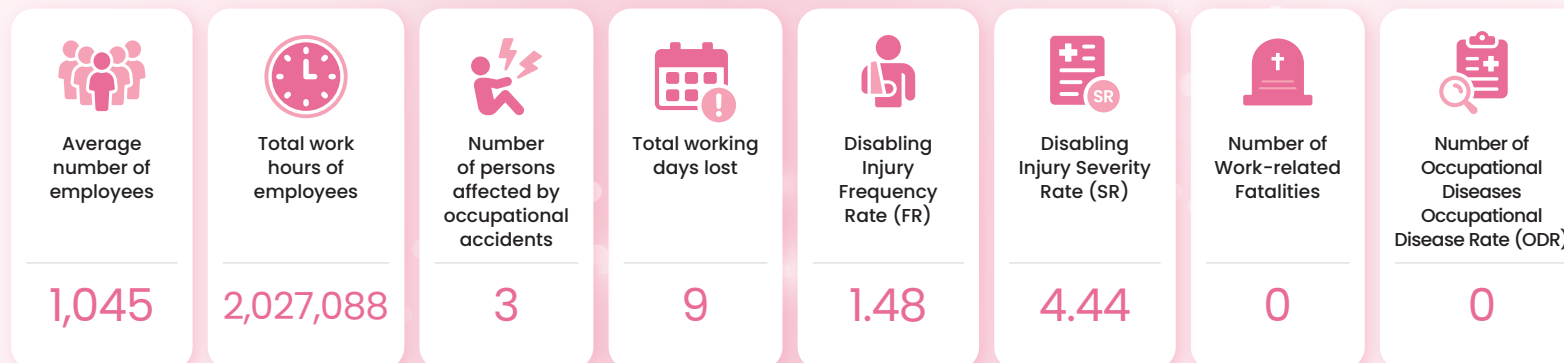
iST conducts workplace environment monitoring at the frequency specified in the "Workplace Environmental Monitoring Regulations." We use sampling strategies effectively to understand different exposure status of the workers and ensure protecting them from any exposure hazardous. 63 chemical factors and 182 physical factors were monitored in 2023 and the results were compliant with the slimites or allowable concentration standards required by law.

iST complies with the Occupational Safety and Health Act by issuing orders to halt work immediately and withdraw laborers to a safe location when there is a concern of a potential imminent danger at a workplace. When laborers discover there is a concern of a threat of imminent danger while executing their duties, under conditions in which the safety of other workers is not jeopardized, they may terminate work of their own accord and withdraw to safe locations, and immediately report to their direct supervisors. The employers shall not dismiss, reassign, not pay wages for the period of work on halt, or otherwise impose unfavorably treatment on laborers taking actions prescribed in the preceding paragraph.

Investigation and Handling of Accidents

In order to prevent occupational accidents from occurring, iST has formulated a "Safety incident handling and investigation procedure" to investigate and confirm the causes of the incidents, propose countermeasures and preventive methods for reviewing the accidents, and follow up and confirm the improvement and implementation to prevent similar accidents from occurring again.

Occupational Accident Statistics in 2023

Average number of employees	Total work hours of employees	Number of persons affected by occupational accidents	Total working days lost	Disabling Injury Frequency Rate (FR)	Disabling Injury Severity Rate (SR)	Number of Work-related Fatalities	Number of Occupational Diseases Occupational Disease Rate (ODR)
1,045	2,027,088	3	9	1.48	4.44	0	0

Note 1: Disabling Injury Severity Rate (SR) = (total working days lost / total working hours) * 1,000,000

Note 2: Disabling Injury Frequency Rate (FR) = (total disabling injuries / total working hours) * 1,000,000

Note 3: Occupational Disease Rate (ODR) = (total occupational diseases / total working hours) * 200,000

Note 4: The statistics do not include traffic accidents

Crisis and Emergency Response Countermeasures

We have established an EHS "Emergency Response Procedure" 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. In 2023, iST organized five emergency drills, including day and night self-guard fire protection group training and evacuation drill/chemical leakage disposal drill/environmental emergency response drill.

Chemical Leakage Disposal Drill

Plant Evacuation Drill

Night Emergency Response Drill

Worker Participation, Consultation, and Communication on Occupational Health and Safety

iST has established the Occupational Safety and Health Committee in accordance with the law. The committee consists of one chairman, fourteen management representatives, and thirteen labor representatives pursuant to the provisions of the Regulations on Occupational Safety and Health, which accounts for more than one-third of the total members of the Committee. The purpose of the committee is to promote work safety, to prevent occurrence of accidents, to improve the work environment, to protect the health of the employees and to provide a communication channel with employees. The Committee holds a meeting every quarter and follows up the implementation of the resolutions until they are implemented completely.

Occupational Safety and Health Committee

	Number of Employees	Percentage
Chairman	1	54%
Management representative	14	
Labor representative	13	46%
Total	28	100.0%

Contractor Safety Management

iST considers contractors as important partners. In order to ensure the safety of contractors, in addition to implementing hazard notification and supervision as required by occupational safety and health related laws and regulations, contractors must sign a safety, health, and environmental protection agreement before entering the plant. Only after the construction workers have been given a safety lecture in the plant and have handed in the insurance and other relevant information and have obtained a certificate of industrial safety lecture, may proceed to work. In case of hot work, confined space, crane operations or other special operations, contractor must apply for permission in accordance with the regulations for special operations, and supervisors and occupational safety personnel must confirm the application. The contractor had no occupational accidents and occupational disease in 2023.

Health Promotion and Management

iST has established infirmaries to deal with health-remated management matters. Full-time nurses are hired according to law and physicans of general and occupational medicines provide on-site medical services on a regular basis. They care for the physical and metnal health of the employees and organize health promotion events in a way of interview and on-site visit to improve the awareness of health among the employees. Case management of special or serious diseases as well as occupational injuries and illnesses are established for continuous care and follow-ups.

We arrange "labor health checkup" and "special health checkup" every year. All employees are entitled to a health checkup once every two years, which is 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. After the checkups, we hold briefing sessions, analyze the collected data, and filter out high-risk groups according to their conditions. We use telephone interviews and face-to-face consultations to track their health and provide them with health counseling. We provide customized health education and follow-up, for example, encouraging regular monitoring of blood pressure, reminding our employees to be aware of their own health, in order to raise their health awareness and achieve the goal of "early detection for preventing diseases from occurring."

As for the annual health checkup, we provide special health checkups for the employees who are engaged in particularly dangerous operations. 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. There were no occupational disease cases occurring in 2023.

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 "Workplace Violence Prevention Instructions" 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 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.

Statistics of Services Provided by Infirmary

Item	Number of Employees Received Service
Health Checkup	463
Special Health Checkup	81
Physician On-site Services	65
Number of Services Provided by Nurse	120

Maternal Health Risk Assessment

iST has emphasized the protection of maternal health, and has conducted hazard assessment and control, physician consultation, risk classification management, work suitability arrangement, and other related measures for female laborers who are pregnant or still within their first postpartum year.

For the employees who are arranged for maternity health protection, the factory physician performs health risk grading and classifies risks into three levels according to the severity of their hazards. Hazard control and administration will be implemented for Level-II and Level-III Management, and the factory nurse and physician will conduct interview and keep tracking. Suitability assessment of maternity health protection was conducted for 15 employees in 2023.

Prevention of Ergonomic Hazards and Abnormal Workloads

To manage ergonomic hazards and abnormal workloads for employees, iST has established relevant prevention instructions and understood the hazards brought about by workloads, working postures, repeative jobs by conducting questionnaire surveys. For the ergonomic hazards, musculoskeletal injuries, and abnormal workload hazards that are related to work as identified during the investigation, the factory nurse and the physician of occupational medicine are requested to give assistance in carrying out an advanced improvement plan until the case concerned is closed. In 2023, a total of 463 employees were subjected to the survey of high-risk groups for prevention of ergonomic hazards and the survey of the groups suffering from ailments induced by abnormal workloads.

Physician On-site Visit

Checkup Presentation after the Annual Health Checkup

Social Engagement

As a leader in the verification and analysis field of the electronics industry, we understand that the actions we take will impact our customers, suppliers, our lives, 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 environmental safety, a diverse and inclusive workplace, and other aspects.

Supporting National Core Strategies and Promoting Industry Upgrades

The major purpose of the Phase-III National Long-Term Space Technology Development Plan of Taiwan is to leverage domestic industry strengths to advance Taiwan's space industry and gain a foothold in the international space market. At the meantime, we support the six national core strategic industries by collaborating with other companies in the industry and the strategic industry–academy alliance to promote the upgrading of the semiconductor industry. As a company that has developed expertise in the verification of electronic parts and components in the semiconductor industry for a long time, iST is highly familiar with relevant regulations. In this alliance, we not only need to analyze space-related specifications from the European Union and other foreign countries and plan radiation verification regulations and procedures, but also play a key role in establishing space radiation environment testing regulations for Taiwan.

Playing a Key Role in Establishing 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 advance 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 the Taiwan Space Agency transitioned its legal system to a non-departmental public body in 2023, iST signed a MOU with the agency and other nine institutions to enhance our testing and verification capacities, infusing more momentum into the Radiation Testing Alliance of National Space Organization.

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

Educational Empowerment in Remote Areas – Collaborating with Educational Organization to Reduce the Resource Gap between Rural and Urban Education

1 **Youth Empowerment – EQ Education for Youth, Providing Scholarships for the Economically Disadvantaged Group, and Mental Health Care for University Students**

iST is concerned that EQ education is inextricably linked to social harmony. For economically disadvantaged students, EQ education is even more important. Many economically disadvantaged students may have to deal with pressures from their families and social environment, and these pressures may have a negative impact on their emotional and mental health. iST has always been committed to EQ education and mental health issues. In 2023, iST collaborated with 190 schools, aiming to help students learn how to manage their emotions and build up their self-confidence through courses, as well as providing scholarships to help economically disadvantaged students to focus on their studies, and to cope with the challenges in their lives and schools with a healthier state of mind.

2 **Education in The Remote Areas – Promoting Science Education and Providing Subsidies for Extracurricular Reading Materials**

iST has always supported education in remote areas. It has been observed that students in these regions often have limited knowledge due to insufficient educational resources and lack of financial support from their families. They need to participate in extracurricular activities or read extracurricular books to broaden their horizons and global perspective. To support science education in remote areas, iST visited campuses in "non-urban, non-rural" areas with the chemical truck of Tamkang University Center for Science Education in 2023. iST also invited college students to come to iST for a career visit before their graduation, hoping that the students could learn more about the semiconductor industry before their graduation, so that they could have a better picture about their career path in the future. iST continues to demonstrate its influence in corporate responsibility by working with schools to cultivate industry talent. In 2023, iST's education partnership program collaborated with 39 schools, benefiting 607 students.

A Thank-You Card from Economically Disadvantaged College Student Who Received a Scholarship.

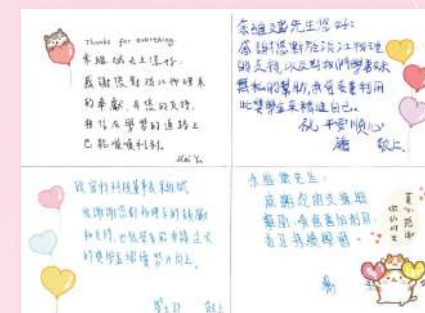Sponsored Chemistry Science Activities in Schools in Remote Areas

Continuously Embodying the Spirit of Giving Timely Assistance to Those in Need, Contributing to Society

iST continues to care for all vulnerable groups. We have sponsored children from remote areas, disadvantaged elderly, and people with disabilities. In addition to providing support for local communities, iST also demonstrates tolerance for different groups of people, and looks forward to breaking the barriers and prejudices, to build a more harmonious social atmosphere. iST not only supports the disadvantaged groups by providing venues for charity sales, but also continues to organize public welfare activities to contribute to the integration and cohesion with the local community. iST also looks forward to instilling corporate values and culture through charity activities, promoting employee identification with the company and make employees feel proud for participating in these meaningful activities. A total of 40 charity sales were held in 2023. iST also organized Christmas gift deliveries to the remote areas and sponsored 9 social welfare organizations this year. In the future, we will continue to invest in and expand our support for disadvantaged groups, with the aim of continuously injecting a warm force into society.

Hosting A Warm-Hearted Christmas Activity for Children in Remote Areas

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CH6

Appendix

Appendix I. GRI Index Table

Statement on Use	With reference to GRI Standards, iST reported the content from January 1, 2023 to December 31, 2023.
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, 18			
	2-2 Entities included in the organization's sustainability reporting	3, 14			
	2-3 Reporting period, frequency and contact point	3			
	2-4 Restatements of information		V		No material changes in business location
	2-5 External assurance	3, 88			
	2-6 Activities, value chain and other business relationships	3, 21, 53			
	2-7 Employees	17, 22, 59, 61			
	2-8 Workers who are not employees	17, 60			
	2-9 Governance structure and composition	23			
	2-10 Nomination and selection of the highest governance body	23			
	2-11 Chair of the highest governance body	19			
	2-12 Role of the highest governance body in overseeing impacts	8, 25			
	2-13 Delegation of responsibility for managing impacts	8, 35			

GRI Standards/Source	Disclosure Item	Page	Note		
			Omission	Reason	Explanation
GRI 2: General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	8			
	2-15 Conflicts of interest	26			Refer to Annual Report, P29 & P35
	2-16 Communication of critical concerns	26			
	2-17 Collective knowledge of the highest governance body	18			
	2-18 Performance evaluation organization of the highest governance body	8			No material changes in business location
	2-19 Remuneration policies	25			
	2-20 Process to determine remuneration	25			
	2-21 Annual total compensation ratio	62			
	2-22 Statement on sustainable development strategy	5			
	2-23 Policy commitments	7			
	2-24 Embedding policy commitments	27			
	2-25 Processes to remediate negative impacts	13			
	2-26 Mechanisms for seeking advice and raising concerns	13, 25, 26			No customer or supplier lodged an ESG-related appeal in this reporting period
	2-27 Compliance with laws and regulations	41			
	2-28 Membership associations	46			No relevant advocacy was provided for external public affairs
	2-29 Approach to stakeholder engagement	10			
	2-30 Collective bargaining agreements	73	V	N/A	No union preparation
GRI 3: Material Topics 2021	3-1 Process to determine material topics	11			
	3-2 List of material topics	12			
GRI 201: Economic Performance 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	17			
201-1	Direct economic value generated and distributed by the organization	22			

GRI Standards/Source	Disclosure Item	Page	Note		
			Omission	Reason	Explanation
201-2	Financial implications and other risks and opportunities due to climate change	35, 36, 37			
201-3	Defined benefit plan obligations and other retirement plans	62			
GRI 202: Market Presence 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	17			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage		V		Minimum wage compiled with the labor law and regulation in Taiwan
202-2	Policy of hiring locals and proportion of locals in senior management	59			
GRI 205: Anti-corruption 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	17			
205-1	Operations assessed for risks related to corruption	27			
205-2	Communication and training about anti-corruption policies and procedures	27			
205-3	Confirmed incidents of corruption and actions taken		V		No relevant incident in 2023
GRI 302: Energy Consumption 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	31			
302-1	Energy consumption within the organization	32			
302-3	Energy intensity	32			
302-4	Reduction of energy consumption	32, 33			
302-5	Reductions in energy requirements of products and services	31, 34			
GRI 303: Water 2018					
GRI 3: Material Topics 2021	3-3 Management of material topics	31			
303-1	Interactions with water as a shared resource	40			
303-2	Management of water discharge-related impacts	40			
303-3	Water withdrawal	40			

GRI Standards/Source	Disclosure Item	Page	Note		
			Omission	Reason	Explanation
303-4	Water discharge	40			
303-5	Water consumption	40			
GRI 305: Emissions 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	31			
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	34			
305-5	Reduction of GHG emissions	34			
305-6	Emissions of ozone-depleting substances (ODS)	34			No relevant emission
GRI 306: Waste 2020					
GRI 3: Material Topics 2021	3-3 Management of material topics	31			
306-1	Waste generation and significant waste-related impacts	38			
306-2	Management of significant waste-related impacts	38, 39			
306-3	Waste generate	39			
306-4	Amount of waste outsourced for final disposal	39			
306-5	Amount of waste directed to disposal in factory	39			
GRI 401: Employment 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	57			
401-1	New employee hires and employee turnover	60			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	62			
401-3	Parental leave	61			

GRI Standards/Source	Disclosure Item	Page	Note		
			Omission	Reason	Explanation
GRI 403: Occupational Health and Safety 2018					
GRI 3: Material Topics 2021	3-3 Management of material topics	58			
403-1	Occupational health and safety management system	76			
403-2	Hazard identification, risk assessment, and incident investigation	76			
403-3	Occupational health services	77, 78			
403-4	Worker participation, consultation, and communication on occupational health and safety	77			
403-5	Worker training on occupational health and safety	77			
403-6	Promotion of worker health	77, 78			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	77			
403-8	Workers covered by an occupational health and safety management system	76			
403-9	Work-related injuries	76, 78			
403-10	Work-related ill health	76, 77, 78			
GRI 404: Training and Education 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	57			
404-1	Average hours of training per year per employee	66			
404-2	Programs for upgrading employee skills and transition assistance programs	69			
404-3	Percentage of employees receiving regular performance and career development reviews	71			
GRI 405: Diversity and Equal Opportunity 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	57			
405-1	Diversity of governance bodies and employees	24, 60, 61			
405-2	Ratio of basic salary and remuneration of women to men	62			

GRI Standards/Source	Disclosure Item	Page	Note		
			Omission	Reason	Explanation
GRI 413: Local Communities 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	58			
413-1	Operations with local community engagement, impact assessments, and development programs	78, 79			
413-2	Operations with significant actual and potential negative impacts on local communities	78, 79			
GRI 414: Supplier Social Assessment 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	43			
414-1	New suppliers that were screened using social criteria	53			
414-2	Negative social impacts in the supply chain and actions taken	55			
GRI 418: Customer Privacy 2016					
GRI 3: Material Topics 2021	3-3 Management of material topics	43			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	52			

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

Disclosure Topic	Metric Code	Nature	Disclosure Metric	Note	Page
Information security	SV-PS-230a.1	qualitative	Description of approach to identifying and addressing data security risks		50, 51, 52
	SV-PS-230a.2	qualitative	Description of policies and practices relating to collection, usage, and retention of customer information		51
	SV-PS-230a.3	quantitative	(1) Number of data breaches, (2) percentage involving customers' confidential business information or personally identifiable information, and (3) number of customers affected	(1) 0 cases (2) 0% (3) 0 customers	52
Workforce Diversity and Engagement	SV-PS-330a.1	quantitative	% of gender for executive management and all other employees		59, 61
	SV-PS-330a.2	quantitative	Employees turnover rate		60
	SV-PS-330a.3	quantitative	Employee engagement (%)		73
Professional Integrity	SV-PS-510a.1	qualitative	Description of approach to ensuring professional integrity	For detailed information, please refer to our "Ethical Corporate Management Practice Principles" and "Employee Handbook."	26, 27
	SV-PS-510a.2	quantitative	Total amount of monetary losses as a result of legal proceedings associated with professional integrity	No financial loss occurred in 2023 due to legal proceedings associated with professional integrity.	27
Operational Metrics	SV-PS-000.A	quantitative	Number of employees by (1) full-time and part-time, (2) temporary and contract		59
	SV-PS-000.B	quantitative	Employee working hours and pay rate		72

Appendix III. Independent Third-Party Assurance Statement

Independent Assurance Statement

To the Management and Stakeholders of Integrated Service Technology Incorporation

DQS has been engaged by Integrated Service Technology Incorporation ("Intergrated") to provide independent assurance over the ESG Report 2023. The engagement took place in Jun.2024.

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 the entire ESG report and focused on all figures, statements and claims related to sustainability during the reporting period January 2023 to December 2023.

The assurance engagement was performed with reference to 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 scope of assurance is consistent with the scope of disclosure in Intergrated 2023 Sustainability Report, which covers the period from 1 January 2023 to 31 December 2023 related to Intergrated (HsinZhu and NeiHu). Reference to the requirements of GRI Standards 2021, Sustainability Accounting Standards Board (SASB) Professional and Commercial Services sector, The Taiwan Stock Exchange's "Act on the Preparation and Filing of Perpetual Reports by Listed Companies "Other Electronic" sector disclosure sustainability metrics and TCFD climate related financial disclosure recommendation.

The report has been self-declared to be with reference to requirements of the GRI Standards.

Level of assurance and limitations

A Type 2 Moderate Level of assurance under AA1000AS v3 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, the data of GHG emission, 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 Intergrated 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.

The management of Intergrated 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 Intergrated office in No.10-1, Lixing 1st Rd., East Dist., Hsinchu City 300094, Taiwan (R.O.C.).
4. Assessing the collected information and provide recommendations for immediate correction where required or for future improvement of the report content.

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 are documented and implemented through the Intergrated Sustainability program. For further report, the stakeholder identification could be more comprehensive.

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. For further reporting, it was recommended according to "Double Materiality" to disclosure the material topics.

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

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Intergrated 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. Integrated could declare more medium/long-term and measurable objectives in the further report.

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

Intergrated has implemented systems to monitor and measure its economic, environmental and social impacts through selected performance indicators based on the GRI standards. It was recommended the further report could set up a comprehensive and robust sustainability data reporting approach on ecosystems.

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

July 15, 2024

Taiwan

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