



LINGSEN PRECISION INDUSTRIES, LTD.

2021 Sustainability Report

Environmental / **S**ocial / **G**overnance

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1 Sustainable Development

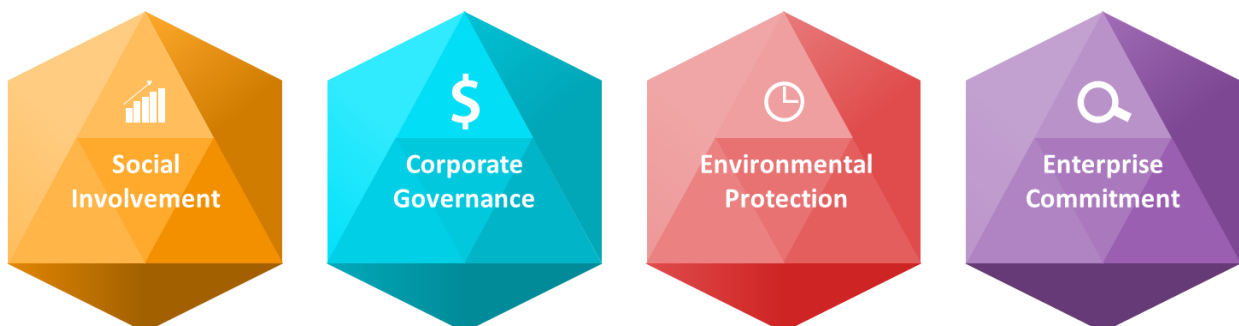
1.1 A Word from Director of Corporate Sustainability Committee

Lingsen Precision, as a pioneer in the semiconductor assembly industry, has developed for more than forty years since its establishment in 1973. We attentively pursue the stable development of core business, stick to the vision of “Economic Sharing, Coexistence with Environment and Co-prosperity with Society” and practice 17 SDGs of the United Nations (refer to the appendix) as well as the Ten Principles of the United Nations Global Compact (refer to the appendix).

In 2021, the COVID-19 continually brought new tasks to the world, and every individual and enterprise were facing new challenges. Lingsen also quickly and actively increased capital expenditure to comprehensively enrich relevant production lines, restructure the management level, provide customers with high-quality and diversified product strategies, and continually optimized its competitive advantages. As a result, our revenue created a history record in 2021.

Under the background of climate and environment change and continuous worsening of global warming, Lingsen has also adhered to the vision of harmony between enterprises and the earth. When pursuing of its profits, we also give equal consideration to our responsibilities as a corporate citizen and pays continual attention to the environmental and social issues. Lingsen continually shows its emphasis on green products and carbon reduction in production processes and commits to simplifying product packing upon shipments and recycling packing materials. In the production work, we have lowered the consumption of plastic gloves with annual usage rate of plastic gloves reduced by 20%, thus not only achieving environmental protection but also saving cost. Additionally, Lingsen also implements the principle of smart power utilization and takes each energy-saving measure including shutdown of equipment and machines not used and reduction of vacuum use. Totally, we have saved power energy of 5,895,217kWh/year and reduced CO2 emission reduction of 2,959.04t/year. The CO2 emission rate reached 4.25% in a year, and we feel obliged to make our contributions to environmental protection. As for public welfare, our colleagues initiate monthly ordering of bakery products from Eden Social Welfare Foundation and provide people with mental and physical disabilities with jobs and help them blend in the society more easily.

Looking into the future, the world will continue to face challenges like gradual coexistence with the COVID-19, environmental change and extreme climate, and Lingsen will continuously observe the markets and seek opportunities for the purposes of realizing the diversified development of 5G, wearable devices and electric vehicles and achieving better performance.

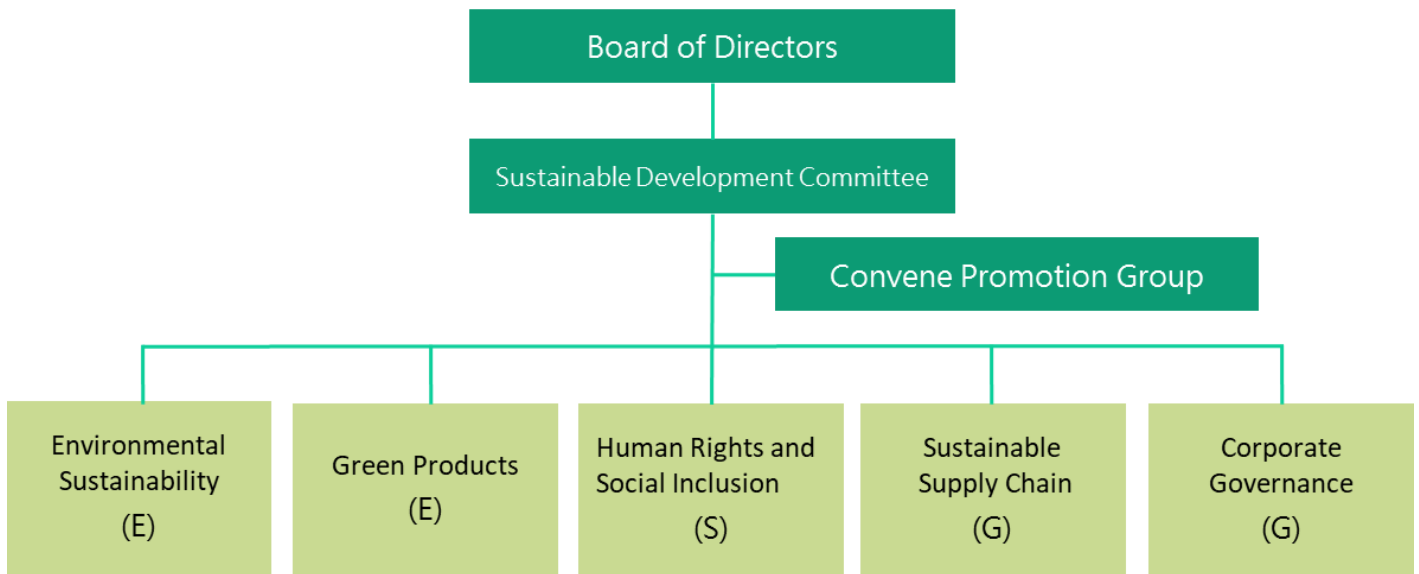


1.2 Corporate Sustainable Development Promotion Organization

Lingsen Precision established “Corporate Sustainability Committee” in 2013, involving five issues, i.e., sustainable environment, green products, human rights and social inclusion, sustainable supply chain and corporate governance. The representative of sustainable development committee is served by

“General Manager” of the company. The sustainable development team integrates sustainability issues from three aspects, namely, economy, environment and society, and reports the execution performance of sustainable development management system as well as demands for improvement suggestion actions to the top management every year.

In order to practice corporate social responsibilities, urge the progress of economy, environment and society, and fulfill the goals of sustainable development, the General Manager’s Office will generally plan and integrate the annual promotion achievements of corporate sustainable development and work plans for the next year so as to make sustainable development one of the processes in the corporate decision-making.



1.3 Sustainable Performance (Economic, Environmental, Social)

Economic

Revenue \$

Consolidated revenue reached NT\$ **7.73** billion in 2021, creating a history high.

R&D Investment %

R&D investment reached NT\$ **176** million in 2021.

Output Value Per Capita

Output value per capital reached NT\$ **3,122,044** in 2021.

Environmental

Waste Recycling

Recycling of **3,000** plastic boxes of waste

Copper wire scrap rate

Reduction of usage of wiping paper by **20%**

Wastewater recycling

Recycling of **684,149t** wastewater in total

Social

Cooperation between Industry and Academics

16 consecutive years' industry-academics cooperation with National Taiwan University of Science and Technology and provision of opportunities for both employment and learning

Public Welfare Activities

Long-term support for the **slow-flying angel bakery products** of Eden Social Welfare Foundation.

Long-term Support

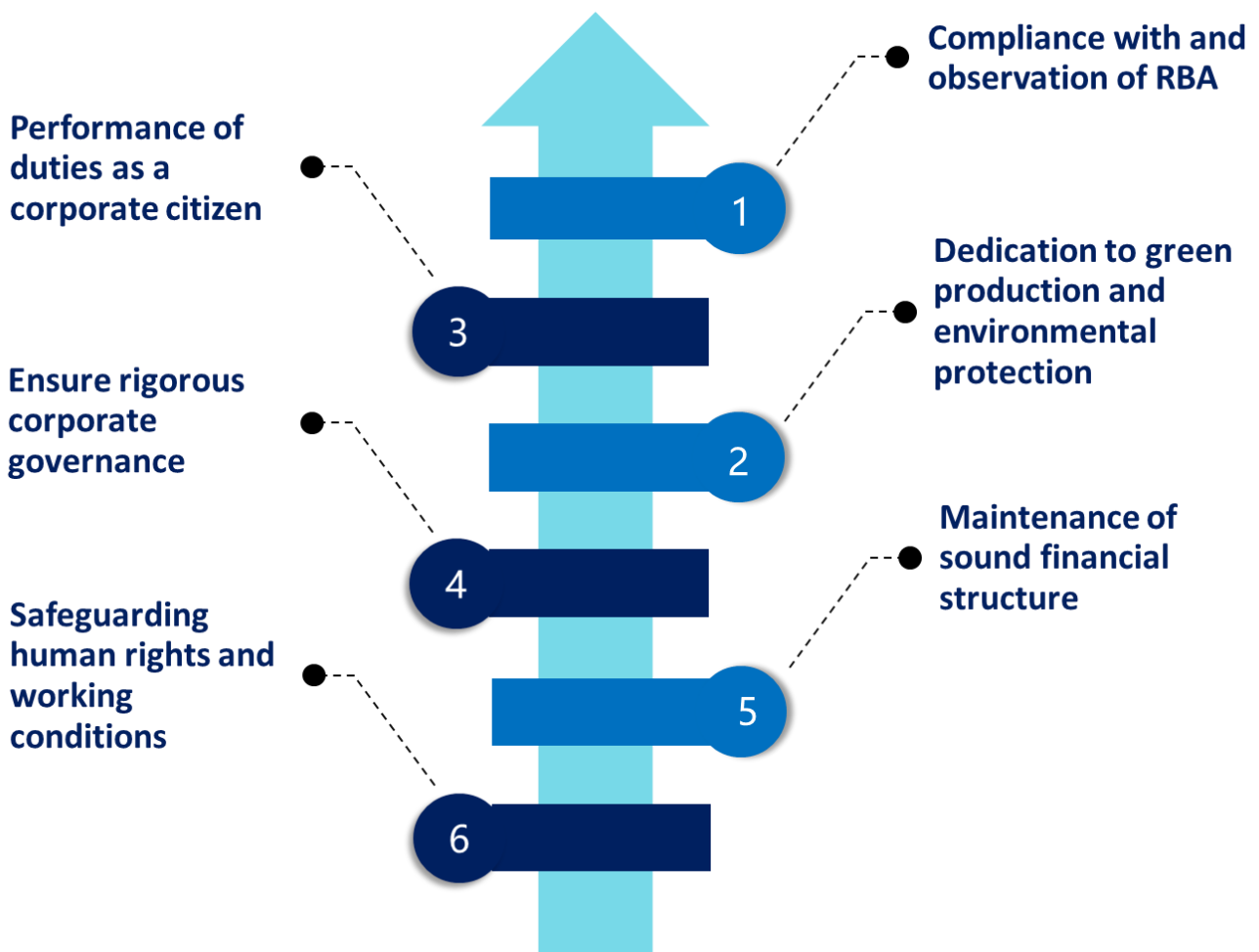
Long-term support for faith, hope and love. **Donation box**

1.4 Sustainable Development Strategies

Lingsen, as a member of global market citizens, adheres to the operation philosophies of integrity and commitment and sustainable management, commits to the performing of its responsibilities as a global corporate citizen, continually makes innovation and improves production capacity, assists customers in producing better products, and join hands with the supplier to improve the value and quality of materials together so as to create a better living environment.

To practice the concept of corporate sustainable operation, duly perform the responsibilities as a corporate social citizen, take care of our living environment and cherish the limited resources in the earth, Lingsen actively coordinate with each requirements of RBA (Responsible Business Alliance) and the Ten Principles of the United Nations Global Compact to ensure the realization of each goal involving human rights, care for the laborers, safety in workplace, anti-corruption, and environmental protection.

Aspects of sustainable development strategies include:




2 Environmental Protection

2.1 Environmental Management

Currently, Lingsen believes that environmental protection is just as important as product quality. In October 1998, the Environment Management System (ISO-14001) was introduced as the primary form of environmental management. Tse-Sung Tsai, our General Manager, shortly after determined that our environment policy would be based on four features, “manufacturing green and eco-friendly products; adhering to applicable laws; saving energy, reducing waste, and preventing pollution; and continuing to improve sustainable development”, to accompany the related ISO-14001 regulations and further encouraged all employees to manage the environment using PDCA in each factory. Furthermore, he requested all of us to continue to frequently inspect the impact of air pollutants, waste water, noise, and waste on the environment and continuously review the resources used in the production in order to improve the company’s energy saving efforts in the hopes of achieving balance and co-prosperity between product quality and our surrounding environment.

● Our Environmental Policy



菱生精密工業股份有限公司
Lingsen Precision Industry, Ltd

日期：108.07

環境政策

Environmental Policy

本人以書面正式宣示，本公司之環境政策如下：
I declared the environmental policy of our company by official document as follows:


菱生及其子公司為從事半導體封裝測試之企業，除了致力於本業的成長，在環境系統之污染控制已獲得良好成效後，我們將秉持一貫之傳統，於本公司之活動、產品或服務中更進一步地進行能源節約、資源保育及良好環境的維持及改善，為達成上述目標，並基於回饋社會的企業文化，我們將致力於：

Lingsen and its worldwide branches are working in the assembly and test business. Besides the growth of business, the pollution controlled of the environment system also got good effect. We will take the same traditional way and promote further to save energy, protect resource, maintain and improve the good environment. For above objectives and contribution of the society, we will devote to:

1. 綠能環保產品生產。Manufacture the products of green energy and environmental protection.
2. 遵守適用法令規章。Compliance with applicable laws and regulations.
3. 節能減廢污染預防。Save energy, reduce waste and prevent pollutions.
4. 持續改善永續經營。Continual improvement, achieving sustainable management.

本公司對環境管理系統之運作負全部之責任並提供必要的資源，同時各部門主管應給予必要的協助，提供環境考量調查評估資訊，並以環境政策為導向，經由環境管理委員會訂定年度環境目標與標的。且須確保本公司之環境系統相關資訊為全體員工所了解、實施與維持，且向社會大眾公開。

For the operation of environmental management system, we do our duty and supply necessary resources. According to the environment policy, every top manager of the departments shall provide the inspection and evaluation of environment aspect, the environment management committee will establish annual environmental objectives and targets to make sure the relevant information will be known, executed, maintained by every employee. And the information will be opened to the public.

總經理 General manager: 

公佈時間：108.07
Announce Time: 108.07

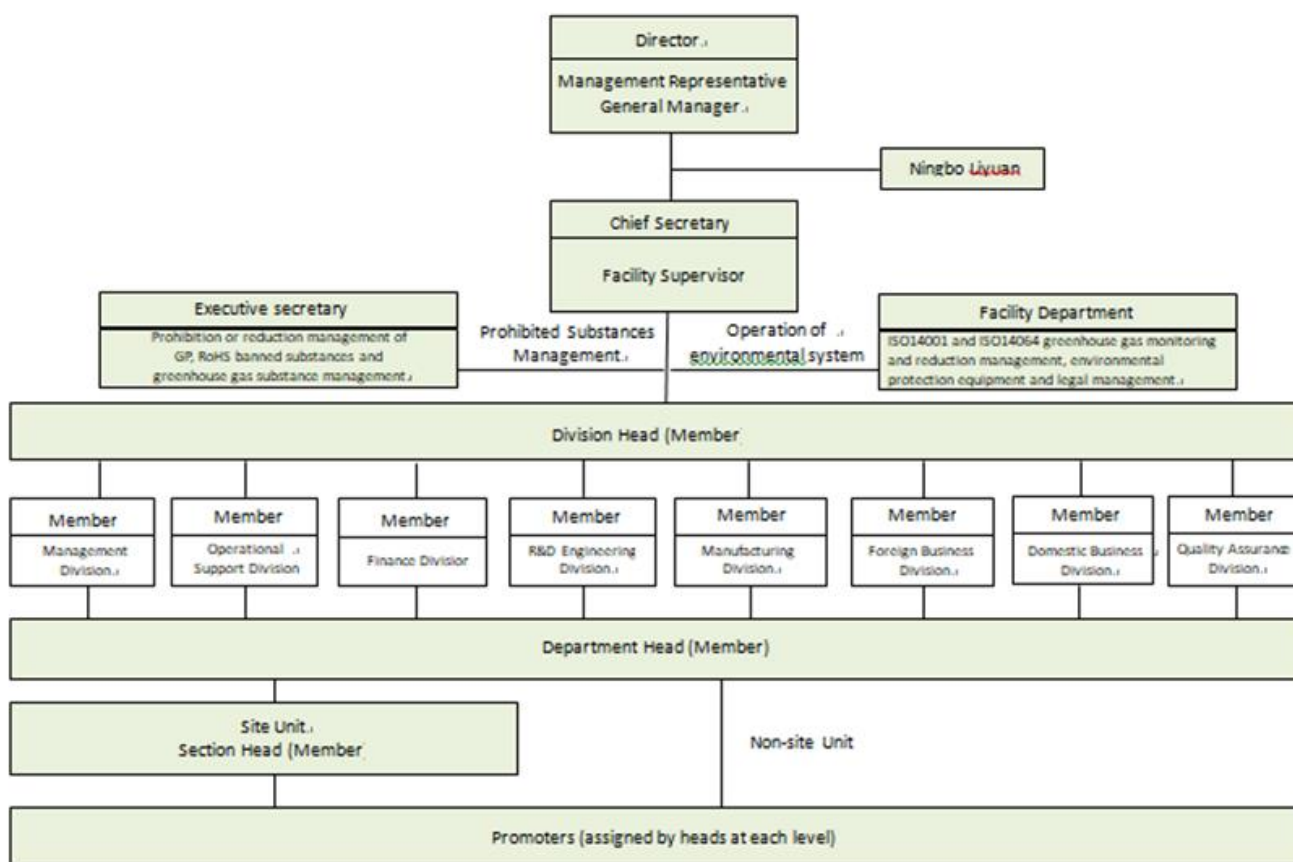
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● Structure of Environmental Management Committee

Our company has five production buildings and one raw material warehouse. All of the production buildings are consistently managed by the Environmental Management Committee, which is chaired by the General Manager and has each unit head as a member. The General Manager annually convenes all unit heads to an environment target review conference to evaluate the environmental incidents and the degree of completeness of the previous year’s target, discuss the impact caused by deficiencies, determine environmental targets for the current year, request related units and heads to manage the programs for which they are responsible, and monitor them through the quarterly environmental management committee meeting. Furthermore, each unit head is responsible for evaluating environmental hazards and managing the areas with environmental hazards with special projects to reduce their impact on the environment.

● Structure of Environmental Management Committee



Remarks: (1)Member in charge of site unit is division, department or section head. Member in charge of non-site unit is division or department head.
 (2)Site promoters are assigned by heads at each level.

● Operation of the Environmental Management System and Risk Management

We are committed to communicating the importance of environmental protection to all of our employees in the hopes that everyone in our company will do their best to protect our environment. Furthermore, in January every year, the General Manager will convene an environmental management committee meeting with each unit head to determine environmental goals and management programs for the current year. Such goals are generally related to waste reduction or saving energy. Once the goals are determined, each unit head will promote them to his/her employees and get their feedback to learn how to better improve the environment together in order to enhance the company’s environmental protection efforts.

● Integration Table of Our Environmental Goals, Objectives and Management Programs in 2021

EP policy	Program code	Environmental management program	Environmental goal	Environmental target	Unit in charge
Energy saving and waste reduction	1001	Usage rate of silver adhesive in DA station	Improvement of usage rate of silver adhesive through optimized management	Usage rate of silver adhesive reaches 85%.	First Section, Manufacturing Department II
Energy saving and waste reduction	1002	Reduction of usage of wiping paper	Replace wiping paper with duster cloth to clean the surfaces of machines and trolleys.	Usage of wiping paper is reduced by 20% every month.	Third Section, Manufacturing Department I
Energy saving and waste reduction	1003	Recycling of plastic boxes of waste lids	Recycle the plastic boxes of waste lids.	250boxes/month are recycled on average.	Material Management Section, Materials Department
Energy saving and waste reduction	1004	Cost reduction of recycling of vacuum aluminium foils and lowering of resource wastage	Recycle vacuum aluminium foils.	Save cost of NT\$ 10,000 per quarter.	Testing & Manufacturing Section, Manufacturing Department I
Energy saving and waste reduction	1005	Reduction of consumption of plastic gloves	Review the necessity of each work task that uses plastic gloves and replace plastic gloves with fabric gloves if not necessary to reduce usage.	Usage rate of plastic gloves is reduced by 20%.	Second Section, R&D Dedicated Line
Energy saving and waste reduction	1006	Reduction of usage of chemical adhesive remover LS-55	Extend the service life of chemical adhesive remover LS-55 to reduce waste.	The usage of chemical adhesive remover LS-55 is reduced from 640L to 480L every month.	T6 Electroplating Section
Energy saving and waste reduction	1007	Water consumption control of T2 cooling tower and secondary water reutilization works	Recycle the drainage of waste ROG system to the cooling tower and add a new control system to control the water quality and drainage volume so as to realize the goal of saving water and electricity.	Save approximately NT\$ 1 million every year as estimated.	Facility Department

We have passed ISO-14001 verification in October 1998 and completed the edition-changed certification of ISO14001:2015 in 2017. However, in order to prevent our perceptions of our self-review of the company's environmental protection measures from diverging from the truth, we annually invite external verification agencies to assist in our audit and re-verification process. With different points of view from senior auditors at external verification agencies, we can continue to improve our environmental quality.

● Our ISO14001 Certificate



Major Environmental Risk Assessment

Risk aspect	Major risk issue	Responsive measures
Laws and policies	<ol style="list-style-type: none"> The standards of environmental protection regulations are gradually stricter. Energy declaration and energy conservation Requirement for power brownout is added in the local regulation of Taichung. 	<ol style="list-style-type: none"> Strengthen testing and production control and add pollution improvement equipment based on status quo. Improve the inspection of the company's energy equipment and prepare a budget annually to execute energy-saving projects. Check the service status of plant area of the company, and use a part of the plant for solar power generation system to improve the ratio of green power used by the company.
Environmental resources	<ol style="list-style-type: none"> Due to the climate change, there is no rain for a long term, resulting in the shortage of water resources. Removal of wastes 	<ol style="list-style-type: none"> List annual environmental protection management projects, implement recycling of process wastewater, adjust production water consumption and cherish water resources. Recycle production wastes and promote suppliers to recover and re-utilize packing materials. Propose environmental management programs every year and seek the reduction of raw materials used in production processes.
Customers and suppliers	<ol style="list-style-type: none"> The raw materials used in production contain substances listed by international conventions or regulations of Taiwan for management. Reduction of greenhouse gasses and product carbon fingerprint. 	<ol style="list-style-type: none"> Conduct sampling inspection of incoming raw materials which may be put into site for production after being recognized by the environmental protection unit. Certify greenhouse gas inspection report ISO14064-1 and assist customers in the product carbon footprint investigation. Spend expenditure every year for improvement and execute green procurement to lower the emissions of greenhouse gases.
Employees and the general public	<ol style="list-style-type: none"> The employees do not have a concept of environmental protection to cause environmental pollution. Residents around give a full amount. 	<ol style="list-style-type: none"> Establish ISO14001 environmental management system, integrate environmental protection to employees' daily life in a systematic way, offer educational training on environmental protection to employees, and perform regular and irregular environmental audits over production units. Set up an environmental communication management system and establish public communication access. Carry out irregular patrolling of surrounding environment to lower the influence of environmental pollution on the public.

In recent years, transnational environmental protection treaties and government laws and regulations are gradually raising the requirements for environmental protection of enterprise production, which is not only a challenge but also an opportunity for change. Lingsen has also considered and evaluated the major environmental risks generated nowadays and review the influences and opportunities brought by environmental risks one by one. We still look forward good changes made to the environment in Taiwan under these autonomous and non-autonomous external impacts.

Table of Environmental Risks and Opportunities

Opportunity	Change caused	Responsive measures
Green energy	Increase the ratio of green power. Improve the energy utilization efficiency of production equipment.	Two sites have already been developed for the setting of solar power generation system. High-efficiency equipment is a direct consideration factor to replace the old equipment.
Climate change	Production response in dry period regarding water acquisition sources.	Improve the efficiency of wastewater recycling system and lower the dependence of production on water consumption. Set up large water storing facilities and fully store water when the water resources are sufficient. Coordinate with tanker manufacturers and include them in emergency response drills.
Products and services	Green products Customer environmental protection design services	Engage in R&D design to continually improve product efficiency. Strengthen the close cooperation with customers and launch green products.

2.2 Carbon Management

Because greenhouse gases have caused global warming, they have had a huge impact on biodiversity and the environment. Based on the sustainable development and the fulfillment of our

corporate social responsibility, we are committed to inspecting and controlling greenhouse gas emissions. We look forward to saving energy to maintain the sustainability of the global environment. Taiwan issued Greenhouse Gas Reduction and Management Act in 2015 and the long-term goal for greenhouse gas reduction is to reduce at least 50% of greenhouses in 2050 compared with that in 2005. In the beginning of 2022, Taiwan officially made an advance announcement on the correction of the aforesaid act to the draft of Climate Change Response Act and revised the carbon reduction goal as “Zero Greenhouse Gas Emissions by 2050” at the end of 2021, thus declaring Taiwan’s determination to reduce carbon emissions.

To coordinate with the government policy, Lingsen officially established the Greenhouse Gas Inspection and Voluntary Reduction Promotion Organization in 2010 and the General Manager announced the following policy statement:

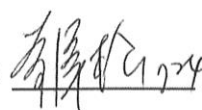
● Our Greenhouse Gas Inspection and Voluntary Reduction Promotion Organization

Lingsen Precision Industries, Ltd.
Greenhouse Gas Inspection and Voluntary Reduction
Statement

We recognize that the climate and environment suffer from the negative impact of greenhouse gases and understand that the capacities of the earth’s resources are limited. They are not endless, and unfortunately, we are moving toward the critical point. As a responsible corporate citizen, we are committed to carrying out the following activities:

- ◎ Regularly inspecting greenhouse gases.
- ◎ Controlling greenhouse gas emissions.
- ◎ Improving the efficiency of machinery and equipment to reduce greenhouse gas emissions.

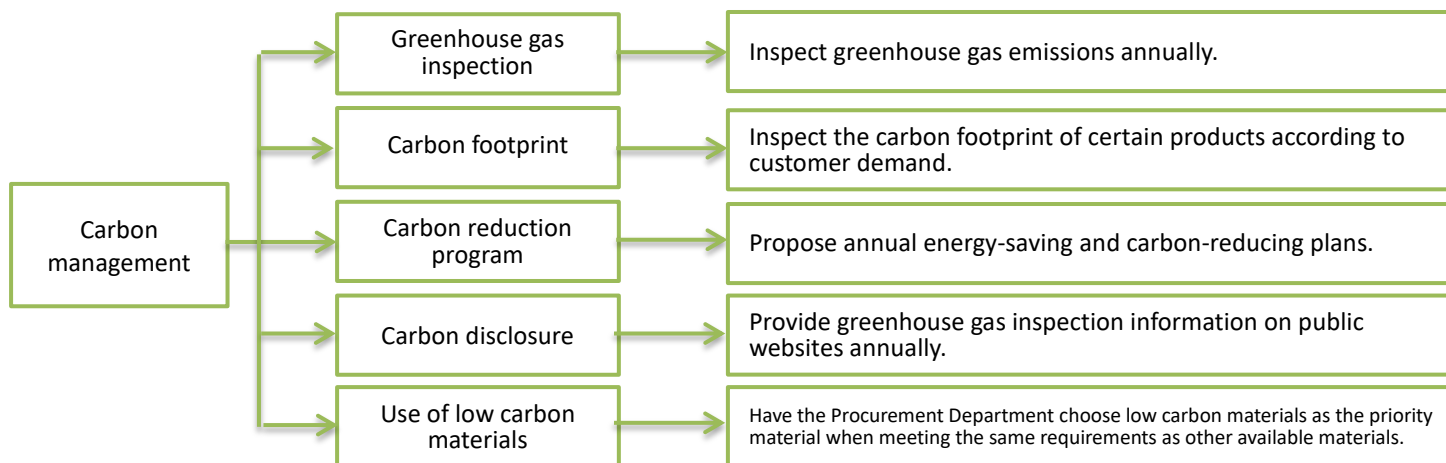
General Manager



July 23, 2019, ROC

The Greenhouse Gas Inspection and Voluntary Reduction Promotion Organization was hereby founded through the policy statement made by the General Manager. The company included and executed the functions of this organization to the Environmental Management Committee and immediately convened a carbon emission reduction related conference in July 2010. In this meeting, it was agreed that the emissions of the company’s greenhouse gases should be learned first so that we could proceed with our plans for emission reduction. In the said conference, the General Manager announced that greenhouse gas inspections would be performed starting in 2010 in accordance with ISO14064 greenhouse gas inspection standards. After external verification agencies certified and confirmed the emissions of greenhouse gases in current year and main sources of such emissions, we could take proper measures to improve our greenhouse gas emissions. Regarding our carbon footprint, we have gradually begun implementing such measures as providing customers with carbon emission information for all raw materials during the assembly process and investigating our carbon footprint for individual products to help customers understand manufacturing information.

● Carbon Management Method



● Greenhouse Gas Inspection

Lingsen has completed the greenhouse gas inspection work for 13 years (2009-2021) since its initial adoption of greenhouse gas inspection system in 2009. Since the EPA released “Administrative Measures for Declaration of Greenhouse Gas Emissions” on December 20, 2012, it has been comprehended that greenhouse gas inspection has no longer complied with the requirements of customers for carbon disclosure, which was an early precaution for the laws and regulations issued by the government. To this end, the Company conducted greenhouse gas inspection according to the greenhouse gas inspection form established by the EPA since 2012.

In order to ensure that the inspection results are recognized by the expected users, all inspection work and documents are executed according to the requirements of ISO 14064-1, and internal and external verification work will be done after completion of inspection. Currently, our inspection scope covers the T1, T2, T4, and T5 production building and the T3 raw material warehouse in Taichung factory, Taiwan. In 2015, the inspection also included the T6 production building in Taichung factory. In the next year, T6 dormitory was also included in greenhouse gas inspection.

The greenhouse gas inspection information of Scope 1 and Scope 2 over the previous years is listed

as follows:

● Annual Greenhouse Gas Emissions from 2010 to 2021

Year	Scope 1	Scope 2	Total greenhouse gases (t)
2011	537.37	54961.11	55498.48
2012	535.66	53864.52	54400.18
2013	1087.48	60395.14	61482.62
2014	1115.75	60731.45	61847.19
2015	1232.17	60725.25	61957.43
2016	1360.03	63021.49	64381.53
2017	1403.48	64207.48	65610.96
2018	1456.79	69436.87	70893.67
2019	1535.53	62278.96	63814.49
2020	1547.58	63297.62	64845.21
2021	1846.59	65725.44	67572.03

ISO released a new version of ISO 14604-1:2018 in 2018 and granted a 3-year transition period. The original old version should be changed before December 2021, and Lingsen already passed version change certification in 2022.

In accordance with our inspection information in 2021, Scope 1 refers to the direct emission of greenhouse gases, which includes fixed combustion sources, process emission sources, mobile combustion sources, and fugitive greenhouse gas emission sources with emission volume of 1,846.5953t CO₂e/year. Scope 2 refers to the indirect emission of greenhouse gases, including input of electricity, heat, steam, or other derivative energies such as fossil fuel with emission volume of 65,725.4404t CO₂e/year. Scopes 3-5 refer to other kinds of indirect emission of greenhouse gases which are mainly generated by outsourcing activities. The emission sources include employees' business trips, outsourced transportation (including wastes), procurement of raw materials (resins) and energies, solidification/physical treatment/incineration of downstream wastes as well as greenhouse gas emissions generated customers' leases with emission volume of 20,266.8008t CO₂e/year.

According to the statistics of inspection calculation results, the total volume of greenhouse gas emissions of the company reached 87,838.8365t CO₂e/year in 2021 with main source as Scope 2, i.e., indirect emission of greenhouse gases from energies (purchased electric power) with total volume of 65,725.4404t CO₂e/year, taking up a ratio of 74.83%. Scope 4 ranked the second place with total volume of 20,147.4195t CO₂e/year, taking up a ratio of 22.94%. If other indirect emission parts (Scope 3-Scope 5) were not taken into account, the indirect emission of greenhouse gases of Scope 2 could even take up a ratio of 97.27%. Therefore, execution of energy conservation, improvement of equipment energy efficiency and waste reduction is a primary direction for the company to achieve the goal of greenhouse gas emission reduction at present, and it can also help lower the long-term operating cost.

In 2021, our greenhouse emissions slightly increased compared with 2020 mainly because wafer

packing process was newly added to T1 factory of Lingsen in 2021. In addition to the increase of production equipment, the factory facilities were also increased, thus resulting in the growth of fugitive emissions of equipment cold media, process emissions and electricity consumption. Additionally, the increase of production capacity in 2021 also caused the increase of electricity consumption. All of these matters contributed to the increase of greenhouse gas emissions compared with previous year.

● Our Annual Electricity Consumption from 2008 to 2021

Year	2008	2009	2010	2011	2012	2013	2014
Total electricity consumption (kWh)	94866985.4	104636351.7	106677413.8	102539382.7	101249089.3	115931580	11656726.6

Year	2015	2016	2017	2018	2019	2020	2021
Total electricity consumption (kWh)	116907836	119133268	121376453	125337327	122371064	123938824	128758136

Because the emission of greenhouse gases is closely related to energy consumption, we introduced Energy Management System (ISO50001) verification in order to more efficiently manage our energy consumption. Many employees have been sent for educational training designed for energy managers and have already obtained relevant qualification certificates. Our goals are to better plan our energy consumption, determine a consumption standard, develop a consumption policy, and promote improvement measures and thus continuously improve our energy consumption under P-D-CA, ISO's management core.

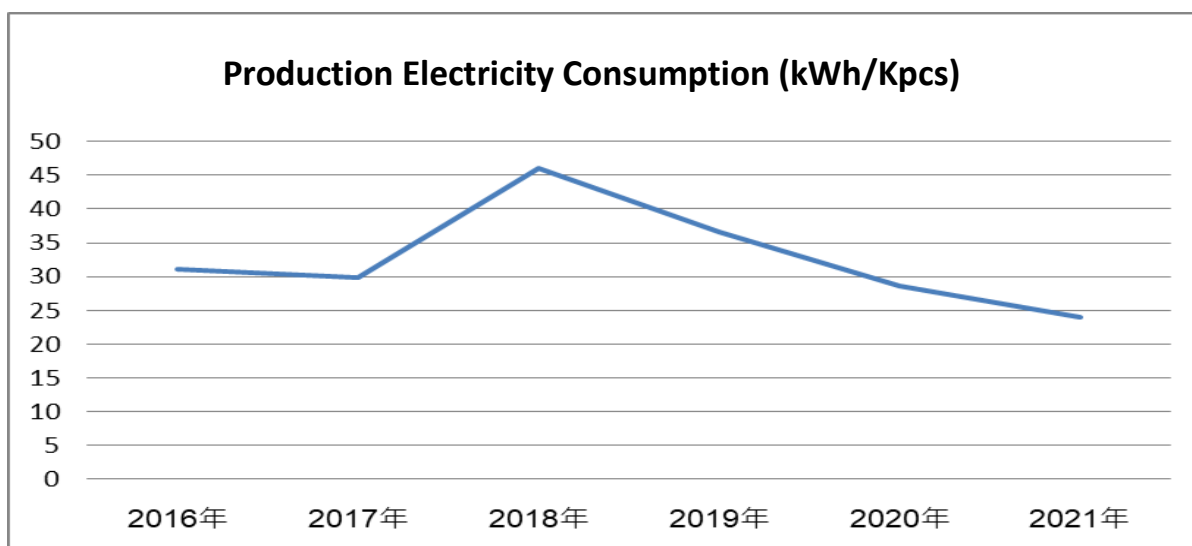
● 2020 ISO14064 Verification Statement of Greenhouse Gas Inspection



Remark: External inspection certification of 2021 has been completed during the report writing period, but not certificate has been obtained yet.

● Promotion of Production Energy Saving and Carbon Reduction Program and Development of Renewable Energy Sources

2016	2017	2018	2019	2020	2021
31.097	29.793	46.025	36.621	28.577	23.957



In consideration of the consumption of social and environmental resources during corporate production, Lingsen requires its employees to propose manufacturing process energy conservation and carbon reduction programs through brainstorming and continuously improves its production efficiency as well as invites experts from the Industrial Research Institute, Green Productivity Foundation and SinoTech Company to assist the diagnosis of operation conditions of production equipment inside the company and put forward opportunities for improvement. Also, we order heads in charge of production site to supervise, guide and manage. We further require the reduction of energy consumption of site production equipment, including electric power, air pressure, vacuum and exhaust equipment without compromising of product quality. It was calculated that Lingsen saved 5,895,217.02kWh/year of energies, reduced CO2 emissions by 2,959.04t/year and lowered annual CO2 emissions by 4.25% in total. Table 4 below indicates the execution status of energy-saving programs of Lingsen in 2021.

● Our Energy Saving and Emission Reduction Programs in 2021

Type	Name of energy saving program	Description	Average energy saving benefit	
			Power saved (kWh/year)	CO2 reduced (t/year)
Production energy saving	Shutdown of equipment not included in production	Equipment not operated for a long term shall be shut down to reduce the continuous occurrence of power wastage.	5,895,217.02	2959.04
	Addition of valve control for air pressure of production equipment	Some production machines are not under a production status, the high-pressure air cannot be automatically disconnected which causes continual waste. Air pipe valve fittings are newly added and are automatically closed when production is not conducted.		
	Change of air pressure pipe to annular pipe	The supply of gas pressure by original single pipe is improved to double-pipe circular pressure supply, thus reducing the energy wastage caused due to pressure loss.		
	Electrical control of electrical heating equipment	It is required that electrical heating equipment shall not be continuously preheated to wait for production when production is not conducted.		
	Reduction of conversion of air pressure to vacuum	Conversion of air pressure to vacuum is adopted for some production equipment, and now it is changed to direct supply of the vacuum system.		

Given the gradual intensified influence imposed by greenhouse gases on the earth's environment and temperature, Lingsen has actively promoted the increase of the ratio of green power used in production. In October 2015, Lingsen Chungkang Plant completed 483kW solar power generation system and already provided 4,702,243kW of green power as of December 31, 2021.

● Design Drawing/Aerial Photograph of 483kW Solar Power Generation of Lingsen Chungkang Plant

項次	設備名稱	規格	數量
1	太陽能模組	250W	1932
2	直流接線箱	-	16
3	逆變器	30KW	16
4	交流配電盤	-	1
5	並聯盤	-	1

In the beginning of 2019, we established a partnership with Export Processing Zone Administration Division Taichung Branch and rented out the common land of T1 located on No. 5-1, South 2nd Rd., Tanzi Dist., Taichung City to a solar energy manufacturer for building of a solar power generation system. The total generating capacity established reached 278.16kW and it officially generated electric power in April 2020. Currently, the total capacity of green power developed by us reached 761.16kW and the green power consumption already took up 4.52% of total power consumption (compared with the contract power capacity of Taipower. It was estimated that our T3 would redevelop new green power in 2021, and it could be formally put into operation in the second half of 2022.

● Aerial Photograph of Solar Power Generation System of T1



2.3 Green Products

In response to global trends and the widespread demand for environmental protection, we are committed to providing excellent solutions to protect the environment, promote safety, and encourage health. During our manufacturing processes, we do not use hazardous materials, but only materials that meet the RoHS. Also, we send samples to SGS for testing periodically to meet the halogen-free limits set by the RoHS.

In addition to the products that we have always traditionally assembled, technologies including stack technology, multi-chip modules, systems in packages, optical products and MEMS component packaging have already been under mature volume production; among these additional products, the MEMS component has great potential because it is light, thin, and compact, with a broad range of applications due to its functions of perception, calculation, and action. Furthermore, we are currently mass producing MEMS accelerometers, pressure devices, gyroscopes, and MEMS microphones, all of which are main products for market growth. In order to respond to the “Waste Electrical and Electronic Equipment Directive (WEEE Directive), the “Restriction of the Use of Hazardous Substance Directive (RoHS Directive)”, and the “Directive of Eco-design Requirement of Energy-using Products (EuP Directive)” from the European Commission, green products have already been introduced to the company, and we are dedicated to environment-friendly assembly. Furthermore, environmental consideration review process has been added to the process design stage of APQP in principles of improvement of utilization efficiency of raw materials and reduction of environmental pollutants. Currently, green products have entered our standard BOM of products (excluding custom-made products), of which halogen-free materials are also used in substrates and resins. The most recent annual R&D topics are as follows:

- (1) Power component module package test, thin/thick aluminum wire & Clip Bonding included
- (2) Cellphone/mobile device with ambient optics sensing module package test
- (3) MEMS induction module packages, e.g., MEMS accelerometer, gyroscope, pressure gauge, altimeter, tire pressure gauge, MEMS microphone...
- (4) Multi-functional MEMS module package
- (5) Small form optical sensor module package
- (6) Multi-functional optical sensor module package
- (7) Power Module IGBT (450A/1200V) package
- (8) QFN 0.3mm thinning package
- (9) Flip Chip on QFN/TSOT package
- (10) Pulse detector sensor package
- (11) Blood oxygen concentration sensor package
- (12) Stacked microphone (Lamination)
- (13) Power module MOSFET 100V/100A
- (14) Thinning environment sensor (0.4mm)
- (15) Motor controller drive
- (16) Light sensors of a variety of thickness

- (17)Low-power module IPM/SPM
- (18)MIS Like package
- (19)SiC MOSFET power module package
- (20)High performance pressure sensor package
- (21)MEMS Speaker package
- (22)MEMS Auto Focus Sensor package
- (23)Piezoelectric ultrasonic ranking sensor package
- (24)Thermal pile temperature sensor package

In addition to continually developing new products that comply with market demand, we have added green planning and evaluation as whether there is a chance to reduce consumption of raw materials, use renewable raw materials and implement energy-saving design upon design of development products, and are dedicated to make persistent improvements to improve product efficiency and lower material loss and wastage.

Recently, the increasingly serious damage on the environment has caused people around the world to pay more attention to environmental protection. Reducing carbon emissions has become a focus for all countries. Carbon dioxide, such as exhaust from vehicles, is the main cause for the greenhouse effect. Moreover, the excessive exploitation of oil has caused a global energy problem due to its limited inventory. Therefore, the development of electric vehicles has also become a key global issue. From September 2012 to September 2014, we became involved in the industrial technology development program (TDP) of the Ministry of Economic Affairs and the Automotive High Current IGBT Power Module Assembly Technology Development Program and began cooperating with the Industrial Technology Research Institute (ITRI). The high-current and high-voltage IGBT in this program was developed for product system application that can be applied to critical parts of electric vehicles and hybrid vehicles. In addition to being applied to electric vehicle motor modules, IGBT can also be applied as a power module for car windows, air conditioners, and headlights with different current requirements.

In response to the initiation of new global mandatory carbon reduction regulation in 2020, a silicon carbide power module was applied to realize system motivation power saving. Our company passed official reviews from the Industrial Development Bureau, Ministry of Economic Affairs at the end of 2015. Along with Shihlin Electric, we have been devoted to high-power and high-value semiconductor silicon carbide power module program. Digital, consumable, and industrial products can be widely applied to power-saving, high-frequency, and high-temperature electric/electronic systems. Furthermore, silicon carbide can be used to reduce 85% of silicon component switching loss. Through electric/electronic technology, energy switching efficiency can be greatly improved, making it the first choice for energy shortage and industrial equipment power saving. The first set of full-bridge silicon carbide power module was completed in Taiwan upon closure of this program. Lead-free process manufacturing technology was used all the way, which could improve system efficiency, lower energy consumption and carbon emissions and reduce environmental hazards.

With the rise of global awareness of environmental protection, governments of a variety of countries have successively formulated timetables for elimination of petroleum cars in order to realize the goals of carbon neutrality and net zero carbon emission. To comply with the provisions of such policies, automobile manufacturers have to pay more intangible cost in the traditional petroleum car field, thus further promoting them to accelerate their development in the field of electric cars. SiC/GaN will become the materials used for power components of electric cars in the future. Since the

third-generation semiconductors are suitable for producing high-frequency, high-voltage, high-power and radiation-resisting products, they can be applied to car chargers, quick charging piles and wireless charging systems. As a response to this demand, Lingsen will also expand the production capacity of the third-generation semiconductor processes and increase the assembly quantity and energy of car chips. Besides the improvement of its market competitiveness, Lingsen will also make its contributions to the global environmental protection.

2.4 Management and Procurement of Raw Materials

Before procuring of a qualified primary raw material (e.g., adhesive material, Au/Cu wire, substrate, lead frame, resin, and lid), a Material Safety Data Sheet (SDS) or ingredient list must be attached to the application, which must be approved by our Environmental Management Committee through a sampling recognition procedure after verifying that it meets customer demands; upon arrival of such material at our company, X-ray fluorescence is also used to monitor and ensure that no environmental controlled substance is present; secondly, Suppliers who have obtained ISO17025 certification are requested to provide an ICP test report from a third-party certification agency to guarantee that their raw materials do not contain environmental controlled substances. We manage the timeliness of materials through the “Supplier Certification Information System”.

● Incoming Material Quality of Lingsen in 2021 (All test results in 2021 met our environmental substance control requirements.)

XRF test items	Adhesive material	AU/CU wire	Substrate	Lead frame	Resin	Lid
2021 lot	524	237	1326	3380	701	553

Meanwhile, we regularly audit our system and review our management policies to ensure that we continue to adhere to international laws, as well as customers’ non-hazardous substance. We also regularly collect and identify laws and regulations regarding hazardous substances related to products (e.g., international, regional and national laws and regulations such as RoHS and REACH SVHC, etc.) and complete the investigations of our suppliers and production units to ensure that products from our suppliers meet the relevant requirements of regulations on hazardous substances.

2.5 Air Pollution and Waste Recycling Management

The air pollutants created by our manufacturing process are mainly volatile organic compounds and acid gas. To effectively reduce our production of air pollutants, we have adopted the Best Available Control Technology (BACT). Our main air pollution control equipment includes the carbon absorption tower and the scrubber. We also were granted an Operation Permit of Stationary Pollution Source by the local environmental protection agency to meet the requirements of relevant environmental protection laws.

2.5.1 Air Pollution Management

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● Our 2021 Regulatory Compliance and Self-evaluation with Regards to Air Pollution Testing

Inspected production building	Inspected air pollutant				Standard			
	THC	Sulfuric acid droplet		THC	Sulfuric acid droplet		THC	Sulfuric acid droplet
T2	0.0337kg/hr	-	-	-	0.6 kg/hr	1mg/ Nm ³	2ppm	0.2g/s
T6	0.0470kg/hr	< 0.11ppm	0.314ppm					

In 2021, among all air pollutants under regular testing, THC test was required for T2 of Taichung factory and THC, sulfuric acid droplets and nitric acid tests were required for T6 of Taichung factory. The highest test values of air pollutants were compared with the emission standards of fixed pollution sources and senior-conductor volatile organic emissions. Our volatile organic emissions was more than 30 times lower than the emission standards, and the acid gas (sulfuric acid droplets and nitric acid) pollutants were more than 10 times lower than the statutory discharge standards, thus showing our determination to maintain air quality.

● Our Air Pollution Control Equipment



2.5.2 Waste Recycling and Treatment

With regards to waste management, we have abandoned the traditional approach of transport of waste to treatment plant for treatment. This management method is currently our final approach which could not reduce waste volume by recycling. We firmly believe that waste reduction must start from the proper management of raw materials. Therefore, at the annual environmental management conference, we request the production unit to submit an improvement proposal for site production to reduce the usage of raw materials, thus reducing waste.

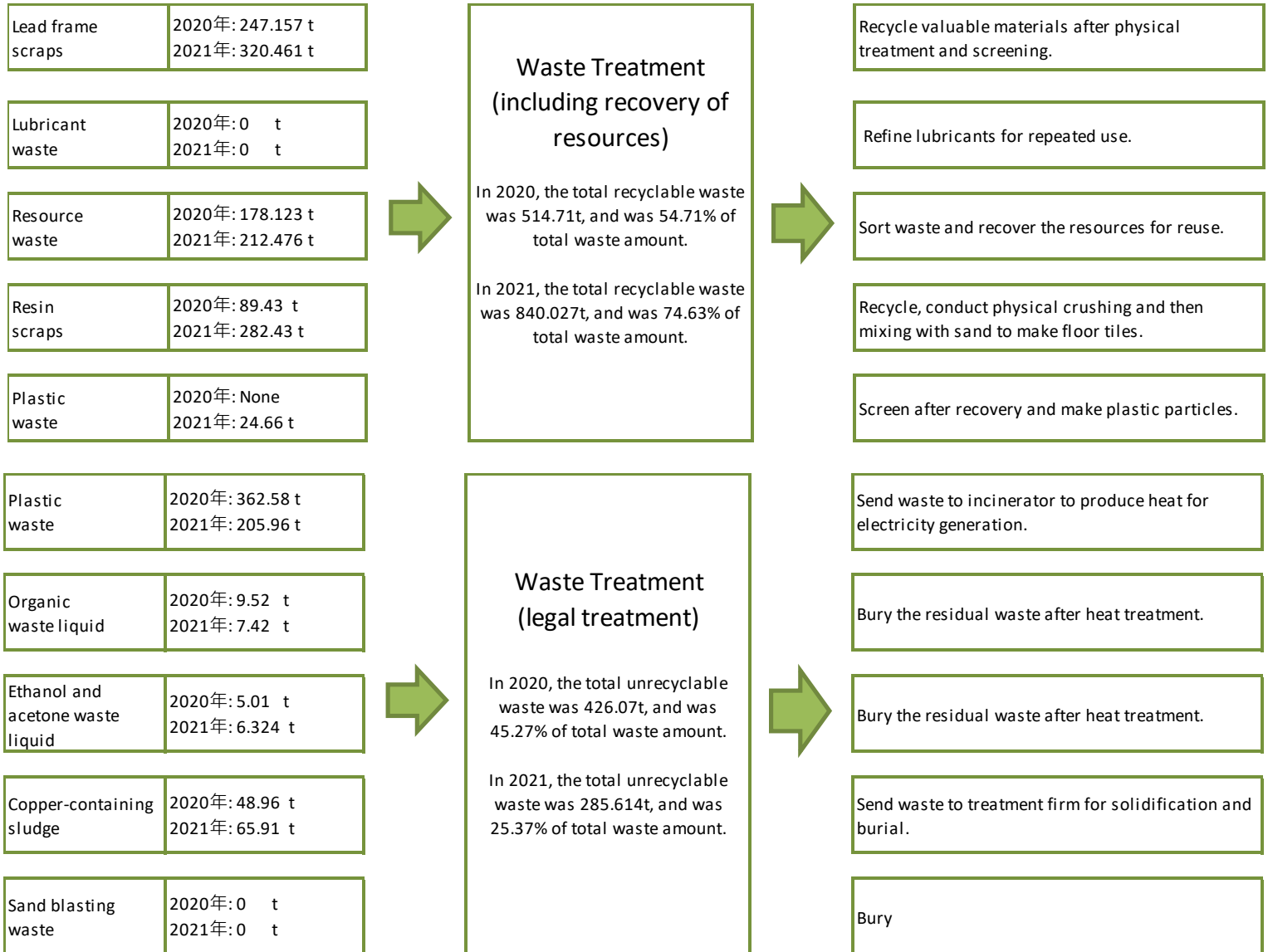
● 2021 Waste Reduction Program

Year of execution	Waste reduction program	Achievement
2021	Improvement of usage rate of silver adhesive of DA station	Usage rate of silver adhesive reached 88.31%
	Reduction of usage of wiping paper	The usage was reduced by approximately 35% in 2021
	Recycling of plastic boxes of waste lids	Monthly average recycling quantity: 676 boxes/month
	Recycling of vacuum aluminum foils to reduce cost and resource wastage	Recycling of 7,909 aluminum foils in the whole year
	Reduction of consumption of plastic gloves	Reduction of usage rate of plastic gloves by 20%

Since the waste that the manufacturing process generates may impact the environment, we cooperate with recycling firms as much as possible in an attempt to at least maintain the residual value of waste to reduce pollution. We schedule at least two audits annually of our treatment firms by

environmental protection professionals to ensure that we are reducing environmental pollution caused by waste treatment firms' improper treatment.

● Our Waste Production and Resource Recycling from 2020 to 2021



● Our Internal Recycling Truck



In order to save the use of natural resources, implementation resource circulation to reduce waste, and achieve minimization of waste generation and maximization of resource recycling to lower environmental load and establish a sustainable resource utilization society, Lingsen has actively

cooperated with each reutilization agencies to reuse the recyclable waste. In April 2020, we recycled resin scraps and transported them to reutilization agencies for the production of high-pressure concrete floor tiles for the first time. In 2020, the resin scraps recycled reached 89.43t, and this number even grew to 282.43t in 2021. In July 2021, we cooperated with EPS company to recycle and rebuilt the waste EPS and we could recycled about 250kg EPS waste every month; in October 2021, we cooperated with reutilization agency again to recycle and make plastic waste to plastic particles. At least 12t plastic waste was transported to the reutilization agency every month, and about 150t of recycling amount could be added annually.

According to the statistics, we generated 1,125.641t waste in 2021, and 840.027t was recycled in total, taking up approximately 74.63% of total waste amount. It presented a growth rate of 19.92% compared with 514.71t of total waste amount in 2020, thus showing our great concern over the recycling of social resources. In order to continually strengthen the waste reutilization rate of Lingsen, we have also set up specific recycling trucks in which common resource wastes, such as paper, aluminum (iron) cans, and plastics, are directly recycled every day in the factory to improve resource reutilization.

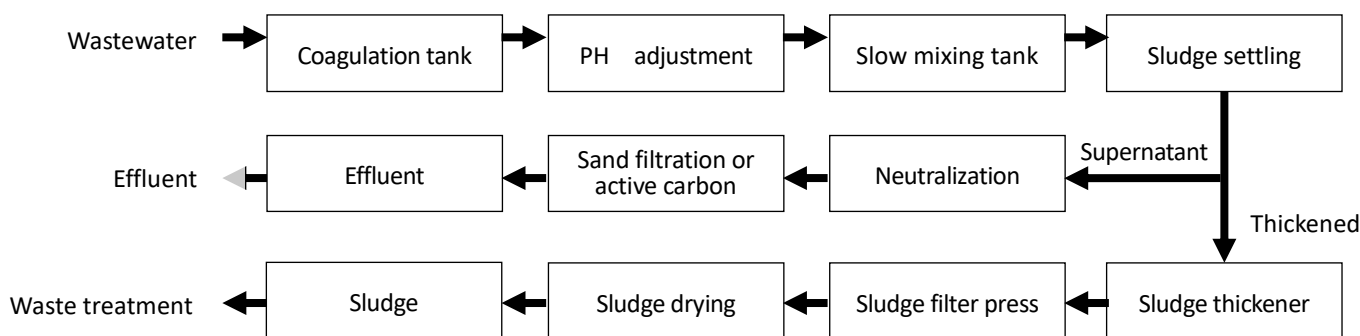
2.6 Water Resource Management

Research has indicated that the average temperature of Taiwan has increased around 1.4 degrees in the past 100 years due to the recent global climate change. Global warming has also brought heavier and more concentrated rain and has increased the frequency of droughts in Taiwan. According to the simulated data of Academia Sinica, every one-degree increase will result in 20 more non-raining days in Taiwan. Although Taiwan’s annual average rainfall is around 2,500mm, which is three times the global average rainfall of 880 mm, the actual rainfall utilization rate is less than 20%. Therefore, water recycling is one of the challenges that the Taiwanese government currently needs to face. This is a sensitive issue for us so we had our overall water resource inspected and have implemented many water saving measures in the hope of reducing our impact on Taiwan’s water resources.

2.6.1 Wastewater Treatment

The company produced approximately 728,189t of wastewater in 2021, and the wastewater was treated in the wastewater plant of the export processing zone for the second time and then discharged to the sewage sewers. Wastewater generated in manufacturing processes was the main source. Our policy is to recycle as much wastewater as possible and discharge the rest to a wastewater treatment plant. The primary pollutants in our wastewater are SS, COD and some heavy metal substances. Therefore, the wastewater treatment treats the wastewater in a designed form of chemical coagulation. The related treatment procedure and subsequent inspection results are as follows:

● Waste treatment process



● Our 2021 Wastewater Inspection Results

Inspected production building	Regular effluent inspection items									
	PH	SS	COD	F	Pb	Cu	Nitrate	Ammonia	TTO	Ag
T1	7.3	< 1mg/L	34mg/L	0.1mg/L	ND	0.112mg/L	0.58mg/L	0.01mg/L	< 0.870mg/L	-
T2	7.3	8.7mg/L	6.5mg/L	< 0.05mg/L	ND	0.103mg/L	< 0.05m mg/L	0.05mg/L	< 0.19mg/L	-
T5	7.6	6.1mg/L	11.5mg/L	0.08 mg/L	ND	0.095mg/L	2.83mg/L	ND	< 0.19mg/L	-
T6	7.9	7.5mg/L	32.5mg/L	1.1 mg/L	ND	0.423mg/L	2.58mg/L	0.43mg/L	< 0.19mg/L	-
Effluent standard										
	6~9	30 mg/L	100 mg/L	15 mg/L	1 mg/L	1.5 mg/L	50 mg/L	30mg/L	1.37mg/L	0.5mg/L

2.6.2 Recycling of Wastewater from the Manufacturing Process

In order to effectively use water resources, we believe it is necessary to reuse the wastewater generated from manufacturing processes. In 2021, our underground water consumption was 948,361t based on water meter readings, with main consumption sources as cooling tower, manufacturing processes of wafers including cutting, grinding and singulation, and air-conditioning. Repeated experiments and testing led us to use UF membrane and RO anti-fouling membrane to recycle wastewater, and introduce recycled water to the site process for reuse in order to reduce the attrition of water. Currently, for production building with the highest water consumption in manufacturing processes, we have set up 5 sets of UF membrane recycling system and 3 sets of ROR recycling system and these systems recycled 684,149t wastewater in total in 2021. If viewed from the manufacturing processes of each plant, the recycling efficiency reached 60~80% (depending on the design of wastewater recycling system).

● Our UF Wastewater Recycling System



● Wastewater Recycled Volume and Efficiency from 2013 to 2021

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021
Wastewater saved from manufacturing processes (t)	334,835	350,546	295,752	465,377	610673	541,848	536,454	521,079	684,149
Recycling efficiency %	83	83	83	60~80	60~80	60~80	65~83	65~83	65~87

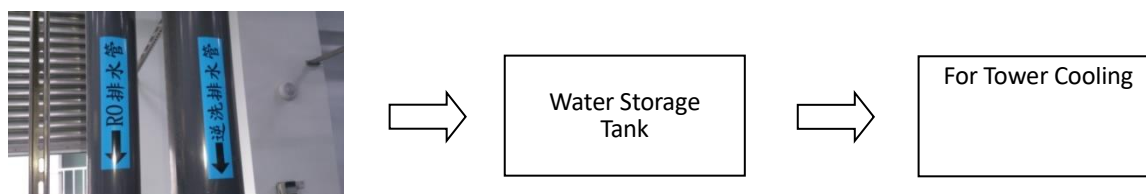
● Industrial Water Consumption from 2013 to 2021

Production building	T1	T2	T3	T4	T5	T6	Total water consumption
2018	89213	241454	443	42121	80382	297014	750627
2019	111555	267066	422	32597	104276	271405	787321
2020	115958	294152	656	24496	112737	313943	861942
2021	134630	286914	671	22926	127416	375804	684149

2.6.3 Other Water Saving Methods

In addition to our dedication to the recycling of wastewater from manufacturing processes, we have also been actively reducing water resource wastage through other methods. The RO drainage and backwash drainage from the water purification system do not directly run to a wastewater treatment plant; instead, they travel through the underground storage tank and be pumped to the cooling tower to reduce water consumption there. The water will be discharged to the wastewater treatment plant only after it is concentrated and cooled in the cooling tower until it cannot be used. As a result, approximately 60,000t tap water can be saved each year.

● Recycled Water Used in the Cooling Tower

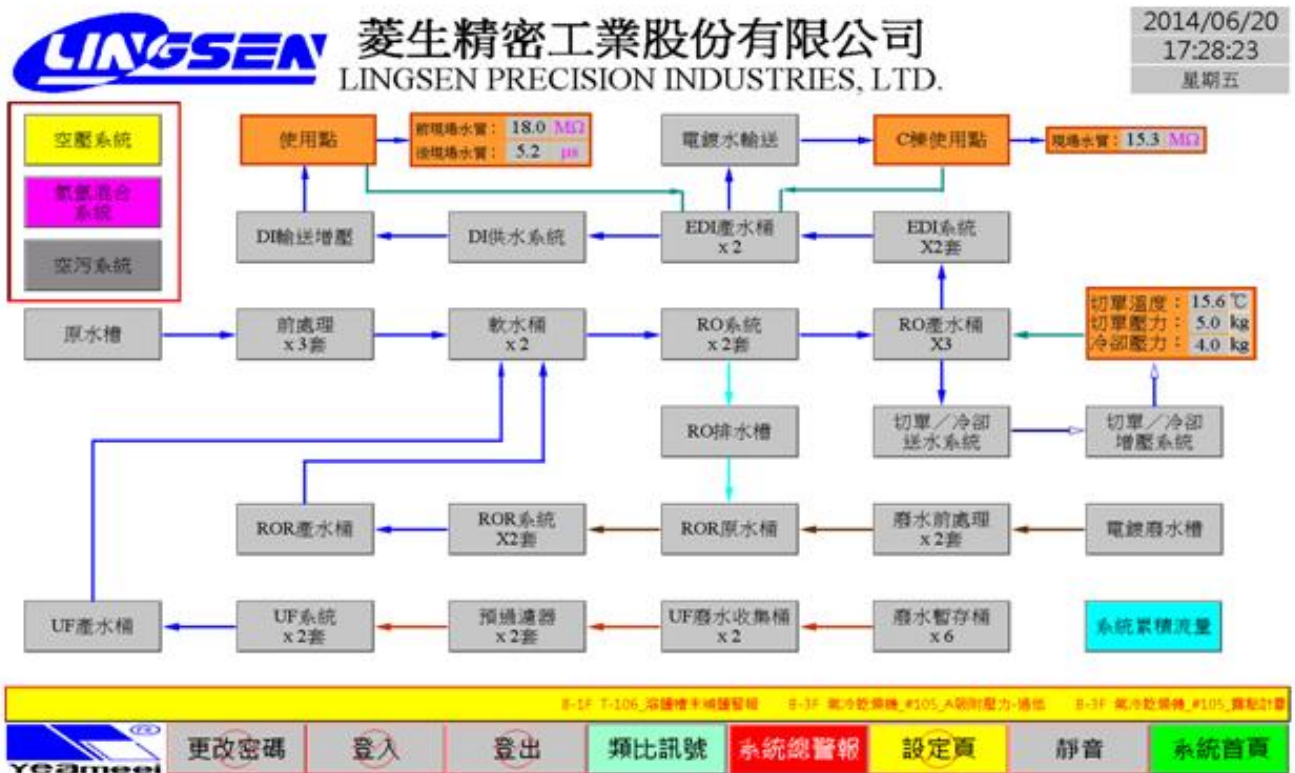


A rainfall recycling system and domestic wastewater filtration system were incorporated to the T6 production building in Taichung factory in the hopes that this new water recycling system can plan and develop new water resources. Furthermore, in order to effectively and reasonably use and control water resources, we have incorporated a water resource monitor system into the fundamental equipment of the new plant to effectively allocate rainfall and reduce water waste with reasonable controls.

● Rainwater Tank and Sewage Recycling System



● Our Water Resource Management and Control System



3 Interactions with Stakeholders and Operation

3.1 Stakeholder Identification and Communication

In our pursuit of sustainable development, we have established a variety of effective communication methods for stakeholders so that we can understand their demands and expectations as an important reference for developing corporate social responsibility policies and other relevant programs. Our stakeholders' management procedures have four steps: identification of stakeholders, analysis of stakeholders and concerning issues, programs relevant to stakeholders, and interactions and operations of stakeholders.

3.1.1 Identification of Stakeholders

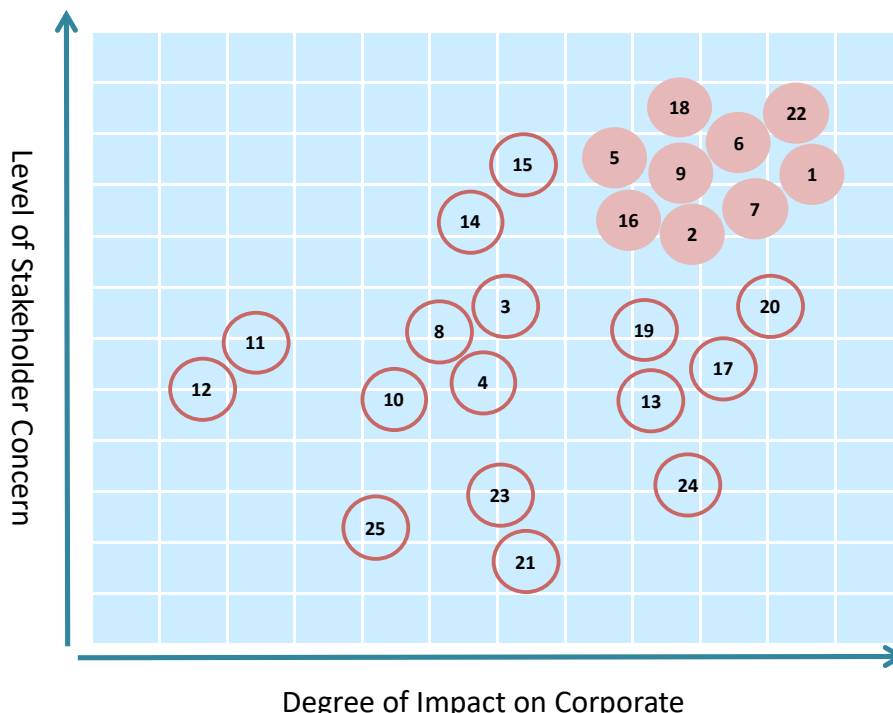
We define stakeholders as any internal or external group or individual who either impacts on the company or is affected by the company. Accordingly, we consider the following our stakeholders: shareholders (investors), customers, suppliers, employees, government agencies, communities, competitors, media, non-government organizations, and research organizations. Considering the worldwide trend toward sustainable development and current operation demands, as well as discussions with related internal units, this report considers shareholders (investors), customers, suppliers, employees, and communities as our main communicating stakeholders.

3.1.2 Significance Analysis of Stakeholders and Concerning Issues

After confirming our list of stakeholders, we have integrated the economic, social and environmental issues concerned by the stakeholders through the communication access established by each responsible internal unit based on their impact on the company and issues of concern and performs significance evaluation and analysis in accordance with the attention paid to such issues and the potential impact imposed on the company, and then categorize such issues as a major issue, secondary issue, or general issue.

3.2 Significance Analysis of Stakeholders

● Analysis Results of Kev Issues that Concern Stakeholders



● Analysis Results of Key Issues that Concern Stakeholders

Level of Concern over Major Issues		
1. Regulatory Compliance	1. Regulatory Compliance	1. Regulatory Compliance
2. Corporate Governance	2. Corporate Governance	2. Corporate Governance
3. Sustainable Development Policy	3. Sustainable Development Policy	3. Sustainable Development Policy
4. Risk Management	4. Risk Management	4. Risk Management
5. Product Quality and Technology R&D	5. Product Quality and Technology R&D	5. Product Quality and Technology R&D
6. Operation Financial Performance	6. Operation Financial Performance	6. Operation Financial Performance
7. Supply Chain Management	7. Supply Chain Management	7. Supply Chain Management
8. Community Involvement and Charity Work	8. Community Involvement and Charity Work	8. Community Involvement and Charity Work
9. Customer Services and Satisfaction	9. Customer Services and Satisfaction	9. Customer Services and Satisfaction

● Significance Analysis of Issues that Concern Stakeholders

Principal issue	Relevant report chapter	Page
Regulatory Compliance	Corporate Governance/Personnel Cultivation and Harmony and Safety in the Workplace	16/25
	Environmental Protection/Customer Service and Supplier Management	37/57
Corporate Governance	Corporate Governance	16
Product Quality and Technology R&D	Business Profile/Green Products	11/47
Operation Finance Performance	Business Profile	11
Supply Chain Management	Supplier Management	58
Customer Services and Satisfaction	Customer Services and Satisfaction	57
Water Resource Management	Water Resource Management	53
Air Pollution Control	Air Pollution and Waste Recycling Management	50
Greenhouse Gas Management	Carbon Management	41

● Major Aspects and Boundaries Identification

Type	Sustainable issues	Major aspects	Internal corporate boundary	External corporate boundary		
			Lingsen	Customer	Lingsen	Customer
Corporate Governance	Business Performance	Business Performance	✓			
	Corporate Governance	Corporate Governance	✓			
	Legal Compliance & Moral Standards	Legal Compliance	✓			
		Code of Conduct & Moral Standards	✓			
	Risk Management	Risk Management	✓			
Environment	Environmental Protection	Waste	✓			
		Effluent	✓			
		Products & Services	✓			
		Environmental Rules Compliance	✓			
	Ecological Efficiency	Greenhouse Gas Emissions	✓			
		Water	✓			
Employee Care and Development	Employee Care	Employee Welfare	✓			
		Educational Training	✓			
		Training & Education	✓			
		Diversity and Equal Opportunity	✓			
		Equal Remuneration for Men and Women	✓			
	Supply Chain Development	Purchasing Policy and Approach	✓			✓
		Conflict Resources	✓			✓
		Supplier Management	Supplier Environmental Assessment	✓		
Social Engagement	Community Development	Local Community Development Plan	✓			✓
	Stakeholder Communication	Stakeholder Engagement	✓	✓	✓	✓

● Stakeholder-relevant Programs

All of our relevant units are incorporated into our daily work or annual plan through the aforementioned analysis results to serve as an important reference for sustainable operation strategies.

● Interactions and Operations of Stakeholders

When interacting with stakeholders, we employ a performance indicator for different issues based on different stakeholders in order to regularly review ongoing improvement measures. We firmly believe that good interaction with stakeholders can help us to overcome economic, social, and environmental challenges, as well as enhance our operational ability to establish ourselves as a sustainable company.

● Our Communication Access with Stakeholders

Stakeholder	Issue of concern	Communication access	Relevant events and highlights of 2021
Shareholders (investors)	■ Operation performance	1. Annual shareholders' meeting	Operation performance report of 2021
	■ New product development and scheduling	2. Spokesman system	New product development status report of 2021
Customers	■ Green products	1. Quarterly customer satisfaction survey	
	■ Conflict-free metal investigation	2. Quarterly customer business review meeting	Top 15 customer satisfaction surveys
	■ RBA	3. Irregular customer audit	
Suppliers	■ Product quality/technology R&D	1. Suppliers' meeting (monthly)	Operation performance of 2021
	■ Supply chain management	2. Suppliers' information investigation (yearly)	Supplier risk management
	■ Operation financial performance	3. Suppliers' audit	Supplier review/Supplier audit
	■ Hazardous material management		
Employees	■ Corporate governance	1. Company announcement	Immediate announcement of new policies
	■ Compliance with regulations	2. HR representative in each factory	One HR representative in each factory to handle employees' problems in a timely manner
	■ Labor relations	3. Regular/irregular communication meetings in each unit	Irregular General Manager's party
	■ Salary and benefits	4. Mailbox of the General Manager and mailbox of the HR representative	Participation in the government's disabled career fair
	■ Occupational safety and health	5. Regular labor-management conference	"Labor safety and health promotion week"
Government	■ Compliance with environmental regulations	1. Visits by competent authorities	Periodic coordination with competent authority's work safety/environmental protection audits
	■ Compliance with social regulations	2. Regulation/policy explanation session	Periodic participation in explanation sessions by competent authorities
		3. Official correspondences	Irregular official correspondence
Communities	■ Community engagement and charity work	1. Industry-academics cooperation	Establishment of industry-academics special session
			Participation in campus micro-talent activities held in each school
		2. Charity care	Ordering of loving commodities
			Donation box in each factory

4 Personnel Training and Harmony and Safety in the Workplace

4.1 Salary and Benefits

Our employees are our most important assets. In addition to providing our employees with a humanistic and safe working environment, we also share our business profits with our employees by providing them with compensation that is better than the industry standard, based on business performance.

4.1.1 Performance-oriented Compensation System

Outstanding talents deserve first-class compensation. In order to attract, encourage, and retain superior talents, our company provides impressive and highly competitive compensation packages that are determined by work importance and difficulty, as well as different salaries and bonuses based on individual performance. For example, a performance bonus may be given irregularly depending on both the company's performance and an individual's performance. Furthermore, 10% of the company's earnings will be distributed annually as employee bonuses to maintain the competitiveness of our talent and show employees our sincerity in keeping professionals.

We not only follow the basic requirements stipulated by labor laws, but also participate in local salary gatherings to ensure that competitive compensation is provided. An employee's compensation is further determined based on his/her education, experience, performance, and market standards, without discrimination on gender, race, religion, political position, or marital status and we also encourage and retain excellent talents. The median of compensation is NT\$ 511,319.

4.1.2 Comprehensive Insurance System

We provide all of our employees with labor insurance, national health insurance, and group insurance (fully paid by the company) starting from their registration day to provide more complete guarantee for our employees. Overseas travel insurance is further provided for any employees on business trips in order to protect their work and ensure their safety.

4.1.3 Sound Retirement System

Since November 1986, we have complied with the Labor Standards Act and established a Supervisory Committee of Labor Retirement Reserve to allocate retirement reserves to a special account in the Central Trust of China every month. As of the end of 2020, the balance of this pension account was NT\$ 583,144,000. An employee of this company can apply for a pension once meeting the requirements of retirement; thus, the rights of employees are protected and they can be free to work without worries. Thanks to the help of a professional accounting consultant, we are able to provide our employees actuarial pensions to ensure allocation with full amounts to protect the rights of employees who apply for their pensions in the future.

Since July 1, 2005, in accordance with the Labor Pension Act, we have offered our employees a retirement system that complies with the Labor Standards Act, have provided an actuarial allocation rate of the retirement reserve considering the factors of labor numbers, wage, years of service, and turnover rate applicable to the years of service prior to the promulgation of the Labor Pension Act, and have allocated retirement reserves with a full amount every month within five years in accordance with provisions of paragraph 1, Article 56 of Labor Standards Act. For those to which the Labor Pension Act applies, we contribute 6% of their monthly employee salary towards their pension accounts opened in Bureau of Labor Insurance in accordance with the Wages Classification List. For those who voluntarily

pay pension, we will also withhold and remit relevant amount from their compensation according to the voluntary payment ratio.

4.1.4 Parental Leave without Payment

The Labor Standards Act dictates all of our leave systems and we fully support the government policy of parental leave without payment; all colleagues have the right to apply for maternity leave, paternity leave and parental leave. In addition to the freedom from gender difference or discrimination of each of employees' welfare, colleagues who are unable to engage in work for the time being may suspend their work per parental needs and then resume work for career development after they are able to get involved in the work fully. We attach great importance to the issues of infant care and babysitting. An HR representative interviews the employees applying for the leave in person and then applies for an allowance relevant to labor insurance on their behalf. Furthermore, employees can voluntarily reinstate themselves earlier or later than scheduled, which will be handled on a case-by-case basis. All of the employees who have taken advantage of this program are very grateful for this comprehensive measure of parental leave without payment.

● Statistics of applying for maternity/paternity/parental leave in 2020

Number of applicants	Maternity/paternity leave		Parental leave	
Category	Male-Paternity leave	Female-Maternity leave	Category	Male-Paternity leave
Subtotal	18	21	3	9
Total	39		12	

● Statistics of applying for maternity/paternity/parental leave in 2021

Number of applicants	Maternity/paternity leave		Parental leave	
Category	Male-Paternity leave	Female-Maternity leave	Category	Male-Paternity leave
Subtotal	9	11	1	11
Total	20		12	

● Reinstatement and Retention Rate of Parental Leave in 2020

	Total	Male	Female
Number of employees that applied for parental leave in 2020	12	3	9
Expected reinstatement numbers in 2020 (A)	15	4	11
Actual reinstatement numbers in 2020 (B)	8	4	4
Reinstatement Rate (B/A)	53%	100%	36%
Reinstatement numbers in 2019 (C)	25	1	24
Numbers of employees reinstated in 2019 and retained for at least one year as of 2020 (D)	7	0	7
Retention Rate (D/C)	28%	-	29%

● Reinstatement and Retention Rate of Parental Leave in 2021

	Total	Male	Female
Number of employees that applied for parental leave in 2021	12	1	11
Expected reinstatement numbers in 2021 (A)	13	2	11
Actual reinstatement numbers in 2021 (B)	7	1	6
Reinstatement Rate (B/A)	54%	50%	55%
Reinstatement numbers in 2019 (C)	12	3	9
Numbers of employees reinstated in 2020 and retained for at least one year as of 2020 (D)	6	1	5
Retention Rate (D/C)	50%	33%	56%

4.1.5 Employee Benefits

- (1). Listed Stock, Employee Bonus Plan, and ESOP Trust
- (2). Moon Festival and Year-end Bonuses
- (3). Gift coupons for employees' birthday and three holidays, congratulation gift money on wedding/maternity and condolence payments for hospitalization/bereavement
- (4). Diverse company trips
- (5). Employee check-ups
- (6). Nursery room, plant infirmary, field doctor for consultation, and contracted hospital
- (7). Labor and health insurance and labor pension fund.

4.1.6 No Forced Labor

Each labor contract between an employee and the company adheres to the required laws and regulations. Once a recruitment relationship is established, a written labor contract has to be signed by law and must be agreed to by both parties, with an opposition to slave labor, as well as without forced labor or illegal human trafficking. Overtime work is voluntary and specifically prohibited in our regulations. We have established a reminder about overtime in our attendance system, and the HR Department further inspects and controls employee schedules every day and then reminds each employee not to work overtime so as to care about the health of each colleague.

4.1.7 Clubs, Work-related Learning Events, and Leisure Activities

We have a variety of clubs and work-related learning activities for colleagues to pursue their various interests and relax outside of work. Family is also one of the company's priorities so we try to improve family relationships and encourage togetherness under the company through a variety of irregular family activities. As a result, not only the relationships among family members are improved, but also the sense of belonging of Lingsen family is enhanced.

4.2 Equal Employment Opportunities, Labor Restrictions

4.2.1 Status Quo of Recruitment

● Talent Recruitment

The company recruits employees on the basis of talent orientation and right person in the right place and sticking to the principles of equal opportunities, values the diversity of employees' backgrounds, and treats job applicants fairly without discrimination on their race, age, hierarchy, language, beliefs, religion, political party, place of origin, gender, sexual orientation, marital status, appearance, nationality, five sense organs and disability; meanwhile, we prohibit the employment of minor workers aged below 16 and comprehensively follow the basic recruitment principles of open recruitment, fair selection and hiring the best. As a result, the company's talent demands can be satisfied through completely planned recruitment procedures.

"Talent" is our most important asset, so we aim to actively recruit, encourage, and retain talent, and this goal guides us most in our recruitment process; due to a variety of methods for finding new staff, such as online, introduction by employees, recruitment events, print media, and industry-university cooperation and internship projects promoted by the Ministry of Education, we are capable of recruiting the best talents in the world.

Our Recruitment Access

Recruitment access	Method
Online	Job bank website
Introduction by employees	Introduction of relatives and friends can earn employees an introduction bonus
Recruitment event	Cooperation with all local employment service stations for single or joint recruitment activities to recruit on campus
Print media	Place local employment advertisements in print media
Industry-university cooperation	Actively discuss industry-university cooperation and internship projects with many universities

● Talent Retention

We aim to cultivate, cherish, and care for our employees so that they will provide us with their greatest potential; this is what guides us most in our talent retention. We try to promote employee retention relying on diversified employee communication accesses, competitive compensation and welfare and a comfortable and safe working environment. With regards to outstanding colleagues, we initiatively develop their career plans and arrange turnover to give them the space for diverse growth and play.

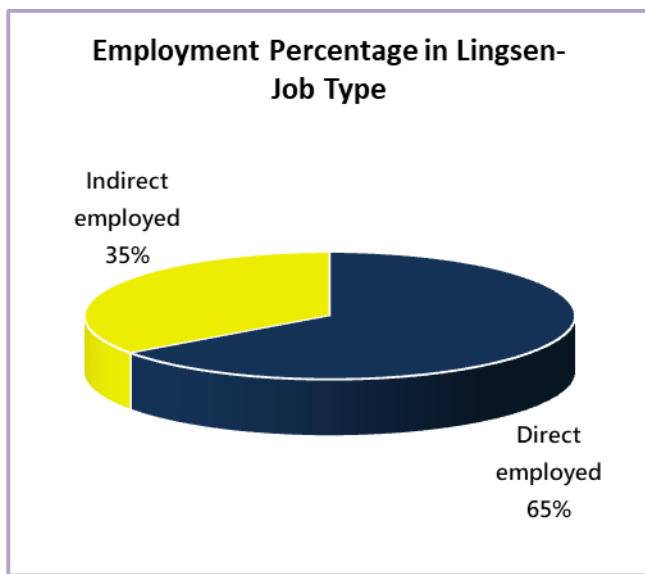
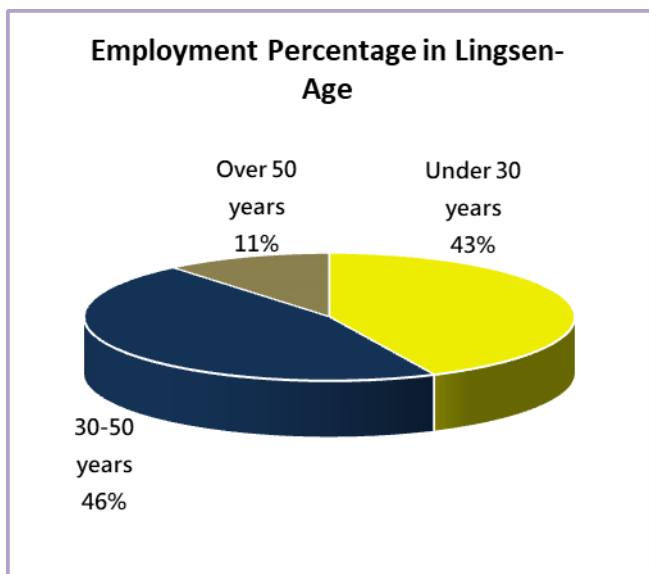
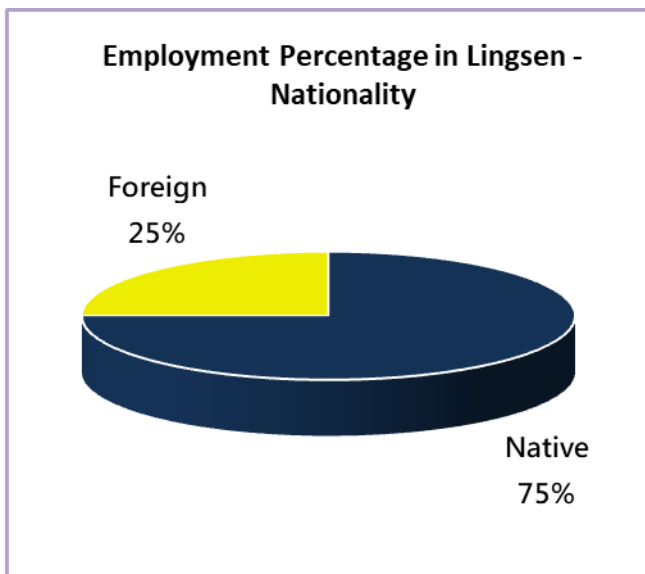
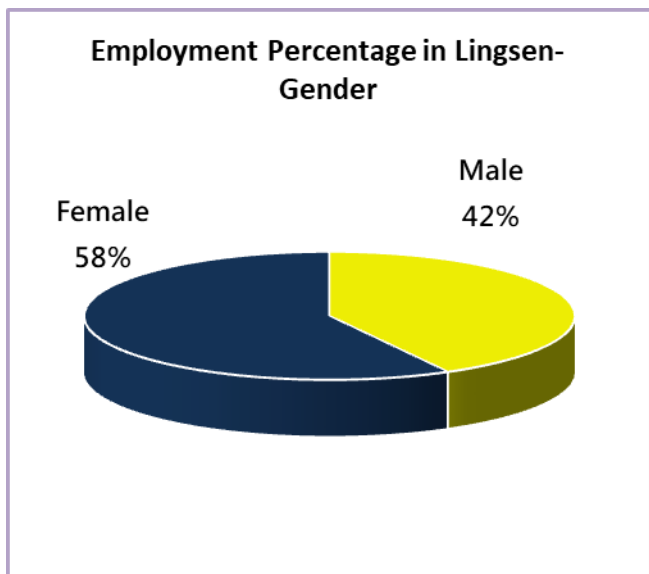
For employees who decide to leave the company, in addition to interviewing them to comprehend and evaluate their reasons for leaving, the HR Department urges them to stay on and cares about them first, and subsequently works to resolve the problems that are discovered through resignation reason analysis. A turnover list is provided weekly to each unit officer to assist him/her to immediately understand said unit's turnover condition. The HR Department also takes the initiative to contact each unit officer depending on the condition and require each organization to improve abnormal turnover.

● Current Status

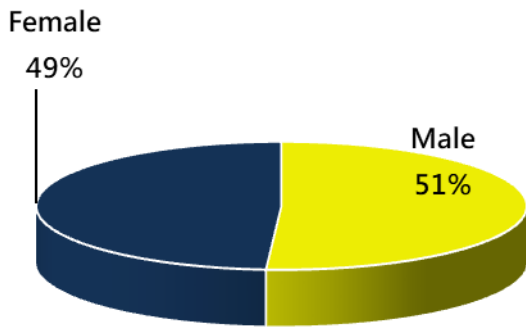
Until year end of 2021, there were 2,477 employees in total, with 1,070 male employees (43.2%) and 1,407 female employees (56.8%); 1,828 native employees (75.45%) and 608 foreign employees (24.55%). All native employees were full time workers instead of contract workers.

With regards to job type, there were 1,621 direct employees and 856 indirect employees. The

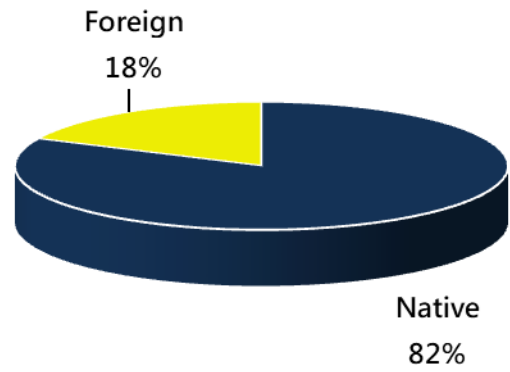
percentage of employees under 30 years of age was 42.72%, percentage of employees 30-50 years of age was 46.18%, and the percentage of employees over 50 years of age was 11.1%. At the same time, we value the working rights and interests of people with disabilities. There are currently 21 colleagues with mental or physical disabilities working with us.



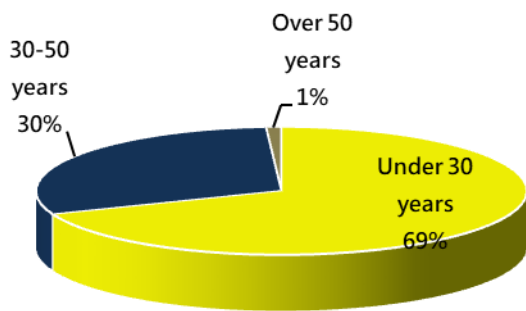
**2021 New Employee Statistics-
Gender**



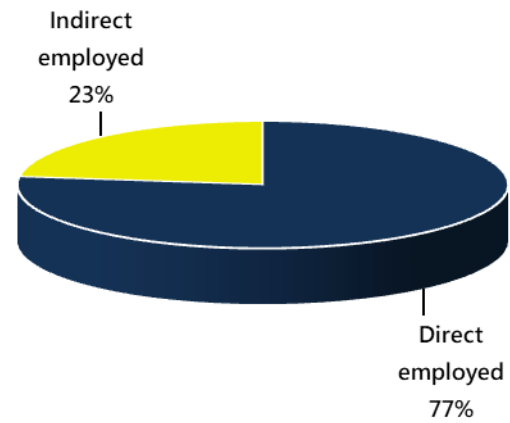
**2021 New Employee Statistics-
Nationality**



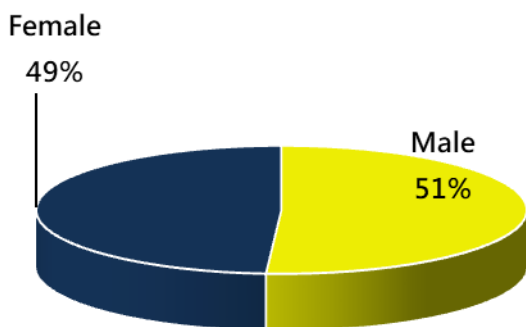
**2021 New Employee Statistics-
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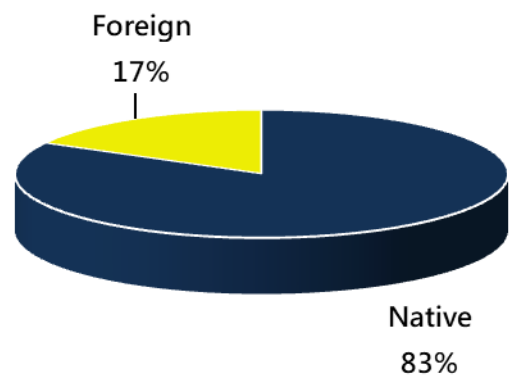
**2021 New Employee Statistics-
Job Type**

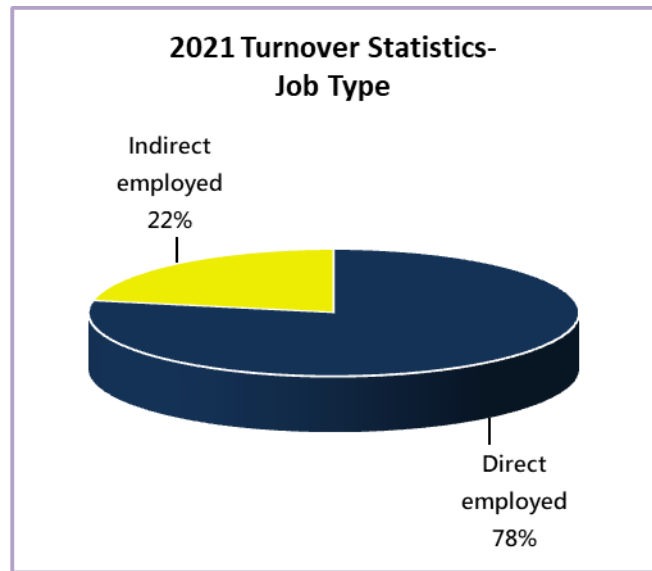
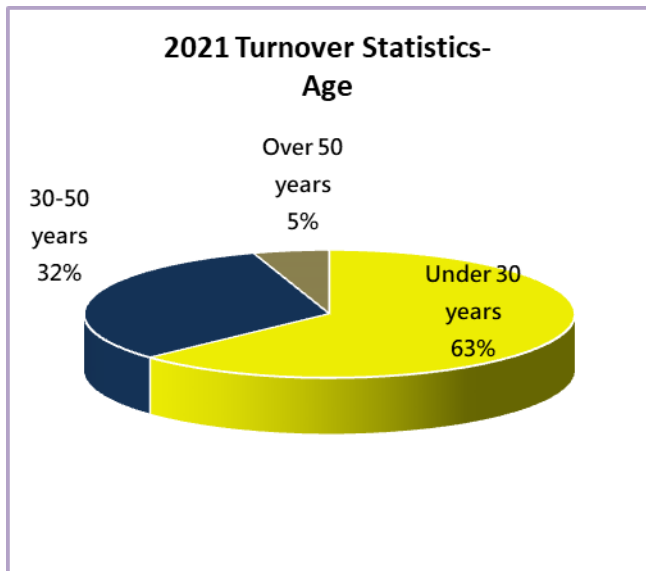


**2021 Turnover Statistics-
Gender**



**2021 Turnover Statistics-
Nationality**





4.3 Occupational Safety and Health

We firmly believe that a safe and healthy workplace is the only way to create better products and quality for all of our stakeholders. In order to provide such a workplace, we comply with local related laws for the management of a variety of daily operations and have introduced the Occupational Health and Safety Management System (ISO 45001:2018) to continue improving our workplace through documentation, planning, implementation, auditing, improvement, and prevention of the management system to satisfy all internal and external customers.

People, building/machinery/equipment, raw material/waste, and operation environment were selected as the four focuses in our promotion of the occupational safety and health management. We endeavor to prevent occupational accidents through the following: controlling hazard identification and risk evaluation; safety procurement management of machinery, equipment, and materials; safety management of contractor entrances; safety and health education of employees; providing and managing protective gear; sampling and testing in the workplace; health promotion of employee care; emergency management; and project management, as well as the ongoing improvement of all of the aforementioned matters by the PDCA management cycle.

4.3.1 Organization

A level-1 special safety and health management unit is established in each factory to take charge of establishment, implementation and promotion of safety and health management goals of the factory area. Moreover, in order to strengthen communication between employees, our General Manager acts as a chairperson to convene cadres, related technical staff, and employee (trade union) representatives to create a safety and health committee; the number of employee (trade union) representatives must account for 33.3% of the total members to meet legal requirements. Each quarter, we will propose plans to address occupational safety and health issues in an effort to continue to construct a safe and healthy workplace through employee involvement and communication.

4.3.2 Management Procedures

Safety management of machines and equipment: Providing safe and healthy machinery and equipment for employees to operate and produce is one of our procurement principles. Therefore, safety and health requirements and standards will be listed before obtaining a new machine or piece of equipment. Identification, inspection, and acceptance will be performed when the machine arrives to

determine the intrinsic safety of the machinery and equipment.

Safety management of chemicals: Any procurement of chemicals shall be previously evaluated by the Department of Industrial Safety and Environmental Protection to ensure that we can control this chemical's hazardous risks with regards to the law, environment, and employee health. After procurement, hazard communication, inventory control of public hazardous substances, routine visits of the storage and use locations, and usage and waste treatment control shall be performed to reduce the hazards of chemicals into an acceptable range for both the environment and human health.

Safety management of contractors: Contractors are important partners in assisting us in our successful operations. Therefore, we have invested many resources to guarantee the work safety of contractors while in our factory. All contractors will receive any hazard notice before entering the factory and are required to fully participate in our safety and health agreement organization. Our personnel will confirm the risk level of this operation environment prior to their entrance and proceed with the accident prevention agreement to avoid operational risks in an unfamiliar environment and together prevent occupational accidents.

High-risk operation management: To prevent major industrial accidents, we have specifically categorized certain operations as high-risk operation items, such as hot work, hanging, overhead, and confined spaces, all of which can cause major injuries and property damage and require the adoption of critical and special management procedures, including pre-approval, notification of the influenced unit, inspection during operation, and confirmation after completion.

4.3.3 Educational and Emergency Training

We believe that our labor force has the right to know about safety and health in the workplace. We will only be able to prevent accidents if our employees have a thorough understanding of the hazards of operations. Therefore, we have adopted the "we aren't afraid that you know, but you don't want to know" method to edit materials and arrange training sessions regarding occupational safety and health education. Occupational safety training will be scheduled for the first day of work for each employee so that they can learn all about possible hazards of operation before starting. Furthermore, OTJ training for industrial safety will be regularly held in the workplace, with lectures being held for new employees every three months to be provided by the educational training unit. Past industrial accidents and OHSAS will be included in the training to better inform employees and satisfy their basic right to know.

Emergency response is another part of OHSAS educational training. We will have the chance to minimize disasters upon occurrence of major accidents only by carrying out drills in advance. Therefore, the company has established an emergency response organization and responsibility chart for each production line with the factory director as the commander. Notification training, accident reduction, and asylum guidance will be held annually in each factory location. Furthermore, chemical leaks, fire extinguisher practice, and crew evacuation are listed among the annual routine exercises.

In 2021, the performance of OHSAS and emergency response training was as follows:

- Common occupational safety training lecture before employment for new employees: 85 times
- Emergency response notification, accident reduction, asylum guidance, and crew evacuation exercises: 35 times
- Response to a chemical leak: 4 times

4.3.4 Statistical Analysis of Occupational Accidents

Our occupational accident analysis includes frequency rate (the number of disabling injuries of given types resulting from industrial accidents per million man-hours worked, FR), severity rate (the

number of lost work days experienced per million man-hours worked, SR), and the frequency-severity indicator (FSI) as the primary basis for statistical comparison. These statistics also exclude traffic accidents that occur outside the plant. After analyzing our company's past occupational safety and health risks and our competitor's goal, a frequency-severity indicator (FSI) below 0.05 was established. With all employees' active participation in and commitment to disaster prevention, the plant had only 0 industrial accident with 0 day lost, 0 of FR, 0 of SR and 0 of FSI in 2021, thus realizing the annual indicator goals established.

4.3.5 Health Management and Promotion for Employees

With the continuous social progress and changes, it becomes more difficult to recruit employees. If existing employees have any health problems, stable manpower cannot be provided and HR costs will increase. Therefore, we have offered physical examinations, regular health checkups, and health checkups for special operations or in cooperation with professional medical and health organizations in order to promote active health management for such categories as field services since 2013. Moreover, we have begun to focus on special groups such as older employees, employees with a higher fatigue risk index, disabled employees, abnormal health checkups, occupational sickness abnormal health checkups, occupational sickness, visits from the factory nurse are scheduled, including a reminder of considerations in daily life, coordination of the appropriateness of work scheduling, and a field doctor consulting in the hopes that all employees can work healthily and stably here to create a win-win situation between the company and its work force.

4.4 Educational Training

Since talent is the foundation of our operation, we emphasize employee educational training in the hopes that their professional skills and quality, as well as our management structure, can be strengthened through a variety of training programs. Therefore, the educational training committee, which consists of executives from each department, is responsible for proposing training focuses for the following year based on the training demand of each unit and company policy. Furthermore, standard courses that respond to competence and position have been established to serve as a learning map of talent cultivation with the hope that the training outcome and operation vision can be combined.

Additionally, as for employees' career development, the educational training is also combined with comprehensive performance assessment forms. Each unit head is responsible for regularly evaluating employees' performance and career development annually, assisting them in finding contents for improvement and training suggestions on development and providing appropriate educational training resources.

4.4.1 Comprehensive Educational Training System

We have developed a comprehensive competence training system to determine competency requirements for each position and provide the appropriate training courses for those with insufficient ability. Regardless of position, from general administrative staff to engineer, any employee can enhance his/her own ability step by step to meet the competency requirements of said position. Meanwhile, a technical training system was also developed specifically for engineers to assist them in achieving technical certification at each level through a variety of professional skill training courses.

4.4.2 Diverse Educational Training System

In order to combine company training and annual target so that employees can immediately apply what they have learned to the job, we have designed the training systems below in accordance with employee personality, training location, and learning effectiveness to quickly teach employees fundamental knowledge, skills, and attitudes that they need to utilize to work effectively and achieve the company's targets.

- Educational Training for New Employees

Pre-employment training and fundamental training are both provided to assist our new employees in quickly understanding our corporate culture, core values, work environment, and issues relevant to corporate social responsibility. Furthermore, we offer a comprehensive mentoring system in which each new employee is assigned a mentor to help him/her fit in and meet the company's requirements.

- On-the-job Training (OJT)

OJT training is provided to help employees on the production line to learn the knowledge, skills, and attitude that they need on the job, as well as to assist them in achieving certification to operate specific machines.

- Plant Educational Training

This includes quality, process, problem analysis and solution, and management courses, all of which aim to cultivate leadership of management and develop a common technical language in the plant.

- External Educational Training

To encourage employees to pursue learning outside of the company, we send staff to participate in technical seminars and lectures with special issues held by a variety of professional organizations. Furthermore, they shared what they learned with relevant employees in each department through their feedback reports, thus spreading their new knowledge.

4.5 Labor Relations

We believe that respecting employees and hearing their opinions can promote their cohesiveness, as well as their desire to work together with the company. We put a great deal of focus on the opinions and issues brought by every employee in order to develop relevant regulations to protect their rights and create a harmonious environment.

- Respect Human Rights

We always regard employees as our most important assets and partners and we are committed to giving them hope, providing them with a bright and pleasant workplace, and achieving the following based on our respect for human rights:

(1).Freedom of Assembly and Association

Employees have the legal right to organize and associate by his/her freewill to promote the coordination of labor relations and protect employee rights. A trade union has been formed by our employees with a 72% participation rate.

(2).Treatment with Discrimination

We have developed a non-discrimination policy to ensure that employees do not experience any discrimination due to a variety of traditions and customs during recruitment, registration, business execution, promotion, appointment, reward, or resignation.

(3).Prevention of Sexual Harassment

We adhere to all laws with regards to specifying and actively promoting the Act of Gender Equality in Employment and have introduced a variety of policies relevant to sexual harassment prevention to promote gender equality in the workplace.

(4).Prohibition of Child Workers

We comply with all regulations relevant to the Labor Standards Act and prohibit all those who are under the age of 16 from working for our company.

(5).Work Hours

We do not force employees to work beyond the maximum work time regulated by law each day; furthermore, we follow the wage requests or necessary compensation for overtime work.

● Diverse Communication Methods

We emphasize harmonious labor relations and value the two-way communication between company and our employees. In addition to the provision of a forum for employees to exchange opinions, we also hold labor relations conferences on an irregular basis where they can directly share their ideas in order to establish a good labor-capital interactive relationship, enhance our colleagues' sense of identity and sense of belonging and keep employees' passion for their jobs. We try to realize the goals of full communication and effective problem solving through various methods including labor relations conferences, General Manager's mailbox and a variety of employee complaint mechanism.

Furthermore, we regularly participate in the promotion of labor relations and related seminars held by government agencies in order to maintain good labor relations and promote good interactions between the company and its employees.

(1).Labor Relations Conference

To create harmonious labor relations, increase the understanding of both parties, promote cooperation between labor and capital, enhance work efficiency, and safeguard each colleague's rights and interests, we periodically hold labor relations conferences to share and discuss issues together to solve problems based on harmony and integrity.

(2).Employee Complaint Handling System

To safeguard employees' rights and interests and assist them in solving problems related to the damages caused to their personal rights and interests, we provide "employee opinion mailbox" and an "employee complaint handling system" to report issues involving labor relations, human rights and sexual harassment. Also, we provide access for employees to offer their suggestions so as to effectively solve their problems and create a friendly work environment. The employees' suggestion and complaint methods are as follows:

(a). Oral complaint: Oral complaints will be recorded by a responsible person in each department and immediately reported and handled.

(b).Written complaint: Employees may submit their complaints through the complaint form or other written methods by the administrative system if his/her rights were damaged or he/she has any other opinions. Each unit officer shall investigate and report immediately and respond to the applicant with the results or handling of the issue in writing.

(c). General Manger's mailbox and trade union's mailbox in each factory: Employees' privacy is emphasized during communication and subsequent handling processes to provide employees with a confidential communication method to freely express their opinions.

(d). HR representative's email (graceliu@lingsen.com.tw): Employees can fully express any problem in a timely manner with management to ensure a harmonious workplace.

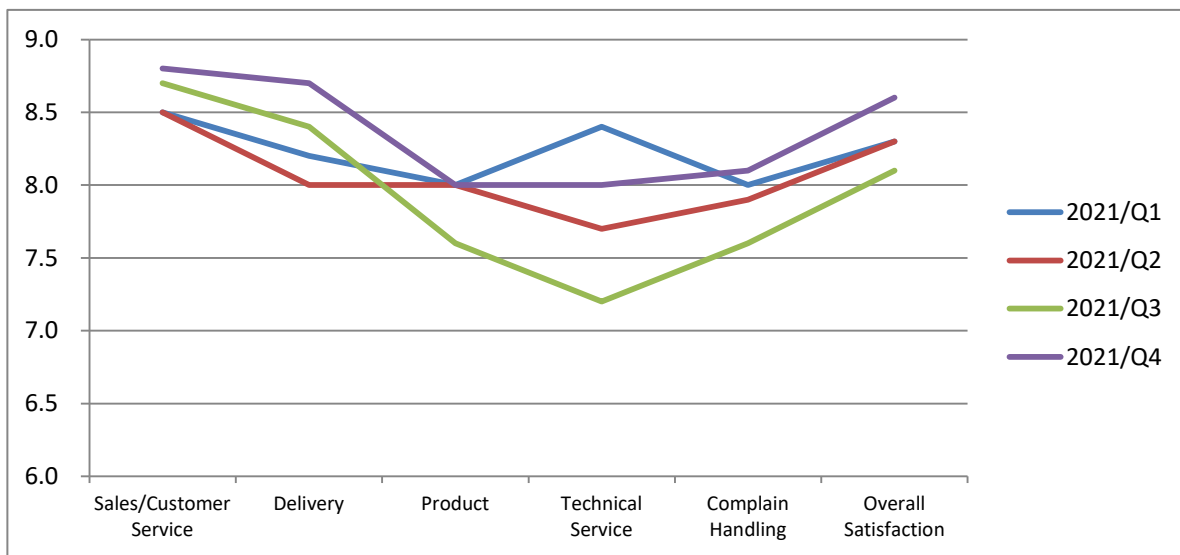
5 Customer Service and Supplier Management

5.1 Customer Service and Satisfaction

We are committed to providing our customers with the best services and truly believe that customer service is the key to maintaining customer loyalty. Customer loyalty can help improve customer relationships and expand business. Our goal is maintaining our status as a professional integrated circuit assembly and testing facility, and we believe that the aforementioned goal can be achieved to build a strong relationship between existing customers, attract potential customers, and enhance customers' trust.

To enhance customer satisfaction, we conduct customer satisfaction evaluation and survey every quarter to guarantee that customers' demands are heard and properly handled. Customer feedback is also an important basis for improving our ongoing operation procedures. Therefore, we provide our customers with a customer satisfaction survey so that we can understand their specific demands and expectations, as well as receive an official and direct response with which to measure our performance and identify our deficiencies as a basis for our improved strategies.

Thanks to the efforts of our business units, the average grades of each item in the 2021 customer satisfaction surveys were between 7.2 and 8.8. The total survey grades for each quarter were all above 8.1 (out of 10 points).



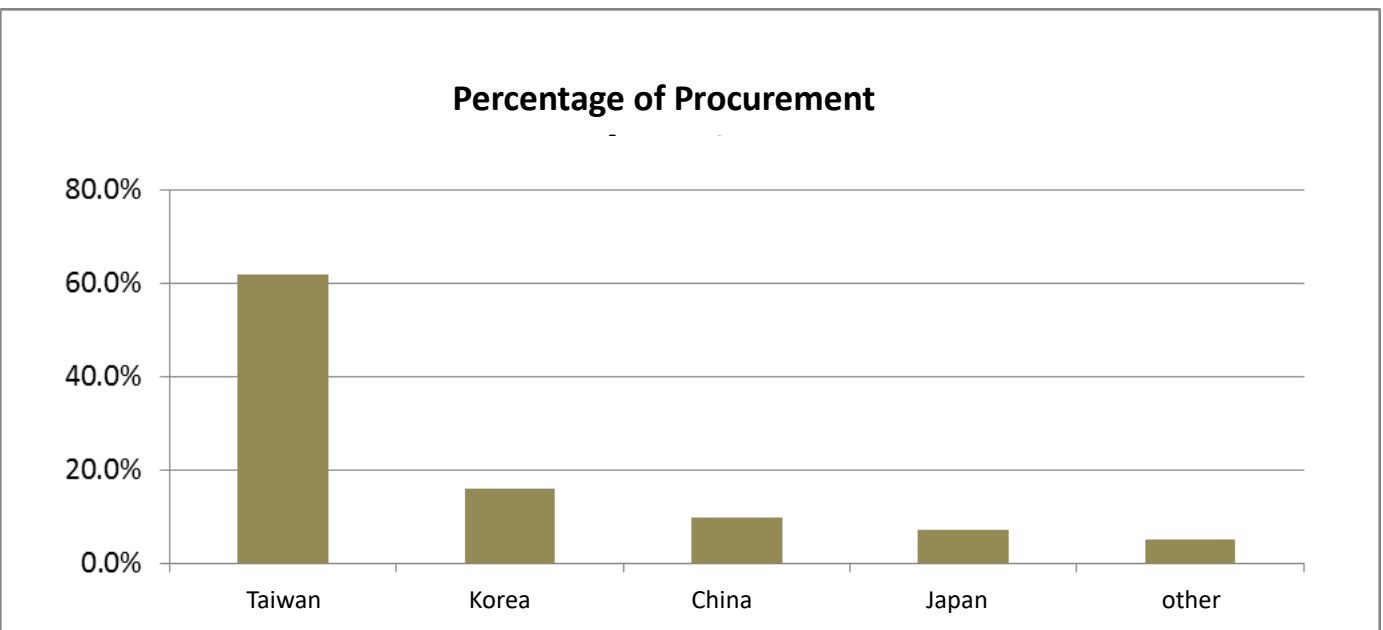
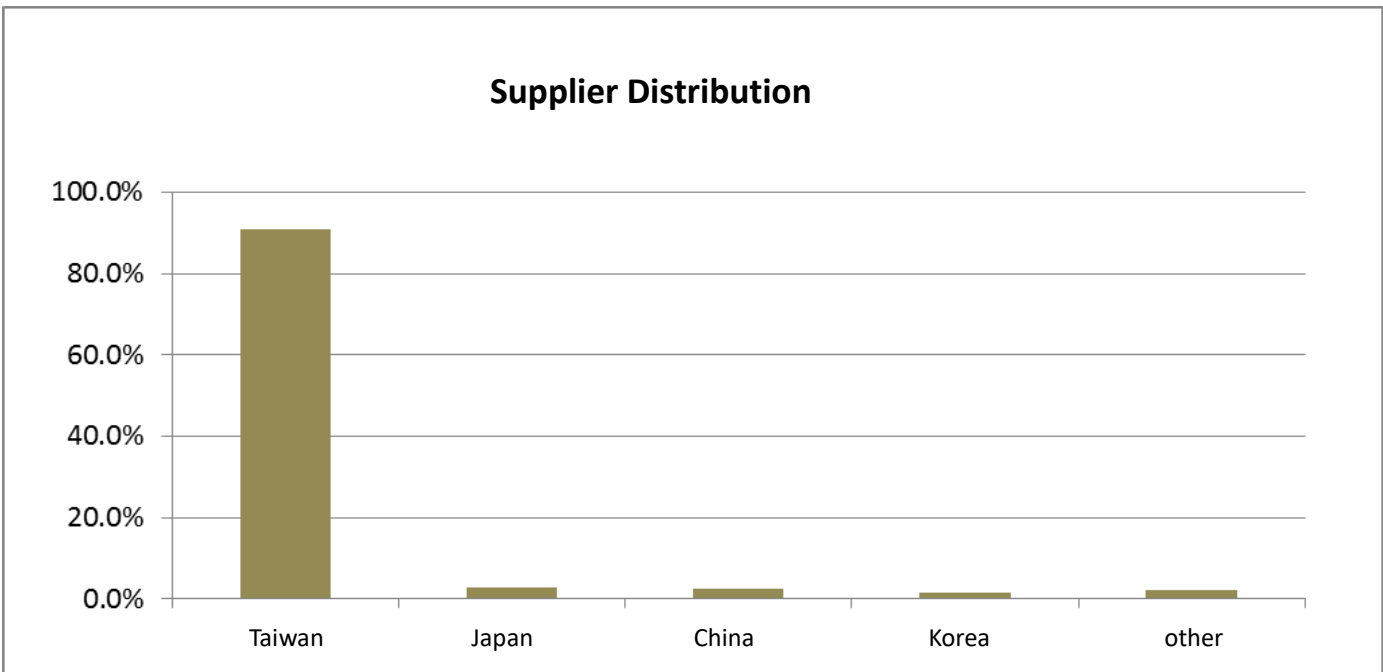
5.1.1 Customer Privacy

We value customers' confidential information and privacy. Their exclusive technology, business secrets, the personal information of employees and other confidential or sensitive information will be kept confidential and protected by all of our colleagues in accordance with our internal guidelines.

As part of our management system, we sign a non-disclosure agreement with all of our customers to inform them of our guarantee to protect their confidential information; we have also established an internal document management center that will allow customers' confidential information to be used only internally according to its level of confidentiality. Moreover, we strictly control the providing and printing of files to prevent customers' confidential information from being divulged. Thanks to these strict control mechanisms, we did not receive any complaints related to customer privacy or lost information in 2021.

5.2 Supplier Management

Our suppliers are an important resource of our operations. To ensure that raw material suppliers can continually satisfy our operation strategies and demands, we regularly review their performance regarding quality, price, delivery, and services every month; we are also committed to maintaining long-term relationships with domestic and foreign suppliers to establish a stably developing sustainable supply chain. In addition to giving equal consideration to the product quality, prices and delivery of suppliers, we also urge suppliers to implement environmental protection measures, value employees' safety and health, fulfill their corporate social responsibility and properly manage their risk management and sustainable development plans. We also promote local production and prioritize local suppliers' development in Taiwan in order to reduce our transportation costs and thus carbon emissions and risks, as well. In 2021, the percentage of suppliers in Taiwan increased from 88.19% to 90.75%, and the percentage of procurement amount reached 61.93%. We will continue to support local suppliers and encourage foreign suppliers to establish factories in Taiwan in order to both reduce production costs and risks and enhance the company's competitiveness.



5.2.1 Supply Chain Risk Management

To reduce the risk of interruption to the supply chain, we request that suppliers establish an ongoing operation program to prevent closures without warning, natural disasters, or accidents that could impact shipment and thus endanger our operations or affect stakeholders.

For principal raw materials (e.g. silver adhesive, Au/Cu wire, substrate, resin and lid), we have constructed source locations to control the potential impact that a local natural disaster could have on the supply of raw materials, and we maintain at least two replaceable manufacturers or sources at any given time.

● Geographic Locations of Sources of Supply of Main Raw Materials

Material/origin	Taiwan	Japan	China	South Korea	Malaysia	Singapore
Adhesive material	∨	∨	◎			
Au/Cu wire	∨			◎		∨
Substrate	◎	∨	∨			
Lead frame	◎	∨	∨		∨	◎
Resin	◎	∨	∨			
Lid	∨		◎			

◎ : Primary origin ∨ : Secondary origin

5.2.2 Supplier Management Requirements

We request that all of our suppliers follow local laws, social norms, and environmental protection regulations, and pass our supplier review and approval operation, which includes the investigation of suppliers' basic information, products, information regarding manufacturing and inspection equipment, major customers, financial situation, certificate of non-use environmental managed substances, quality control program, and contracts on procurement responsibilities and obligations, suppliers' social responsibilities as well as specifications regarding environment, safety and health, workers' human rights and labor conditions, so as to meet the environmental and social requirements.

● Supplier Management Survey Form

Aspect	Management item	Basis of standard
Management	Quality, price, delivery, service and technology	ISO9001:2015 IATF16949:2016 Quality System
Environment	Prohibited and controlled substances	SS-00259/RoHS/REACH/ISO14001 Relevant local regulations
Society	Labor safety and health and ethical norms	ISO45001 RBA Responsible Business Alliance

To improve the overall competitiveness of the supply chain, we perform a monthly review of suppliers in terms of their quality, delivery, price, and service and hold a review conference based, as well as organize an audit program based on suppliers' annual reviews to ensure that they meet our requirements, and our supply chain is maintained with the best competitiveness.

According to customers' requirements, as well as international non-hazard standards such as RoHS and REACH SVHC, we have created the Environmental Substance Management Guidelines, notified suppliers to submit their green procurement policies based on the appeal for environmental protection, and request that raw materials suppliers sign a "Certification of Non-use of Environmental Managed Substances" and provide a test report from a third-party certification agency. We further feel that it is our responsibility to remind suppliers to provide their latest test reports through the "Supplier Certification Information System" to achieve the goal of complete non-use of environmental prohibited substances.

5.2.3 Supplier Evaluation

(1). Object: Main raw material suppliers (e.g., adhesive materials, Au/Cu wire, lid, substrate/lead frame, resin, and solder products)

(2). Management unit: Procurement Section, Materials Department

(3). Implementation: The ERP system will collect information on a monthly basis regarding the actual performance of suppliers (quality, delivery, and price) that was evaluated by procurement employees based on feedback from the using units and cooperation of suppliers and will then notify the supplier as a reference for the procurement policy. Furthermore, an annual supplier audit program will be proposed based on their annual quality evaluation results.

● Implementation Record of Annual Supplier Audit

Procurement policy	2020	2021
Procurement with priority	42	47
Procurement with second priority	10	10
Procurement with reduced quantity and requirement for improvement	0	0
Procurement with a little quantity and requirement for improvement (prohibition of new product development)	0	0
Requirement for improvement and no further procurement before the improvement is made	0	0

5.2.4 Supplier Audit

Our annual supplier audit program and the TS16949:2009 quality system/environmental management system were expected to be listed among our corporate social responsibility in 2014. The annual supplier audit program in 2021 is presented below, and all the implementation results can comply with the requirements of our quality and environmental management systems.

2021 audit program	Lead frame	Substrate	Lid	Resin	Packaging tube	Seal and scroll
Number of suppliers	7	1	3	1	1	1

5.2.5 Conflict-free Metal Guarantee

In response to global control measures regarding conflict minerals, we strongly request that suppliers of such materials as Au, Sn, Ta, Wu, Co and Mica do not get their supplies directly or indirectly from areas of conflicts, including the Democratic Republic of Congo (DRC), Angola, Burundi, Central African Republic, Republic of Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia since such countries have been identified as countries with minerals from the DRC by the United Nations Security Council. Furthermore, we request that suppliers sign [Procurement Agreement” and list it as one of their necessary conditions for supplier approval in their procurement operations; A due diligence (CMRT; EMRT) showed that 51 suppliers whose processes, packaging, or products contained Au, SN, Ta, Wu, Co and Mica stated that they did not use conflict metals directly or indirectly. We will continue to ask both our existing and new suppliers to follow the non-use of conflict metals policy.

Material	Au	Sn	Ta	Wu	Co	Number of suppliers
Substrate	✓					9
Solder Ball		✓				3
Solder Paste		✓				4
Solder Wire		✓				2
Lead Frame	✓					16
Au Wire	✓					3
Lid	✓	✓				14

Our materials that contain Au, Sn, TA, Wu, Co and Mica (all are conflict-free metals).

6 Cooperation between Industry and Academics

6.1 Cooperation between Industry and Academics

6.1.1 Origin of Cooperation between Industry and Academics

In response to the manpower shortage in the advanced mechanical, electrical, optical, and information fields and in order to realize our corporate social responsibility to care for children who want to pursue higher education, but come from disadvantaged families, we have actively participated in the industry-university cooperation project since 2006.

6.1.2 Current Status

Since the active promotion of industry-university cooperation since 2006, we have collaborated with universities including Hsiuping University of Science and Technology, Overseas Chinese University, National Chin-Yi University of Technology, Ta Hwa University of Science and Technology, and Chienkuo Technology University. We have maintained a close relationship with the above schools in order to successfully share our image, effectively contribute to the local community, develop a talent database, and cultivate superior management associates that can grow with us as a company.

Due to the Ministry of Education’s Model University of Technology Development Program, internship courses have become mandatory courses. Since 2012, we have actively coordinated with such schools as Overseas Chinese University and National Chin-Yi University of Technology. Recently, we have experienced a great demand for cadres at the basic level due to our annually expanding operations. Through the internship program, students can learn workplace skills and management knowledge to ensure that a manpower shortage will not arise.

● Our Industry-university Cooperation and Campus Events

Item	Key project	Content
Industry-university cooperation	National Chin-Yi University of Technology	Develop a special class for industry-university cooperation.
	Chienkuo Technology University	Develop a special class for industry-university cooperation.
	Ta Hwa University of Science and Technology	Develop a course that offers credits.
	Hsiuping University of Science and Technology	Develop a course that offers credits.
Campus events	Campus recruitment	Actively participate in campus recruitment events at each school
	Campus seminar	Position internal head to share our philosophy and semiconductor related career development opportunities in the school.
	Interview with faculty and students	Make domestic and foreign students understand the working environment of the semiconductor field at an early age and promote interactions between industry and academics.
	Offer part-time job opportunities	Provide a part-time job program so that students can experience actual work in the company and reduce the difference between academics and practice.

6.2 Charity Care



Loving Ordering of Bakery Products from Eden Social Welfare Foundation

Eden Sheltered Workshop provides people with disabilities with professional support and services regarding both employment and life. This place enables those who are unable to enter general workshops or get supportive employment due to disabilities to continue their training, enhance their working skills, develop their potentials and obtain vocational training in the sheltered employment environment; or different sheltering measures are supplemented to enable these people to eventually find suitable jobs.

Eden always believes that people with disabilities can also be self-dependent and return to society through support and coaching, thus reflecting the truth of “Every man have his gift”. Enterprises may take a different path in public welfare. It is better to teach fish than to feed fish. Lingsen chooses to invest a part of its resources to support social enterprises and create a self-sufficient environment. Relying on the long-term ordering of bakery products from Eden, we try to provide our best support for Eden Sheltered Workshop so as to enable those with disabilities to make a living on their own and blend in and get closer to society.

Eden Social Welfare Foundation

Ms. Liu Hsia, a deceased wheelchair writer, due to the call of the God and with an empathetic heart for persons with disabilities, donated her years' contribution fees and joined hands with six friends who shared her vision to found an Eden garden that belonged to friends with disabilities, i.e. “Eden Social Welfare Foundation”. Sticking to the concept of “Serving the Weak to Witness Christ, Promoting Gospel and Welfare to Bring People to God”, Eden provides people with disabilities with a variety of social welfare services, passes on the message of the Christ's redemption, and implements its mission with emphasis equally placed on welfare and Gospel. Eden was originally founded to speak for people with disabilities and strive for their rights and interests, later entered a non-operating business management model and now has entered the international community. Currently, it has more than 100 service bases in Taiwan and serves 60,000 families with disabled and disadvantaged members every year.

Eden provides direct and professional social services for different service objects including children, people with disabilities and the elderly and has expanded its service scope from vocational training, employment counseling and spiritual rebuilding of adults with disabilities to the early-stage treatment and care services for developmentally delayed children and home care for the very elderly.

Adhering to the concept of “All People and All Career Care”, Eden provides service users with physical, psychological and spiritual support.





Taichung Faith, Hope and Love Intellectual Development Center-Loving Donation Box

Different children have their different merits. Ms. Lin Baozhen gave birth to a daughter with cerebral palsy due to difficult laborer. In consideration of the fact that there was no non-governmental agency providing services for the people with disabilities in Taichung county back then and parents had to spend more than half a day in going to place for such services, and children could only receive 1 or 2 hours' rehabilitation services, Ms. Lin began to have the idea of establishing a welfare institution for the disability.

Therefore, at the end of 1993, seven parents with handicapped children founded "Faith, Hope and Love Intellectual Development Center" and successively established multiple community-oriented small service bases in the Greater Taichung Region; over the years, this center has already provided professional services for nearly 10,000 children with disabilities and their families. The logo of Faith, Hope and Love is combined with three hearts. The heart in the middle represents the incompleteness of people with disabilities, which extends the expectations of parent groups. The hearts on the two sides represent the care and support from the general public and government so that people with disabilities can grow gradually and vigorously just as the core values of this center, i.e., "Love" and "Accompany".

Lingsen has coordinated with this center for a long time and set up a loving donation box in the company and invited colleagues to engage in public welfare activities and donate so as to make their contributions.



7 Management's Commitment

7.1 A Word from Management

Lingsen Precision, as a pioneer in the semiconductor assembly industry, has developed for more than forty years since its establishment in 1973. We attentively pursue the stable development of core business, stick to the vision of “Economic Sharing, Coexistence with Environment and Co-prosperity with Society” and practice 17 SDGs of the United Nations (refer to the appendix) as well as the Ten Principles of the United Nations Global Compact (refer to the appendix).

Economic and Operational Development

In the management aspect, we commit to our main business, make continuous technological innovations, develop new products and improve old products by sticking to the concepts of energy-saving, waste-reducing and green assembly, and join hands with our suppliers to improve quality, lower cost and acquire customers' support and appreciation together.

Environmental Sustainability

The company is dedicated to improving the utilization efficiency of each energy source and building and reinforcing relevant environmental protection treatment facilities to avoid polluting water, air and land. Meanwhile, we adopt the best and feasible pollution prevention treatment and control technical measures. As for environmental sustainability, we deem issues like climate change, and water and energy resource management as our challenges and opportunities and we will continually making efforts to realize the goals of electricity and water saving, carbon reduction and waste reduction.

The new factory of the company obtained LEED silver certification from U.S. Green Building Council in January 2015, which was an important and remarkable achievement. In 2019, we further acquired an updated SONY Green Partner certificate.

Social Care

When pursuing growth and profits, Lingsen is also continuously dedicated to building and maintaining a human-oriented and safe work environment to perform its social responsibilities. Specific achievements have been acquired, including plans for cooperation between industry and academics, mountain-cleaning and street-cleaning activities, and establishment of charity community, to jointly attend community activities, care about our neighbors, improve the quality of life of employees and communities, and promote competitive advantages centering on corporate responsibilities, thus making efforts to the corporate sustainable development.

7.2 Our Sustainability Concept

Our sustainability concept refers internally to “Corporate Government”, which means having the integrity to keep our promises to each stakeholder in the company; externally, it refers to being a “Corporate Citizen”, i.e., playing the role of corporate citizen well, which involves “Corporate Commitment”, “Environmental Protection” and “Social Involvement”.

Our Sustainability Concept and Policy

- Improving corporate government: Stipulate corporate ethics and moral standards, board member independence, instant and transparent information disclosure, shareholder equity, and labor rights.

- Actively realizing corporate commitment: Commitment to customers and suppliers, educational training for employees, and devotion to new research and development.

- Environmental protection and sustainable management: Promote the development of energy conservation and carbon reduction, solar power generation and green products, etc.

- Social involvement and caring the disadvantaged: Practice social involvement and give play to the long-term influence of communities.

8 Corporate Profile

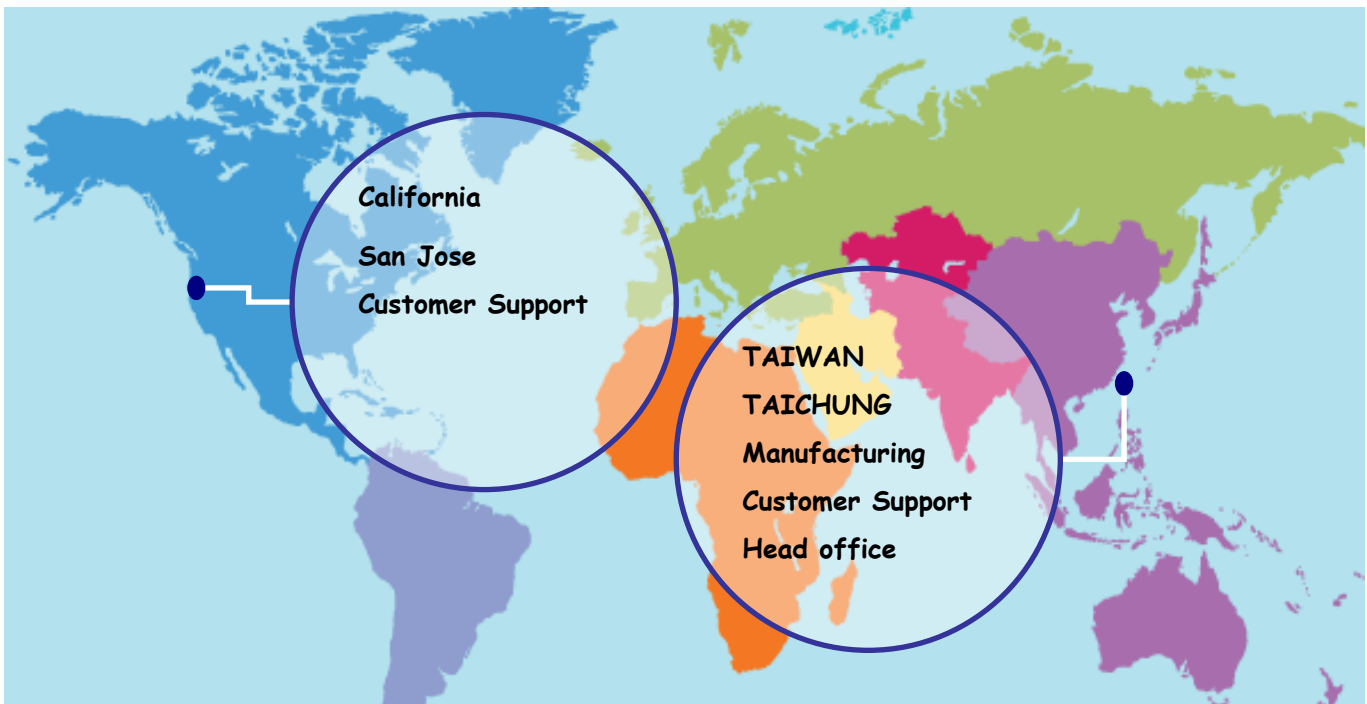
8.1 About Us

Established in 1973, the main operations of Lingsen Precision Industries, Ltd. include the “assembly, processing and testing of integrated circuits and a variety of semiconductor parts”. Both R&D and manufacturing teams of Lingsen Precision are renowned for their quality production lines and process reliability and are favored by relevant enterprises in the world. The sophisticated assembly ability has been further verified by companies throughout the US, Europe, Japan, and China.

Currently, the Taichung factory of the company has 111,240 square meters, among which, 60,357 square meters have been used for the production building of quad flat non-leaded packaging products since 2013. Furthermore, the Liyuan factory in Ningbo, China has an additional 19,093 square meters. Our factories have state-of-the-art, high-technology production facilities for advanced assembly and testing, as well as the full capacity to manufacture such assembly products as Dual Family, Quad Family, Under Lead Family, Optics Family, Discrete Family, and MEMS products.

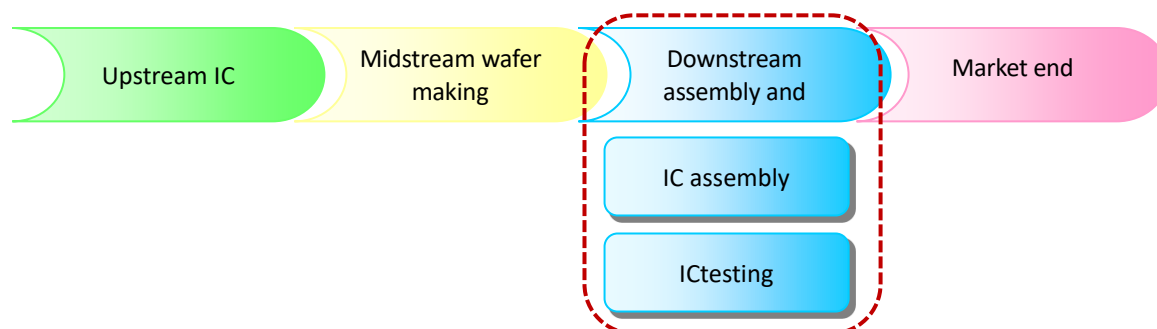
● Production and Operation Locations

Based in Taiwan, we have set up customer service locations in both Taichung, Taiwan and California, US. Our head office is located in the Tanzi District of Taichung City and our production center is located in our Taichung factory.



● Service Scope

In the industrial structure of semi-conductors, our company provides customers with downstream IC assembly and testing services.



● Company Profile

Name	Lingsen Precision Industries, Ltd.
Establishment date	1973
Industry category	Assembly and testing of integrated circuits
Head Office	Tanzi Export Processing Zone, Taichung City, Taiwan
Chairman	Shu-Chyuan Yeh
General Manager	Tse-Sung Tsai
Total Number of Employees within Disclosed Scope	2,477 (2021/12/31)
Lingsen Stock Code	2369 (listed on the Taiwan Stock Exchange)
Capital	NT\$3,801,023,440

8.2 Philosophy

By practicing the philosophies of “Innovation with a proactive attitude”, “Integrity & commitment” and “Excellence & sharing”, all Lingsen people work together to take the initiative to innovate in this industry, be honest and practical with customers, and promote excellent among our colleagues, to thus create win-win-win situation for the company, our customers, and our employees.



Excellence & sharing

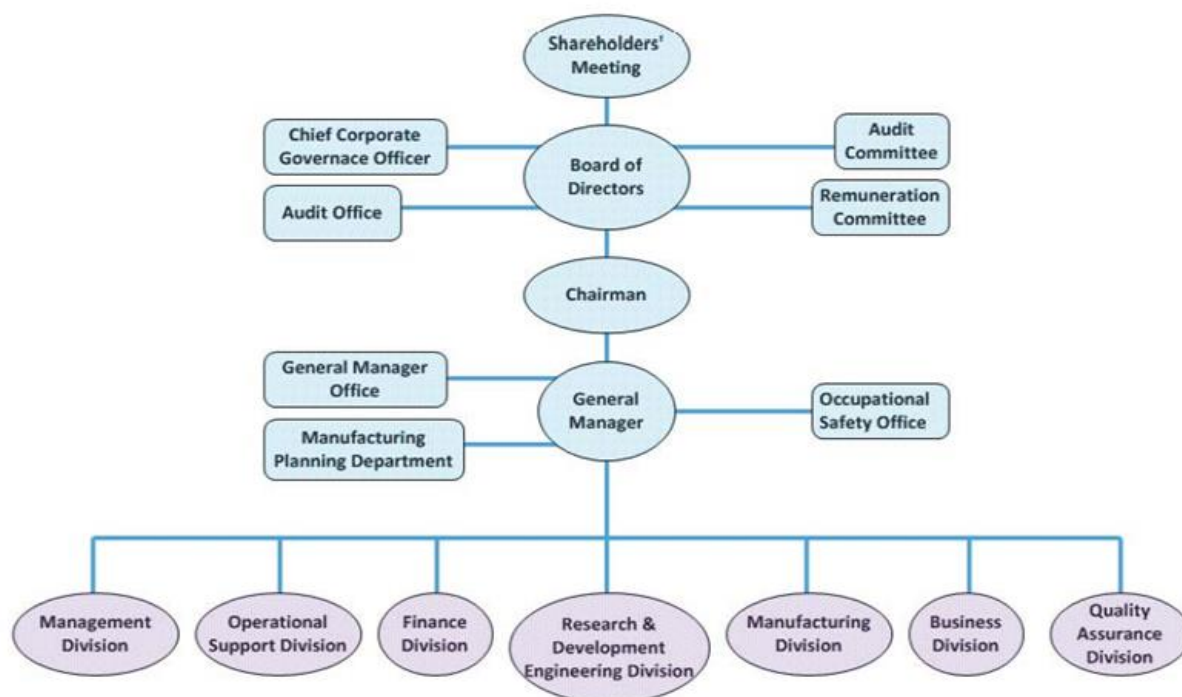
Integrity & commitment

Innovation with proactive attitude

8.3 Business Profile

8.3.1 Management Team

● Organization



Department	Functions
Audit Office	<ol style="list-style-type: none"> 1. Assisting Board of Directors to check and review the deficiencies of the internal control systems and estimates the effective and efficiency of operation. 2. Enacting the annual audit plan according to the result of risk evaluation, as the reference to review the internal control system of the company and its subsidiaries and prepared the audit report. 3. Attend in Board of Directors' Meeting and report the operating of auditing.
General Manager's Office	<ol style="list-style-type: none"> 1. In charge of coordinating the project planning of the company. 2. Planning of short-, mid-, long-term strategy, promoting policies and formulating of regulations.
Occupational Safety Office	Enacting, planning, monitoring and promoting of occupational safety and health management items and guided the related department for implementing.
Management Division	<ol style="list-style-type: none"> 1. Creating a safe, comfortable occupational environment; promoting self-health monitoring of employees; preventing of occupational injury, operating of labour and healthy related laws and regulations; and improving the friendly environment of best healthy workplace for the employees. 2. Recruitment, training and caring of employees.
Operational Support Division	<ol style="list-style-type: none"> 1. Pollution control, energy management, water resources management, environmental managing system and other prevention measures. 2. Management of suppliers and building up relationships with them as well a development and evaluation of suppliers. 3. Management of raw material and warehousing.
Finance Division	<ol style="list-style-type: none"> 1. Planning and Management of Finance, Accounting, Taxation, share affairs and budget. 2. Disclose of annual report, financial related information, expense on environmental protection and expense on charity and other related operation.
R&D Engineering Division	<ol style="list-style-type: none"> 1. Development and research of innovative products with the development basis of green energy, environmental protection and energy saving. 2. Improving of manufacturing process and improving of quality yield.

Department	Functions
Manufacturing Division	<ol style="list-style-type: none"> 1. Formulation, control and execution of production planning of the company. 2. Manufacturing of various integrated circuit and optoelectronic products. 3. Maintenance and improvement of product yield. 4. Caring and educational training of the operation personnel.
Foreign Business Division	<ol style="list-style-type: none"> 1. Expansion of foreign market and market analysis. 2. Maintaining the relationship with the customers and the services of the operation with the company's business.
Domestic Business Division	<ol style="list-style-type: none"> 1. Expansion of domestic market and market analysis. 2. Maintaining the relationship with the customers and the services of the operation with the company's business.
Quality Assurance Division	<ol style="list-style-type: none"> 1. Planning and implementing of quality policies 2. Enacting and implementing of continual improvement in the level and standards of the quality.

8.3.2 Technology and R&D Profile

In 2021, Lingsen devoted NT\$ 176,570,000 in research and development, which accounted for 2% of total revenue. Despite the fact that the scale of Lingsen cannot be compared with world-class assembly factories, we own a well-experienced R&D and engineering groups in the field of assembly technology to continually seek perfection with regards to assembly structure technology. In addition to the products that we have always traditionally assembled, technologies including stack technology, multi-chip modules, systems in packages, optical products and MEMS component packaging have already been under mature volume production; among these additional products, the MEMS component has great potential because it is light, thin, and compact, with a broad range of applications due to its functions of perception, calculation, and action. Furthermore, we are currently mass producing MEMS accelerometers, pressure devices, gyroscopes, and MEMS microphones, all of which are main products for market growth. In order to respond to the “Waste Electrical and Electronic Equipment Directive (WEEE Directive), the “Restriction of the Use of Hazardous Substance Directive (RoHS Directive)”, and the “Directive of Eco-design Requirement of Energy-using Products (EuP Directive)” from the European Commission, green products have already been introduced to the company, and halogen-free materials are adopted as substrates and resins, so as to commit to eco-friendly assembly.

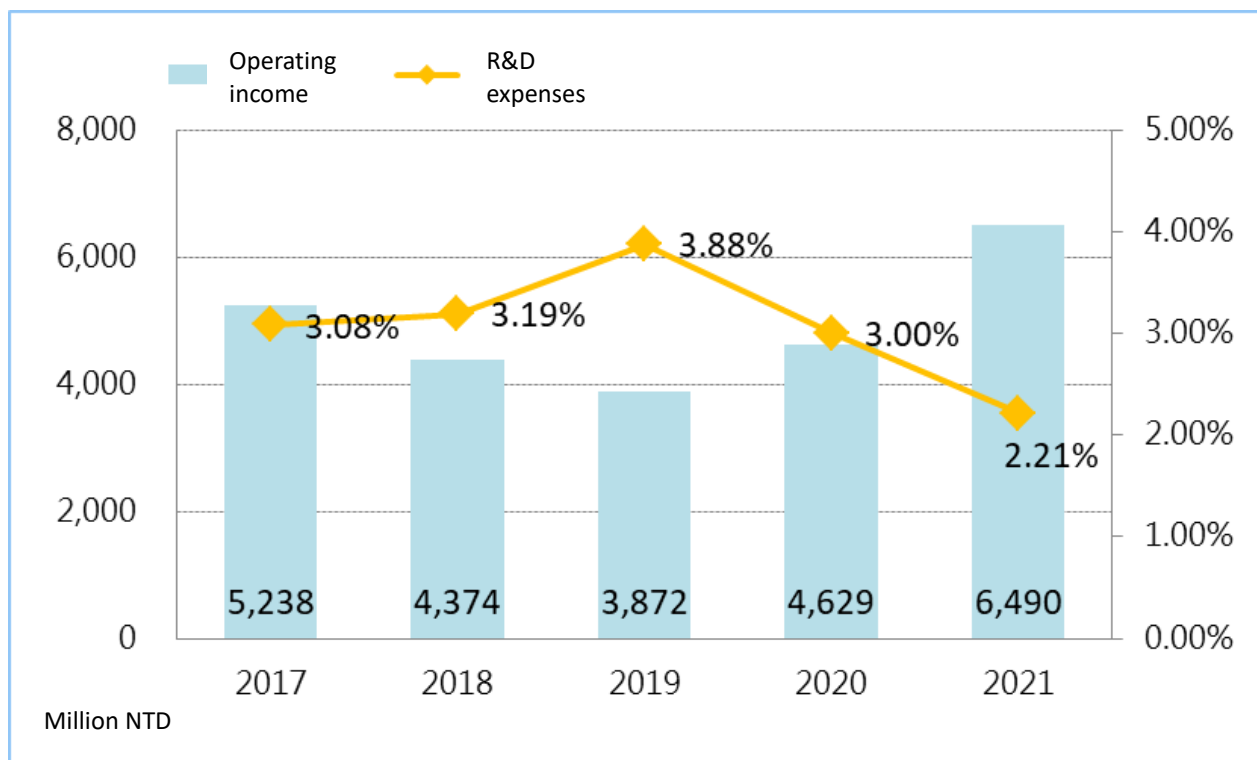
8.3.3 Operation Performance

● Table of Financial Performance over the Past Five Years

Operation performance item	IFRS				
	2017	2018	2019	2020	2021
Operating income	5,238,070	4,374,123	3,871,836	4,628,930	6,489,676
Net income or loss for current period	130,985	(207,272)	(552,011)	(164,343)	873,849
Earnings per share (Loss) (NTD)	0.35	(0.55)	(1.47)	(0.44)	2.35
Return on shareholders' equity (%)	2.13	(3.49)	(10.14)	(3.26)	16.18
Total assets	8,639,768	7,539,004	7,448,575	6,849,357	8,399,125
Capital expenditure	832,776	456,014	281,920	222,491	1,120,226
Debt ratio (%)	29.48	23.66	31.17	27.77	30.31
R&D expenses	161,406	139,620	150,091	138,918	143,554

Unit: NT\$ thousands

● Financial Performance Chart for the Past Five Years



8.3.4 Future Development and Competition

In recent years, not only do MEMS components allow more new applications for sport and health management to be developed for handheld and wearable devices, but such MEMS components as position sensors and acoustic controls have also been applied to the field of intelligent car design, thus expanding its application and market demand. Furthermore, we can continue to grow by accelerating the mass production of application components for optical communications and electric vehicles. Doing so will create more orders from outside the scope of our existing products to respond to the future market demand. In 2014, construction on our T6 production building (located in the Chungkang Export Processing Zone) in the Taichung factory was completed, following the recovery of the semiconductor market, to help our company to actively grow and fully satisfy the production demand of our customers. Therefore, the future is promising regarding our overall operations and profits.

8.3.5 Involvement with External Organizations

● Membership in the following external organizations

External organization in which Lingsen is a member

- * Taiwan Semiconductor Industry Association

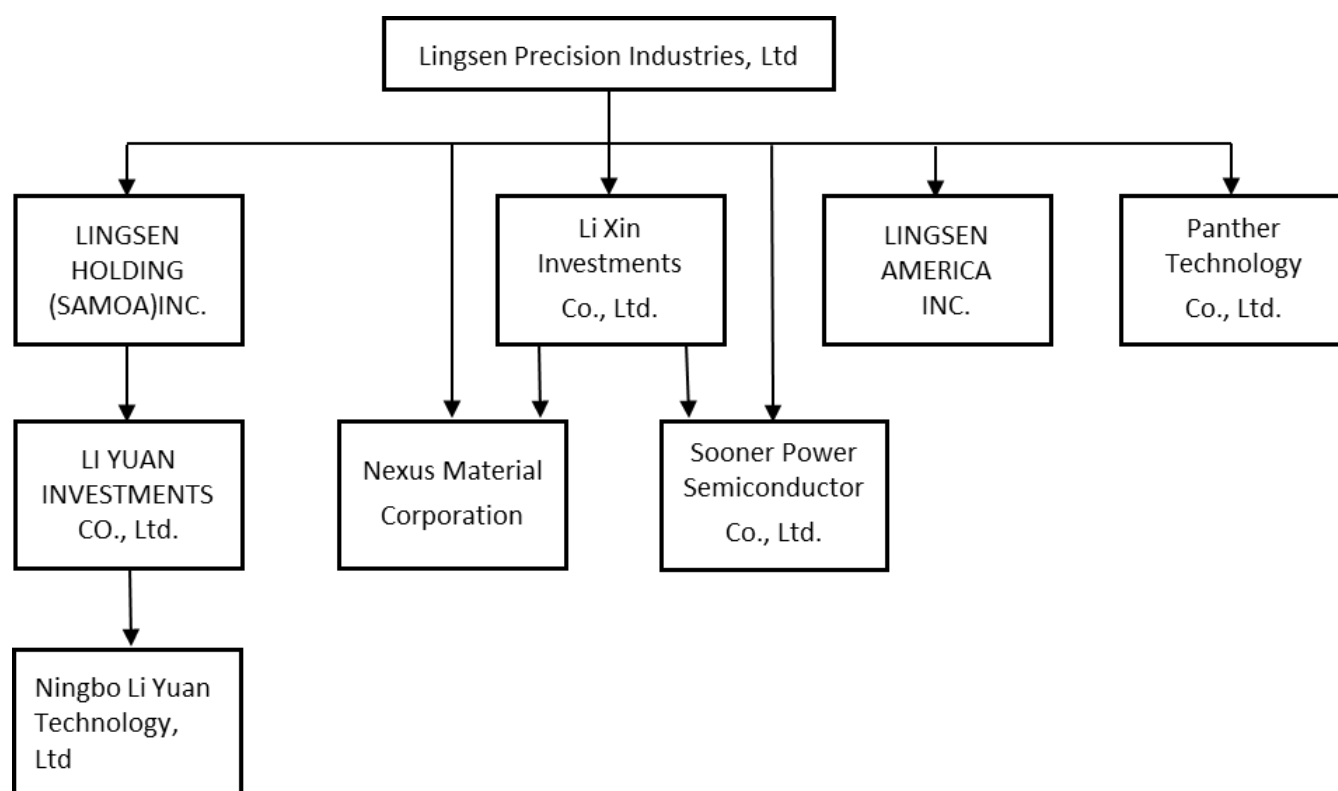
- * Taiwan Optoelectronic Semiconductor Industry Association

- * Taiwan Electrical and Electronic Manufacturers' Association

- * Chungkang Export Processing Zone Association

8.3.6 Affiliates

● Affiliates Organization Chart



● Affiliate Profiles

Name	Establishment Date	Address	Main Operation or Production Item
Lingsen America Inc.	Mar. 1998	1525 McCarthy Blvd Ste 1000, Milpitas, CA 95035	Agency business
Li Xin Investment Co., Ltd.	Sept. 1998	No. 5-1, South 2nd Rd., Tanzi Dist., Taichung City	General investment
Nexus Material Corporation	Mar. 2001	5F, No. 32-1, Guangfu Rd., Hsinchu Industrial Park, Hukou Township, Hsinchu County	Production and trade of electronic materials
Lingsen Holding(Samoa)Inc.	Aug. 2001	Portcullis Chambers, P.O. Box 1225, Apia, Samoa	General investment
Li Yuan Investments Co., Ltd.	May 2001	4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. CaymanIslands, British West Indies	General investment
Ninbo Li Yuan Technology, Ltd.	Jun. 2001	No. 30, Gang East Blvd., East Area, Ningbo Free Trade Zone, Zhejiang	Assembly and testing of a variety of integrated circuits and optical products
Panther Technology Co., Ltd.	May 1997	No. 32-1, Guangfu Rd., Hsinchu Industrial Park, Hukou Township, Hsinchu County	Testing of integrated circuits
Sooner Power Semiconductor	Nov. 2007	5F, No. 32-1, Guangfu Rd., Hsinchu Industrial Park, Hukou Township, Hsinchu County	Production of electronic components

Note: As of December 31, 2021

8.4 Market Overview

As global telecommunication firms have continued to delve into commercial network business in recent years, the big change resulting from the development waves of smart handheld devices (SHD), Internet of Things (IoT), and analytics of things (AoT) has urged the semiconductor industry of Taiwan to continuously embrace new challenges. When comprehensively launching 4G construction and embracing 5G applications, the whole industry chain has been driven and developed a series of supply chains in terms of IC, panels, plug-ins, and OEM.

By innovating localization policy, China's semiconductor industry has expanded its market scale through resource reorganization, international collaboration, and global mergers and acquisitions. Semiconductor industries on both sides of the strait have maintained a collaborative and competitive relationship, which will become the norm in the future. In response to the emerging semiconductor industry in China, domestic semiconductor firms have also been seeking suitable partners for consolidation. Lingsen Precision Industries, Ltd. has actively innovated different kinds of IC structures and light/thin/small assembly methods to meet new customer trends and demands and differentiate its products from those of second-tier manufacturers.

8.4.1 Future Supply, Demand, and Growth

In accordance with the global semiconductor forecast report of IDC, the global semiconductor revenue is expected to reach USD 661 billion in 2022, up by 13.7% compared with that in 2021.

9 Corporate Governance

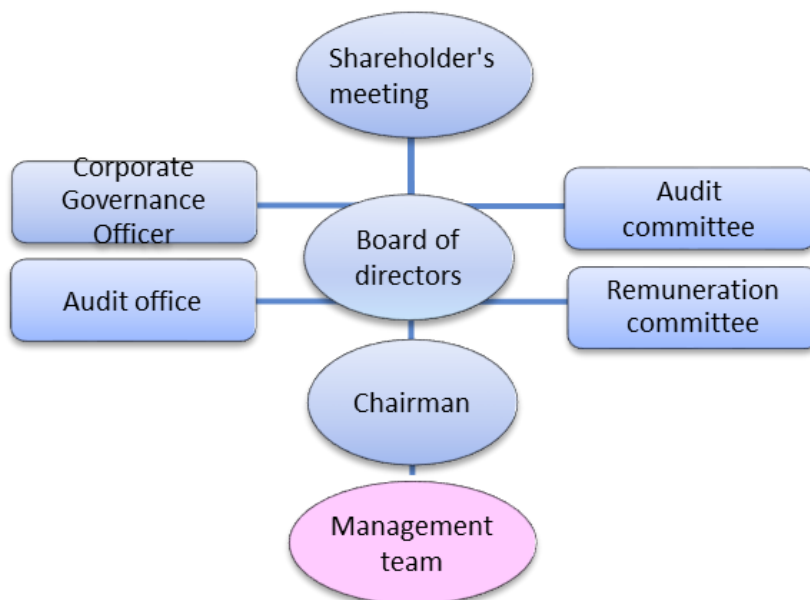
9.1 Principles

In accordance with the Company Act, the Securities and Exchange Act, and other related regulations of the R.O.C. regarding corporate governance, we established the Articles of Incorporation and our organization's structure. In addition to adhering to the above regulations and laws, the corporate governance system of Lingsen is based on the following principles:

1. Building an effective corporate governance framework.
2. Protecting shareholders' rights.
3. Strengthening the functions of the board of directors.
4. Incorporating the functions of the supervisor.
5. Respecting stakeholders' rights.
6. Improving information transparency.

9.2 Profile

9.2.1 Framework



Our corporate governance is led by shareholders' meetings and the board of directors. To protect shareholders' basic rights and decision participation rights, as well as to treat all major and minor as well as foreign shareholders fairly, shareholders may exercise their voting rights through shareholders' meeting to participate in major operation decisions. Furthermore, with the board of directors' strategic guidance and effective supervision, we actively work toward the creation of wealth and jobs and improvement of finance regarding the legal rights and roles of stakeholders. Meanwhile, we ensure that the company's financial status, performance, ownership, and other important information are always correctly disclosed and kept transparent.

9.2.2 The Board of Directors and Supervisors

● Members of the Board of Directors

Job Title	Name	Sex	Date of election (appointment)	Term of service	Initial date of appointment	Major experience (education)
Chairman	Shu-Chyuan Yeh	Male	Jun. 12, 2019	3 years	Apr. 30, 1987	Graduated from Department of Psychology, Taiwan University Chairman of the company
Director	Tse-Sung Tsai	Male	Jun. 12, 2019	3 years	Jun. 12, 2019	Graduated from Department of Physics, Fu Jen Catholic University General Manager of the company
Director	Ming-Te Tu	Male	Jun. 12, 2019	3 years	Jun. 12, 2019	Graduated from Institute of Data Science & Information Computing, National Chung Hsing University with a Master's Degree Deputy general manager of the company
Director	Shun-Ching Yang	Male	Jun. 12, 2019	3 years	Jun. 15, 2011	Graduated from Department of Physics, University of Culture Assistant manager of Siliconware Precision Industries General Manager of the company
Director	Shu-Hsun Yeh	Male	Jun. 12, 2019	3 years	Jun. 10, 2015	Graduated from Southeast University General manager of Dongguan Long Ting Interior Decoration
Director	Pin-Wen Fang	Male	Jun. 12, 2019	3 years	Jun. 12, 2019	Department of Industrial Management, New Taipei Municipal Tamsui Commercial Industrial Vocational Senior High School Chairman of YiLiDe Business Administration Consultant Co., Ltd. Chairman of Ming Yuan Sports Leisure Co., Ltd.
Independent director	Feng-Hsien Shih	Male	Jun. 12, 2019	3 years	Jun. 15, 2016	Doctor of Computer Science, University of Maryland, USA General Manager of Global Mixed-Mode Technology Inc
Independent director	Wan-Pin Chen	Male	Jun. 15, 2016	3 years	Jun. 15, 2016	EMBA of National Sun Yat-sen University Independent director of Changyuan Technology Group Ltd.
Independent director	Ping-Chi Wei	Male	Jun. 12, 2019	3 years	Jun. 15, 2016	Department of Finance and Tax, National Chengchi University MBA of New York University Director and general manager of Fu Chu Knitting Co., Ltd. Director and general manager of Chin Fu Long Industries Co., Ltd.

● Responsibilities of the Board of Directors

On June 12, 2019, the company elected the 19th board of directors in the general shareholders' meeting. Acting with loyalty, precaution, a highly attentive attitude and the best interests of the company, the members of the Board of Directors shall evaluate operation strategies, risk management,

the annual budget, and business performance, as well as supervise major capital expenditures, M&A, and investment disposal. Furthermore, they shall ensure the appropriateness of the accounting system and financial reports so that no behavior of the members of the Board of Directors can damage the company or its interest or cause conflicts between shareholders. The Board of Directors shall exercise prudence in selecting and supervising the management team, making objective judgments regarding company affairs, and selecting a capable internal audit officer to guarantee the effectiveness of the internal control process to prevent malpractice.

Currently, a meeting of the Board of Directors is held at least once a quarter, at which the management team will present reports about operation performance and the board will decide future operation directions and major policies of the company. Audit Office and Remuneration Committee that deliberates senior managers' remuneration are established under the Board of Directors. Matters reviewed and suggested by the Audit Office and the Remuneration Committee will be submitted to the Board of Directors for discussion so as to assist its decision-making.

- Responsibilities of Supervisors(Lingsen has set up an audit committee to replace the supervisors)

Supervisors shall perform their duties in accordance with relevant laws to supervise the company's business operations and shall also examine a variety of statistical reports that the Board of Directors submits to shareholders' meetings.

9.2.3 The Principle of Interests Avoidance for the Board of Directors

Lingsen established "Rules of Procedure for Board of Directors Meetings" to comply with "Regulations Governing Procedure for Board of Directors Meetings of Public Companies". Directors shall avoid discussing and voting on proposals that intersect with their personal interests as stipulated.

9.2.4 Remuneration Committee

- Members

In accordance with a resolution of the Board of Directors passed on December 8, 2011, the Remuneration Committee and its regulations were established. A member's professional qualifications, performance of duties, establishment of organization regulations, and other relevant issues shall be based on the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded over the Counter". The list of incumbent members is shown as follows:

Job Title	Name	Date of appointment	Actual attendance rate in 2021
Convener	Feng-Hsien Shih	Jun. 12, 2019	100%
Member	Wan-Pin Chen	Jun. 12, 2019	100%
Member	Ping-Chi Wei	Jun. 12, 2019	100%

- Major Responsibilities

(1) Develop and regularly review policies, systems, standards, and the structure of performance evaluation and the compensation of directors, supervisors, and managers.

(2) Periodically evaluate and determine appropriate compensation for directors, supervisors, and managers.

9.2.5 Internal Audit

A comprehensive internal control system will be developed and effectively implemented in order to improve company operations and aid the Board of Directors and management to properly perform their duties. The adequateness and effectiveness of our internal controls will be reviewed and rechecked to ensure that our internal audit system properly performs self-evaluations in order to aid the Board of Directors and management to guarantee the appropriateness, reliability, and timeliness of financial, management, and operation data. The Board of Directors and management shall also annually review the self-evaluation results from each unit and the audit reports from the audit unit in order to prepare an internal control statement that will be periodically reported to the competent authorities. Furthermore, the internal audit unit shall periodically audit all departments to determine whether they are following the relevant laws and regulations. Once both routine and periodic audits have been completed, the results shall be reported to the Board of Directors which will continue to track any follow-up improvement measures. The internal audit officer shall regularly and completely share audit results with supervisors so that they properly understand the daily operations of the company.

9.2.6 Supervisors

Supervisors shall their exercise supervising rights in a timely manner and promote an efficient supervisor system based on fairness, transparency, and properly defined powers and responsibilities. A supervisor shall not only oversee financial matters, but shall also invite professional accountants and lawyer to review relevant matters when appropriate. Supervisors shall track internal control performances and audits through periodical reviews of internal audit to prevent and deter malpractice.

9.2.7 Respect Stakeholders' Rights

The company believes in the fair treatment of all shareholders, encourages them to actively participate in shareholders' meeting and the election of directors and supervisors, as well as the revision of the Articles of Incorporation. We further give them the opportunity to properly and adequately make requests and proposals in order to achieve balance. Furthermore, we actively cooperate with stakeholders' in our pursuit to create wealth and jobs and establish sound finance.

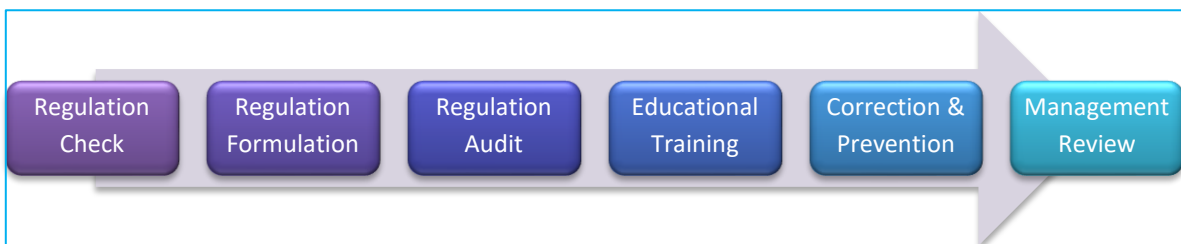
9.2.8 Improve Information Transparency

We use a spokesman system and the Market Observation Post System (MOPS) to properly inform shareholders and stakeholders regarding our financial matters and the impact that the exercise of corporate governance had on shareholders' equity. Our financial information is disclosed in accordance with Article 36 of the Securities and Exchange Act. Regarding material information that has a major impact on shareholders' equity, announcements are made through the MOPS in a timely manner to prevent damaging shareholders' interests.

9.3 Ethical Management (Code of Conduct and Moral Standards)

In order to ensure the sustainable management and development of the company, Lingsen Precision formulates an integrity-based policy and establishes a sound corporate governance and risk control mechanism by sticking to the management concepts of honesty and transparency so as to continuously carry on the corporate culture of integrity management. Lingsen has already formulated "Ethical Corporate Management Best Practice Principles" and "Code of Ethics" in 2014 for all directors, managers and colleagues to follow, with the purpose of improving the behavioral quality and professional ethics of the company and all colleagues from top to bottom.

● Formulation and Observation of Regulations



For details of relevant regulations, please refer to the rules and regulations pertaining to corporate governance.

<http://www.lingsen.com.tw/webc/html/investor/CorporateGovernance.aspx?#IR33>

- Educational Training

In order to ensure that all the colleagues in the company learn “Ethical Corporate Management Best Practice Principles” and implement “Code of Ethics”, all new colleagues (100%) shall receive relevant educational training and advocacy in rookie training. The training contents include important topics such as prohibition of dishonesty, prohibition of improper interests, prohibition of bribery and disciplinary measures.

- Statistics of Violations

Lingsen periodically convenes “Meeting for Establishment of Employees’ Behavioral Moral Management Objectives” every year to review the number and conditions of violations committed by employees in current year, as well as necessity to add or revise the contents of relevant principles and codes and stipulate the objectives of next year.

Number of violations of moral standards in 2021: “0”; objective for 2022: “0”

- Complaint Methods

Prevent and avoid major misconducts, encourage the open communication with employees and third parties, and submit reports through the following approaches when any unfair treatment in the workplace is doubted, discovered or encountered:

- ▶ Internal

General manager’s mailbox (physical mailbox in each factory area)

HR email: graceliu@lingsen.com.tw

- ▶ External

Email of General Manager’s Office: rogerliu@lingsen.com.tw

10 Appendix

10.1 Report Overview

Lingsen Precision Industries, Ltd. began releasing “Corporate Social Responsibility Report” since 2013 and renamed it as “Sustainability Report” in 2022 based on the government provisions to completely disclose the impacts faced by Lingsen during its operations regarding ESG (Environment, Social and Governance) as well as relevant information on the issue of sustainability. Lingsen continually notifies its concerns over environmental protection, social justice and employees’ benefits to each stakeholder.

● Scope

This report addresses matters regarding sustainability that are relevant to both our operation development and stakeholders from January 1, 2021 to December 31, 2021. The discoveries herein pertain only to our Taichung factory, where our Taiwan headquarters is maintained (any subsidiaries in Taiwan and China are not included). Any financial statements herein are expressed in NT dollars. This report is updated once every year. Compared with “2020 Corporate Social Responsibility Report” of previous year, no situation of information reassembly exists in this year’s “2021 Sustainability Report”.

● Compilation Principles and Outlines

Lingsen prepares this report in accordance with the core options in GRI Standards as the basis for information disclosure, and issues concerned by stakeholders have been substantially analyzed and comprehended as the content structure of this corporate social responsibility report. Please refer to Comparison Table of GRI Standards in the appendix for further details.

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10.2 Comparison Table of GRI Standards









Standard	Main content of indicator	Relevant chapter/note in this report	Page
GRI102 General Disclosure			
102-1	Name of the organization	8.1 About Us	51
102-2	Activities, brands, products and services	8.1 About Us	51
102-3	Location of the headquarters	8.1 About Us	51
102-4	Places of operating activities	8.1 About Us	51
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102-9	Supply chain	8.3 Business Profile	53
102-10	Significant changes of organization and its supply chain	No significant changes	
102-11	Precautionary approach or principle	8.4 Market Overview	57
102-12	External initiative	8.3 Business Profile	53
102-13	Membership of associations	8.3 Business Profile	53
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102-16	Values, principles, standards and code of conduct	9.3 Ethical Management	61
102-18	Governance structure	8.3 Business Profile	53
102-40	Stakeholder groups	3.1 Stakeholder Identification & Communication	26
102-41	Group agreement	4.5 Labor Relations	39
102-42	Identification and selection of stakeholders	3.1 Stakeholder Identification & Communication	26
102-43	Policy for communication with stakeholders	3.2 Significance Analysis of Stakeholders	26
102-44	Material aspects and matters of concerns proposed	3.1 Stakeholder Identification & Communication	26
102-45	Entities included in consolidated financial statements	8.3 Business Profile	53
102-46	Defining of contents and aspect boundaries of report	3.1 Stakeholder Identification & Communication	26
102-47	List of material aspects	3.2 Significance Analysis of Stakeholders	26
102-48	Information reassembly	10.1 Report Overview	63
102-49	Report change	10.1 Report Overview	63
102-50	Reporting period	10.1 Report Overview	63
102-51	Date of most recent previous report	10.1 Report Overview	63
102-52	Reporting cycle	10.1 Report Overview	63
102-53	Provide the contact point for questions regarding the report or its contents	10.1 Report Overview	63
102-54	Statement of compliance with GRI standards in reporting	10.1 Report Overview	63
102-55	GRI content index	10.2 Comparison Table of GRI Standards	64
102-56	External guarantee/confirmation	NA	NA
Economic-Economic Performance			
103-1	Explanations of material aspects and boundaries	8.3 Business Profile	53
103-2	Management guidelines and their elements	8.3 Business Profile	53

Standard	Main content of indicator	Relevant chapter/note in this report	Page
103-3	Evaluation of management guidelines	8.3 Business Profile	53
201-1	Direct economic value generated and distributed by the organization	8.3 Business Profile	53
201-2	Financial implications and other risks and opportunities for the organization's activities due to climate change	2.2 Carbon Management	10
201-3	Coverage of the organization's defined financial plan obligation and other retirement plans	4.1 Salary and Benefits	30
Economic-Procurement Practice			
103-1	Explanations of material aspects and boundaries	5.2 Supplier Management	42
103-2	Management guidelines and their elements	5.2 Supplier Management	42
103-3	Evaluation of management guidelines	5.2 Supplier Management	42
204-1	Percentage of procurement expenditure from local suppliers	5.2 Supplier Management	42
Environmental-Materials			
103-1	Explanations of material aspects and boundaries	2.4 Management and Procurement of Raw Materials	19
103-2	Management guidelines and their elements	2.4 Management and Procurement of Raw Materials	19
103-3	Evaluation of management guidelines	2.4 Management and Procurement of Raw Materials	19
301-1	Materials used by weight or volume	2.4 Management and Procurement of Raw Materials	19
301-2	Recyclable materials used	Lingsen does not use recycled input materials.	
Environmental-Energy			
103-1	Explanations of material aspects and boundaries	2.2 Carbon Management	10
103-2	Management guidelines and their elements	2.2 Carbon Management	10
103-3	Evaluation of management guidelines	2.2 Carbon Management	10
302-1	Energy consumption within the organization	2.2 Carbon Management	10
302-4	Reduction of energy consumption	2.2 Carbon Management	10
Environmental-Water			
103-1	Explanations of material aspects and boundaries	2.6 Water Resource Management	22
103-2	Management guidelines and their elements	2.6 Water Resource Management	22
103-3	Evaluation of management guidelines	2.6 Water Resource Management	22
303-1	Total water withdrawal by source	2.6 Water Resource Management	22
303-3	Water recycled and reused	2.6 Water Resource Management	22
Environmental- Emissions			
103-1	Explanations of material aspects and boundaries	2.2 Carbon Management	10
103-2	Management guidelines and their elements	2.2 Carbon Management	10
103-3	Evaluation of management guidelines	2.2 Carbon Management	10
305-1	Direct greenhouse gas emissions (Scope 1)	2.2 Carbon Management	10
305-2	Indirect energy greenhouse gas emissions (Scope 2)	2.2 Carbon Management	10
Environmental-Effluents and Waste			
103-1	Explanations of material aspects and boundaries	2.5 Air Pollution and Waste Recycling Management	19
103-2	Management guidelines and their elements	2.5 Air Pollution and Waste Recycling Management	19

Standard	Main content of indicator	Relevant chapter/note in this report	Page
103-3	Evaluation of management guidelines	2.5 Air Pollution and Waste Recycling Management	19
306-1	Water discharge by quality and destination	2.5 Air Pollution and Waste Recycling Management	19
306-2	Waste by type and disposal method	2.5 Air Pollution and Waste Recycling Management	19
Environmental - Compliance with Environmental Laws and Regulations			
103-1	Explanations of material aspects and boundaries	2 Environmental Protection	7
103-2	Management guidelines and their elements	2 Environmental Protection	7
103-3	Evaluation of management guidelines	2 Environmental Protection	7
307-1	Non-compliance with environmental laws and regulations	2 Environmental Protection	7
Environmental-Supplier Environmental Evaluation			
103-1	Explanations of material aspects and boundaries	5.2 Supplier Management	42
103-2	Management guidelines and their elements	5.2 Supplier Management	42
103-3	Evaluation of management guidelines	5.2 Supplier Management	42
308-1	Selection of new suppliers according to environmental standards	5.2 Supplier Management	42
308-2	Negative impact of supply chain on environment and actions taken	5.2 Supplier Management	42
Social-Labor Relations			
103-1	Explanations of material aspects and boundaries	4.1 Salary and Benefits	30
103-2	Management guidelines and their elements	4.1 Salary and Benefits	30
103-3	Evaluation of management guidelines	4.1 Salary and Benefits	30
401-1	New employees and resigning employees	4.2 Equal Employment Opportunities, Labor Restrictions	33
401-2	Benefits for full-time employees (not including temporary or part-time employees)	4.1 Salary and Benefits	30
401-3	Parental leave	4.1 Salary and Benefits	30
Social-Labor/Capital Relations			
103-1	Explanations of material aspects and boundaries	4.5 Labor Relations	39
103-2	Management guidelines and their elements	4.5 Labor Relations	39
103-3	Evaluation of management guidelines	4.5 Labor Relations	39
402-1	Shortest advance period regarding operation change	4.5 Labor Relations	39
Social-Occupational Safety and Health			
103-1	Explanations of material aspects and boundaries	4.3 Occupational Safety and Health	36
103-2	Management guidelines and their elements	4.3 Occupational Safety and Health	36
103-3	Evaluation of management guidelines	4.3 Occupational Safety and Health	36
403-1	Workforce represented in formal joint management-worker health and safety committees	4.3 Occupational Safety and Health	36
403-2	Type of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	4.3 Occupational Safety and Health	36
Society: Training and Education			
103-1	Explanations of material aspects and boundaries	4.4 Educational Training	38
103-2	Management guidelines and their elements	4.4 Educational Training	38
103-3	Evaluation of management guidelines	4.4 Educational Training	38
404-1	Average hours of training per year per employee	4.4 Educational Training	38

Standard	Main content of indicator	Relevant chapter/note in this report	Page
404-2	Programs for employees' skills management and assisting them in management career endings	4.4 Educational Training	38
404-3	Percentage of employees receiving regular performance and career development reviews	4.4 Educational Training	38
Social-Diversity and Equal Opportunity			
103-1	Explanations of material aspects and boundaries	4.2 Equal Employment Opportunities, Labor Restrictions	33
103-2	Management guidelines and their elements	4.2 Equal Employment Opportunities, Labor Restrictions	33
103-3	Evaluation of management guidelines	4.2 Equal Employment Opportunities, Labor Restrictions	33
405-1	Diverse governance units and employees	4.2 Equal Employment Opportunities, Labor Restrictions	33
405-2	Ratio of females' basic compensation and remuneration in males'	4.2 Equal Employment Opportunities, Labor Restrictions	33
Social: Freedom of Association and Collective Bargaining			
103-1	Explanations of material aspects and boundaries	4.5 Labor Relations	39
103-2	Management guidelines and their elements	4.5 Labor Relations	39
103-3	Evaluation of management guidelines	4.5 Labor Relations	39
407-1	Operations or suppliers identified in which the right to exercise freedom of association and collective bargaining may be at risk	4.5 Labor Relations	39
Social-Child Worker			
103-1	Explanations of material aspects and boundaries	4.5 Labor Relations	39
103-2	Management guidelines and their elements	4.5 Labor Relations	39
103-3	Evaluation of management guidelines	4.5 Labor Relations	39
408-1	Operations and suppliers identified as being at significant risk for incidents of child labor	4.5 Labor Relations	39
Social-Forced or Compulsory Labor			
103-1	Explanations of material aspects and boundaries	4.1 Salary and Benefits	30
103-2	Management guidelines and their elements	4.1 Salary and Benefits	30
103-3	Evaluation of management guidelines	4.1 Salary and Benefits	30
409-1	Operations and suppliers identified as being at significant risk for incidents of forced or compulsory labor	4.1 Salary and Benefits	30
Social-Local Community			
103-1	Explanations of material aspects and boundaries	6.2 Charity Care	47
103-2	Management guidelines and their elements	6.2 Charity Care	47
103-3	Evaluation of management guidelines	6.2 Charity Care	47
413-1	Operations with implemented local community engagement, impact assessment, and development programs	6.2 Charity Care	47
413-2	Operations that have a significantly actual or potential negative impact on local community	6.2 Charity Care	47
Social-Customer Privacy			
103-1	Explanations of material aspects and boundaries	5.1 Customer Service and Satisfaction	41
103-2	Management guidelines and their elements	5.1 Customer Service and Satisfaction	41
103-3	Evaluation of management guidelines	5.1 Customer Service and Satisfaction	41
418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	5.1 Customer Service and Satisfaction	41

10.3 Comparison Table of Execution of Sustainable Development Goals (SDGs) of the United Nations

SDGS	Execution achievement	Page
	<ol style="list-style-type: none"> 1. We have offered physical examinations, regular health checkups, and health checkups for special operations to employees since 2013. 2. Visits from the factory nurse are scheduled, including a reminder of considerations in daily life, coordination of the appropriateness of work scheduling, and a field doctor consulting 	36
	<ol style="list-style-type: none"> 1. Until year end of 2021, there were 2,477 employees in total, with 1,070 male employees (43.2%) and 1,407 female employees (56.8%). 2. We recruit talents in principles of gender equality and strives to realize gender equality without discrimination on employees' welfare. 	33
	<ol style="list-style-type: none"> 1. The whole factory recycled 728,189t of wastewater in 2021 to continually improve the reutilization rate of recycled water. 	22
	<ol style="list-style-type: none"> 1. We values employees' health and rights and implement the policy of prohibition of child labor. 2. We attract talents to join us through industry-university cooperation and campus recruitment. 3. We hire employees with disabilities through employment coaching institutions of the government and continually pay attention to the their experience. 	33.46
	<ol style="list-style-type: none"> 1. We abide by relevant domestic laws and regulations regarding gender equality, right to work and prohibition of discrimination and follow <i>RBA Responsibility Business Alliance</i> with regards to freedom of association, prohibition of child labor, human treatment, etc. 2. The salaries we pay our employees comply with relevant remuneration laws and regulations. 	33
	<ol style="list-style-type: none"> 1. Implement environmental management system and improve environment coexistence and co-prosperity. 2. In 2021, Lingsen didn't engage in any event in violation of environmental protection regulations, or have any record regarding the punishment imposed due to its violation of environmental regulations, or get involved in complaint or defense case of "environmental impact". 3. We generated approximately 840.027t of waste in 2021 and conducted recycling of such waste as stipulated. 	21
	<ol style="list-style-type: none"> 1. We continually execute greenhouse gas emission reduction program and reduce the emissions of greenhouse gases through adjustment of manufacturing processes. Also, we lower the impact of climate and environment through water-saving and energy-saving measures. 2. It is our social responsibility to lower environmental load through complete management and joint involvement of all our colleagues. We will implement the concepts of safety, health and environmental protection and become a green and sustainable enterprise. 	10
	<ol style="list-style-type: none"> 1. With diverse communication accesses, we provide two-way communication between the company and its employees. 2. We periodically hold labor relations conferences to communicate and negotiate with each other to solve problems. Also, we have an employee complaint handling system to assist employees in solving problems that damage their personal rights and interests. 	40

10.4 Ten Principles of the United Nations Global Compact

Classification	Ten Principles	Description	Page
Human rights	Businesses should support and respect the protection of internationally proclaimed human rights;	Lingsen adheres to its human rights policies and Ten Principles of the United Nations Global Compact, implements RBA Responsibility Alliance and treat and respect all incumbent colleagues, contract workers and temporary workers in a dignified way.	39
	make sure that they are not complicit in human rights abuses.	We advocates the moral standards in RBA Responsibility Alliance and implement responsible supply chain management and procurement of conflict-free materials.	45
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Lingsen respects employees' right to freedom of association and periodically convenes labor relations coordination conferences. Please refer to "4.5 Labor Relations".	39
	the elimination of all forms of forced and compulsory labour;	"Prohibition of Forced Labor" is stipulated in our executive guideline of "No Forced Labor in Salary and Benefits".	32
	the effective abolition of child labour; and	"Prohibition of Child Workers" is stipulated in our executive guideline of "Respect Human Rights in Labor Relations".	40
	the elimination of discrimination in respect of employment and occupation.	"Elimination of Illegal Discrimination to Ensure Equal Employment Opportunities" is a criterion adopted in our "Equal Employment-Talent Recruitment".	33
Environment	Businesses should support a precautionary approach to environmental challenges;	"Continually Promoting Green Plant, Green Manufacturing and Green Supply Chain and Controlling Environmental Protection Risks" is our environmental protection strategy.	7~25
	undertake initiatives to promote greater environmental responsibility; and	Work with suppliers and customers to lower environmental impact together.	7
	encourage the development and diffusion of environmentally friendly technologies.	Continually improve energy resource consumption, waste management and pollution prevention and control performance and establish a semiconductor green supply chain with suppliers and customers together.	7
Anti-corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	"Integrity Management" is our criterion and we prohibit any form of unlawful bribery among employees.	62