

矽格股份有限公司

SIGURD MICROELECTRONICS CORP.



20
23 Sustainability Report



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// About This Report //

This Report is the 2023 sustainability report for Sigurd Microelectronics Corporation (hereinafter referred to as Sigurd). It is now the third sustainability report since its initial publication. The report follows the Global Reporting Initiative (GRI) Standards, adopts sustainability metrics as laid out in the Sustainability Accounting Standard Board (SASB), and the Task Force on Climate related Financial Disclosures (TCFD) framework to disclose environmental protection (E), social responsibility (S), and corporate governance (G) related issues, as well as the management policies and performance results of various material topics. Simultaneously, the report also explains communications and response expectations of stakeholders, as well as the impact of value chain identified environmental protection (E), social responsibility (S), and corporate governance (G).

Reporting Period

- The information disclosed in this Report is from January 1, 2023 to December 31, 2023; and the disclosure period of the financial report is the same as that of the aforementioned sustainability report.
- Publication date of the previous report is June 2023; the report was published in Chinese and English versions, which can be downloaded from the section of the official website.
- Publication date for this report is August 2024; the report will be regularly published annually in the future, and the publication date for the next report is expected to be August 2025.

Contact Point

- Responsible unit for the Sustainability Report: Corporate Sustainability Center. /If you have any comments or inquiries as to this report, please contact us.
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- E-mail: ESG@sigurd.com.tw

Reporting Boundaries and Scope

Category	Reporting Scope	Differences from the scope of financial report disclosure	External Assurance
Environmental Protection (E), Social Responsibility (S), Corporate Governance (G)	Pei Shing Plant, Chung Shing Plant, and Hu Kou Plant of Sigurd Microelectronics Corporation.	Please refer to pages 19-20 of the financial report for fourth quarter of reporting year 2023 for the enterprise entities included in the financial report.	Type 1 Moderate Assurance Level verification was performed by British Standards Institution (BSI) per AA1000AS v3 version regarding the content of this report.
Financial Information	Data from consolidated financial statements of Sigurd Microelectronics Corporation and subsidiaries (referred to as "Sigurd Group").	Data from consolidated financial statements of Sigurd Microelectronics Corporation and subsidiaries (referred to as "Sigurd Group").	Financial information is audited by PwC accounting firm and issued in the review report.

The CPA and BSI have no equity nor management level relationships with the Company; they have merely been authorized to perform external guarantee or assurance of financial report and sustainability report. Please find the financial report at <https://pse.is/5se4nz>





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// Letter from the Chairman //

Dear friends who care about Sigurd's sustainable development:

Looking back on 2023, the world continued to face challenges from extreme weather. Climate change will bring severe impacts to our living environment, affect economic activities, living costs, and even overall industrial transformation. In this context, all employees of the Sigurd Group adhere to our philosophy and commitment to sustainable development by demonstrating progress and performance. This allows stakeholders to clearly understand our determination to invest in sustainability. In particular, Sigurd Group seeks breakthroughs in operational resilience, sustainable development, and business through innovative thinking and digital technology. This drives us to steadily advance in sustainable management and address challenges in strides.

In 2023, in pursuit of a low-carbon value chain transformation, Sigurd established the "Carbon Management Team" and "Renewable Energy Team" within the Sustainable Development Committee. This team proactively coordinates planning and implements the path to net-zero emissions. In addition to continued advocacy of energy-saving and carbon-reduction measures, we have also commenced a renewable energy scheme. We began investing in the use green electricity this year, with a target for 30% by 2030 and RE100 by 2050. These concrete actions fulfill Sigurd's commitment to environmental sustainability, aligning with international initiatives.

Looking to the future, Sigurd focuses on its core business and explores ways to extend its influence in sustainability. We are integrating ESG and sustainability spirit into daily operations internally and expanding this to supply partners externally. We work together to formulate sustainability goals and drive sustainable supply chains to create "green value" for customers. Ultimately and with our stakeholders, we aim to implement the sustainable strategy of "Co-prospering in green net-zero, promoting a friendly society, steadfast in integrity and governance, and co-creating sustainable operations".

HUANG, AGING-YANG, the chairman of Sigurd





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// Letter from the President and Sustainable Development Executive Committee Director General //

The Global Risks Report 2024 from the World Economic Forum that the world is severely affected by two major crises: climate change and geopolitical conflicts. The world is facing four systemic and structures shifts: geopolitics, demographics, technology, and climate change. As a result, global political and economic situations are rapidly changing. Factors such as extreme weather, environmental degradation, and persistent high temperatures are indirectly intensify the impact on global supply chains and urge countries and organizations to accelerate transformation. This highlights the pressing need for global action on sustainability issues.

Looking back on 2023, I am very grateful to every member of Sigurd. They not only enthusiastically participated in sustainability work, but also elevated sustainable development to an indispensable part of daily operations and corporate management. From board supervision to procurement evaluation for energy saving and carbon reduction, to confidently explaining to customers the company's sustainable development policies, goals, and action plans, we ensure that environmental protection, social responsibility, and corporate governance can develop in a balanced and positive way.

Meanwhile, the Sigurd Group strives to create a green brand. In addition to deployment of net-zero emission action plans, we took another major step in 2023 by starting to use renewable energy in Sigurd's products and services. We are as determined as ever to move towards RE100 by 2050 and become an important partner in enhancing the green competitiveness of Taiwan's semiconductor industry.

Sigurd demonstrates concern for and emphasis on human rights. The issues of low birth rates and changing employment trends will be the challenges facing the semiconductor industry. To address these issues, we have adopted two main approaches: "caring for the disadvantaged" and "diversity and empowerment" by empowering the disadvantaged, disseminating semiconductor knowledge, and narrowing the gap between school learning and career paths. We organize workshops on knowledge about semiconductors and career planning and we help the disadvantaged groups to become part of the industry talent. In terms of talent recognition and retention, we are proactively creating a healthy and friendly work environment; deepening a diverse, fair, and inclusive workplace culture; widely incorporating employee opinions to inspire creativity together. In addition, we work together to improve company systems and measures and continue to enhance employee care and benefits.

In the future, the company will continue to establish a sustainable framework for constant improvement, always up to date with international trends, laws and regulations, international standards, and best practices, to achieve continuous innovation, breakthrough, and sustainability. We believe that on the road of sustainable development, we will definitely see Sigurd's efforts and results, advancing towards our vision for sustainability.

YE,TSAN-LIAN , President of Sigurd





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//1.Sustainability Strategy//

Formulating the sustainable development strategies with innovative thinking, Sigurd fulfills its commitments to all the ESG topics in a serious and responsible manner to steadily promote the Company's sustainable development, and continue to improve and strive for excellence, thereby obtaining the trust of all stakeholders, and maintaining long-term harmonious relations.

1.1 Sustainable Development Committee

With 2021 as the first year to promote corporate sustainability, Sigurd has established a Sustainable Development Committee, where the Chairman serves as the Committee Chairman, and the President serves as the Executive Committee Director General, and the Committee members are served by the top executives in Sigurd's various units. Under the Sustainable Development Committee, Sustainable Development Department has been established along with functional grouping sections, such as "Section of Environmental and Occupational Safety and Health," "Green Operations Section," "Human Resources Section," "Innovation Management Section", "Governance Section" and "Social Relations Section", which will be adjusted or added depending on future needs. They are responsible for reviewing, developing and promoting action plans and risk management measures, jointly identifying short-, medium- and long-term strategies, and managing the results of performance evaluations for subsequent presentation to the Chairman and the Board of Directors.

The Executive Committee Director General and members of the Sustainable Development Committee work together to confirm the Company's sustainable development strategies and action plans, agree on management policies and short-, medium-, and long-term goals, and regularly supervise the implementation of these policies. Sustainable Development Department communicates, coordinates and tracks the contents of sustainable development tasks of the functional grouping sections, and it is also simultaneously responsible for integrating the planning and promoting of topics related to Environmental Protection (E), Social Responsibility (S), and Corporate Governance (G); discussing and planning for the impacts on company business; making rolling adjustments on strategies, management policies, and short-, medium-, and long-term plans, which are also served as initiative strategies or references for resolution plans. Subsequently, the results will be reported to the Sustainable Development Committee; the Department then materializes the execution of the agreed content and performs status reports.

The functional grouping sections consist of senior management, including those in charge of the Company's operations and colleagues, to collect information on environmental protection (E), social responsibility (S), and corporate governance (G) from stakeholders such as customers, shareholders, suppliers, markets, and local governments, and based on such information, to formulate management policies, short-, medium-, and long-term goals, and action plans. After presenting them to the Sustainable Development Committee, they will implement them according to the contents of the decisions and report the progress.

Sigurd's Sustainable Development Committee reports to the Board of Directors at least once a year on sustainable development strategies, action plans, and information on sustainable development-related issues, including overall strategic direction, goal setting and progress reports, results of greenhouse gas inventories, and implementation of renewable energy acquisition projects, etc., in order to symbolize that the Board of Directors serves as the highest governance and risk management unit of Sigurd.

Organizational Chart of the Sustainable Development Committee

Resolutions on strategies, resources, manpower and management policies on E (Environmental), S (Social) and G (Governance) issues.

Chairman
Sidney Huang

Sustainable Development Committee

President Charles Yeh,
Executive Committee Director General

Functional grouping sections

Executive Director Yuki Pan,
Sustainable Development Department

1. Integrated management of ESG issues
2. Committee meeting matters
3. Coordination of the task forces
4. Public relation domain
5. Report preparation, finalization and reporting
6. Brand value
7. Promotion of Business Continuity Plan (BCP)

Section of Environmental and Occupational Safety and Health

- Greenhouse gases
- Energy saving and emission reduction
- Green production
- Workplace safety
- Health promotion
- Responding and coordinating to ESG issues

Green Operations Section

- Issues on supply chain management and sustainability
- Green equipment

Human Resources Section

- Human resources and recruitment
- Employees' human rights
- Labor/Management relations
- Employee activity relations
- Learning and development activities
- Ethical corporate

Innovation Management Section

- Product innovation
- R&D technologies
- Product quality and service management
- Green products
- Customer relationships

Governance Section

- Governance structure
- Transparency of information disclosure
- Quality policy
- Economic performance
- Business risk assessment

Social Relations Section

- Public welfare
- Public relations promotion
- Local/Community engagement
- Company's relations to external parties
- Information

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Sustainable Development Performance in 2023

Environmental Protection	Reduced greenhouse gas emissions by 4,179.9697 metric tons compared to the previous year and reduced greenhouse gas emissions for the second consecutive year.
	Introduction and deployment of renewable energy to 2027
	Recycling and reuse rate of general waste increased by 58.56% compared to the previous year; Hazardous waste decreased by 47.48% compared to the previous year
Social Responsibility	RBA Platinum Recognition (Responsible Business Alliance, RBA)
	Awarded the Silver Medal in the TTQS (Talent Quality Management System)
	Pei-Shing Plant, Chung-Shing Plant, and Hu-Kou Plant obtained the Healthy Workplace Certification [Health Promotion Label].
Corporate Governance	Establishment of "Supply Chain Sustainability Management Team".
	Maintained an A rating in Information Protection External Assessment.
	Awarded the annual "Best Supplier" and "Quality Excellence Award" by key customers.

Sustainable Development Policy

Solid Economic Performance

Eco-friendly Environment

Social Responsibility Implementation

Sustainable Enterprise Operation

System Verification

- ISO 14064-1 Greenhouse Gas Inventory at the Organization Level
- ISO 14001 Environmental Management System
- IECQ QC 080000 Hazardous Substance Process Management System
- SONY GP (Green Partner)
- ISO 45001 Occupational Health and Safety Management System
- ISO 27001 Information Security Management System
- ISO 9001 Quality Management System
- IATF 16949 Quality Management System for Automotive Industry
- ISO 26262 Functional Safety Standard for Electrical and Electronic Systems in Road Vehicles
- RBA Responsible Business Alliance (RBA) Code of Conduct
- AEO Authorized Economic Operator (AEO)

1.2 Selection and Prioritization of Material Topics

The Company collects relevant sustainability topics from stakeholder opinions, global trends, industry characteristics, internal and external business and activity situations, and GRI Universal Standards, the Task Force on Climate-Related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB), and the United Nations' 17 Sustainable Development Goals (SDGs), among others.



1.2.1 Stakeholder Communication Results Presentation

In accordance with the five principles of the AA1000 Stakeholder Engagement Standard (2015) (Dependence, Influence, Tension, Responsibility, and Diverse Perspectives), and with reference to the stakeholders listed by our peers, the Company's Sustainable Development Committee has jointly discussed and identified the following groups of stakeholders: employees, customers, suppliers, governmental agencies, and non-governmental organizations.

In order to move towards the goal of benchmarking sustainable development and respecting the rights of stakeholders, the Company uses various communication channels not only to collect feedback and important sources of reference, but also to serve as an indispensable basis for the Company's continuous adjustment of its sustainable development goals and action plans.

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Stakeholder	Engagement Goal	Relation with the Company	Issues of concern	Communication Methods	Communication frequency	Engagement Effectiveness
Employees	There are more than 2,000 employees in total. Only by valuing the employees, treating them as the foundation of a company; having the goal of retaining the employees; upholding to respecting labor rights; implementing the strategies of cultivating talents; retaining talents, and diverse and smooth communication; and creating healthy and friendly workplace culture, would it be possible to stably pursue after sustainable development.	All employees of Sigurd	<ul style="list-style-type: none"> Remuneration and Benefits Human Rights Assessment and Labor Rights Workplace Health and Safety Organizational Identity and Retention Work-Life Balance Operational Performance 	<ul style="list-style-type: none"> Labor-Management meeting Welfare committee meeting Occupational safety and health committee meeting Employee complaint and advice communication suggestion box and e-mail address Employee satisfaction survey Employee education and training Performance appraisal Newcomer interview Routine questionnaire distribution 	<ul style="list-style-type: none"> Quarterly Nonscheduled Quarterly Nonscheduled Annually Anytime Twice Annually Nonscheduled At least once a year 	For further details, please refer to 5 Recruitment of Diversity 5.3 Comprehensive Employee Care and Welfare 5.3.1 Diverse and Smooth Communication Channels
Customers	A company is never free of interactions with customers. Only by maintaining close relationships, strengthening the Company's own smart innovation, and meeting customers' needs and satisfaction, would the Company be able to expand its development blueprints.	Main customers	<ul style="list-style-type: none"> Human Rights Assessment and Labor Rights Service Quality and Customer Rights Risk Control Business Continuity Information Security Innovative Technology and Services 	<ul style="list-style-type: none"> Company website Visiting customers Telephone number of points of business contact, e-mail, meeting, or other means of contact Exchange of executive visits /Attendance by Board member representative Customer audit Customer stationing at factory Supplier meeting held by customer Customer satisfaction survey Routine questionnaire distribution 	<ul style="list-style-type: none"> Anytime Nonscheduled Anytime Nonscheduled Nonscheduled Anytime Nonscheduled Annually At least once a year 	For further details, please refer to 8 Innovation Management and Service Quality 8.3 Continual Advancement of Service Quality and Customer Satisfaction
Suppliers	Company's operation and development always require suppliers' support and concurrent growth. Therefore, with respect to the sustainable development issues that pursue after environmental protection, social responsibility, and corporate governance, continual communication and conjoint growth with the suppliers are further necessary to stride towards our common sustainable goals.	Suppliers that provide raw materials, equipment or services to Sigurd	<ul style="list-style-type: none"> Business Continuity Legal Compliance Ethics and Integrity Risk Control Fair Sourcing Supplier Corporate Governance Assessment 	<ul style="list-style-type: none"> Telephone number of points of procurement contact, e-mail, meeting, or other means of contact Supplier audit Advocacy of ESG sustainable management philosophy Questionnaire distribution 	<ul style="list-style-type: none"> Anytime Nonscheduled At least once a year Nonscheduled 	For further details, please refer to 10 Supply Chain Management 10.2 Supplier Management and Goals
Government entities	Our Company is a key player in the semiconductor industry, and it is further taking on the responsibility for social responsibility and national security. In light of this, Sigurd is upholding to its compliance with the policies of government entities and execution strategies, as it promotes the Company's sustainable development.	Local government entities or business operating entities	<ul style="list-style-type: none"> Environment Laws and Regulations (Greenhouse Gas Emissions, Energy Management, Climate Change Risks and Opportunities) Human Rights Assessment and Labor Rights Workplace Health and Safety Information Security 	<ul style="list-style-type: none"> Official Document Forums held by the competent authority / Attendance by Board member representative Discussions of trade association / Attendance by Board member representative Company website Questionnaire distribution 	<ul style="list-style-type: none"> Nonscheduled Nonscheduled Nonscheduled Anytime At least once a year 	For further details, please refer to 9 Governance 9.1 Legal Compliance
Non-government organizations Non-profit organizations	Through participating in the industry strategies and trends as conducted by industry related public welfare association and public welfare foundation, Sigurd obtains related information to advance the Company's sustainable development.	Industry related public welfare association and public welfare foundation	<ul style="list-style-type: none"> Greenhouse Gas Emissions Energy Management Climate Change Risks and Opportunities Human Rights Assessment and Labor Rights Workplace Health and Safety Information Security 	<ul style="list-style-type: none"> Company website Questionnaire distribution Seminar or forum / Attendance by Board member 	<ul style="list-style-type: none"> Nonscheduled Nonscheduled Nonscheduled 	For further details, please refer to 2 Corporate Profile 2.7 Public Associations



1.2.2 Identification and Evaluation of Material Topics

The Chairman of the Board of Directors, the President, and the senior executives of each unit have evaluated the "positive/negative impacts" and "actual/potential impacts (frequency of occurrence)" of each topic, and after integrating the feedback from stakeholders, the prioritization of the material topics for 2022, and the opinions of consultants and experts, the order of the reports with the most significant impacts have been compiled and analyzed, and presented to the Sustainable Development Committee for use as important guidelines for its resolution of the material topics.

1.2.3 Prioritization and Identification of Material Topics

After reviewing the order of reports with the most significant impacts from the Sustainable Development Committee, as well as listening to the Company's objectives and action plans for its sustainable development program and the opinions of consultants, the Sustainable Development Committee has decided to select 10 material topics (as listed in the table below) as the targets for the Company to emphasize on investing its resources in. In addition, we will respond to the management policies, action plans and management measures in each section of this report.

2022 Prioritization	2023 Prioritization	Material Topics	Positive / Negative	Degree of Impact	Occurrence rate	Total
2	1	Information Security	Negative	98	71	169
19	2	Energy Management and Greenhouse Gas Emission	Negative	85	80	165
1	3	Customer Service and Quality Management (including Hazardous Substances)	Positive	84	79	163
3	4	Innovative Technologies and Services	Positive	89	69	158
12	5	Business Continuity	Negative	93	63	156
7	6	Operational Performance	Positive	90	65	155
13	7	Integrity Management	Positive	94	57	151
6	8	Occupational Safety and Health	Positive	80	70	150
11	9	Labor Rights and Care	Positive	81	68	149
10	10	Supplier Sustainability Management	Negative	81	64	145

Note 1: Positive impacts: opportunities or benefits; negative impacts: risks or costs.

Note 2: Adjustments to material topics: Energy Management and Greenhouse Gas Emissions (former 2022 material topics Energy, Resource Management and Greenhouse Gas Emissions); Customer Service and Quality Management (including Hazardous Substances) (former 2022 material topics Customer Interests and Service Quality); Innovative Technologies and Services (former 2022 material topics Innovative Management and Sustainable Manufacturing); Operational performance (former 2022 material topics Operational performance (shareholders' interests)); Occupational safety and health (former 2022 material topics Occupational safety and labor health); Labor rights and care (former 2022 material topics Compensation and benefits and Employee care and retention).

Note 3: For 2022, the number of issues of concern is 21, with a threshold of 176; for 2023, the number of issues is 16, with a threshold of 145.

Note 4: Based on GRI's general disclosure and customer demand considerations, the 2022 material topics, such as talent attraction and cultivation, corporate governance and compliance with laws and regulations, risk management, climate change management response, and social engagement, are not included in this year's prioritization of material topics.

Note 5: The factors of occurrence rate evaluation include the occurred events, the number of occurrences, and the non-occurred scenarios.

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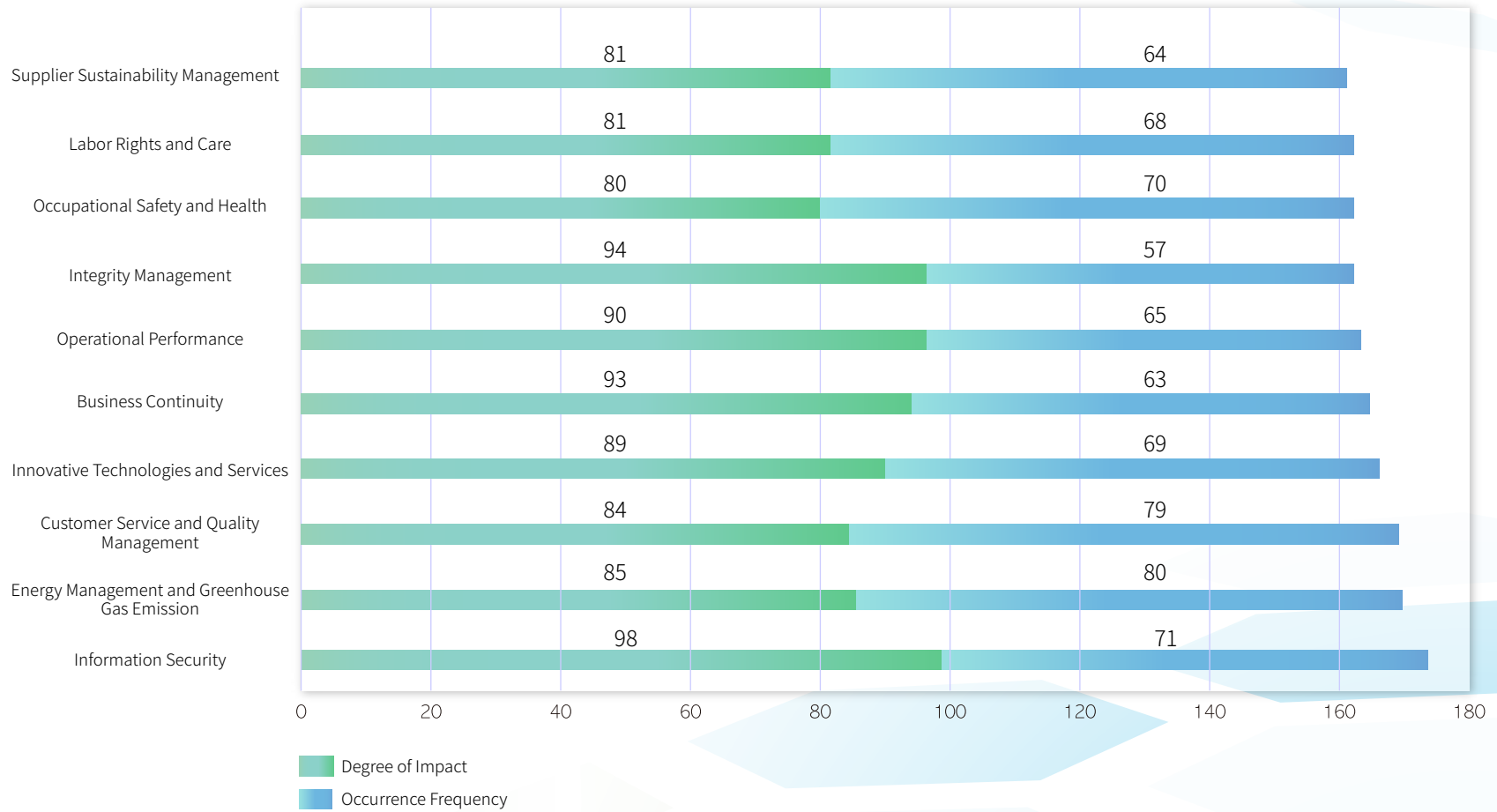
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Degree of Impact and Occurrence Frequency of Material Topics



1.3 References to Material Topics

Based on the prioritization of the material topics, the corresponding GRI standards, SASB sustainability accounting standards, TCFD guidance, and respective chapters are listed in the following table.

No.	Item	Corresponding GRI Topics	Impact on Value Chain					Impact Aspect			Detail of Impact	United Nations Sustainable Development Goals (SDGs)
			Internal	External								
			Employ-ees	Custom-ers	Suppliers	Government entities	Non-government organizations Non-profit	E	S	G		
1	Information Security	Self-Selected Topic	▲	○	▲	▲	-			Actual	Only by protecting the Company’s data security and actively safeguarding information and business secrets would it be able to effectively protect customers’ rights and enterprise competitiveness.	
2	Energy Management and Greenhouse Gas Emission	GRI 302 GRI 305	-	○	▲	▲	▲		Actual		Climate change is the Company’s focus for sustainable development, legal requirements and market trends; we replace energy-consuming equipment and processes to improve and reduce energy and resource consumption, and introduce the use of renewable energy to reduce greenhouse gas emissions, and monitor and control the effectiveness of energy conservation and carbon reduction through annual greenhouse gas inventories.	
3	Customer Service and Quality Management (including Hazardous Substances)	Self-Selected Topic	-	○	▲	▲	▲		Actual		Striving to pursue after meeting customers’ expectations with high quality and high standards, diligently treating customers’ every entrustment, and continuously expanding market influential power to materialize the goal of serving as the best trusted business partner.	
4	Innovative Technologies and Services	Self-Selected Topic	▲	○	○	-	-		Actual		The application of new technologies and R&D automation equipment to optimize production processes and create smart factories is a key strategy for sustainable business development and environmental protection in the future.	
5	Business Continuity	Self-Selected Topic	▲	○	▲	▲	▲			Actual	We are committed to meeting the expectations of our stakeholders, building a sound governance structure, effectively identifying and controlling risks, promoting integrity management, and proactively responding to various impacts in order to ensure the Company’s continuous operation and the pursuit of steady growth in operational performance.	
6	Operational Performance	GRI 201	□	○	○	▲	-			Actual		
7	Integrity Management	GRI 205	□	○	▲	▲	▲			Actual		
8	Occupational Safety and Health	GRI 403	□	-	▲	▲	▲		Actual		In response to the requirements of the government’s labor laws and regulations and the Responsible Business Alliance (RBA), concurrent with the Company’s operational development, labor rights shall further be considered, e.g. no discrimination, diversified employment, and reasonable remuneration and bonus welfare system, etc., and the Company’s workplace environment shall also be protected at the same time to control occupational safety and health risks and to promote the Company’s wholesome development.	
9	Labor Rights and Care	GRI 404	□	-	▲	▲	▲		Actual			
10	Supplier Sustainability Management	GRI 308 GRI 414	-	-	▲	▲	▲		Actual		Through a variety of communication methods, we exchange sustainability concepts and help our value chain partners grow together by means of a cross-departmental supply chain sustainability management team to effectively realize the goal of sustainable development.	

Note: In accordance with the GRI Standard, three levels of involvement are used to describe the impact boundary of a GRI topic and to assess the relatedness of key stakeholders: "▲" Whether they are directly contributing to the impact, "□" Contributing to the impact in conjunction with other parties, and "○" Or being related to the impact through their business relationships.

1.4 Strategies and Short-, Medium- and Long- Term

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Aspect	Key strategies /items	2023 Goals	2023 Performance	Sigurd's Response	Short-term (2024)	Mid-term (2025)	Long-term (2030)
Environmental Protection	Towards net zero carbon emissions for the organization	<ul style="list-style-type: none">Percentage of the reduction in intensity against that in the base year (2021): 5% (Note 1)The total green power usage or carbon allowance occupied in the Company's total power consumption: 2%	<ul style="list-style-type: none">Percentage of the reduction in intensity against that in the base year (2021): 7.73%The total green power usage or carbon allowance occupied in the Company's total power consumption: 0.3%	<ul style="list-style-type: none">Overall GHG emissions have been reduced for two consecutive years, due to the reduction in energy consumption and the use of green power, thus achieving the carbon emission reduction target.Switching to green power supply since September 2023, and in 2023, the total amount of green power supply has reached 456,427 kWh.	<ul style="list-style-type: none">Percentage of the reduction in intensity against that in the base year (2021): 8%The total green power usage or carbon allowance occupied in the Company's total power consumption: 2%	<ul style="list-style-type: none">Percentage of the reduction in intensity against that in the base year (2021): 8.8 %The total green power usage or carbon allowance occupied in the Company's total power consumption: 5%	<ul style="list-style-type: none">Percentage of the reduction in intensity against that in the base year (2021): 25 %The total green power usage or carbon allowance occupied in the Company's total power consumption: 30%
	Respect of Human Rights Recruitment of Diversity Meritocracy	<ul style="list-style-type: none">Human rights training completion rate: 95%Employee complaint settlement rate: 100%Number of persons diversely recruited: 10	<ul style="list-style-type: none">Human rights training completion rate: 100%Employee complaint settlement rate: -% (Note 2)Number of persons diversely recruited: 10	<ul style="list-style-type: none">Organizing RBA-related human rights courses, occasional labor rights advocacy and training to achieve human rights goals.Providing a smooth and diversified communication channel or complaint mechanism, and continuing to publicize it, so that employees understand and are willing to use the communication channel freely; at the same time, actively and prudently handling opinions to promote labor rights.Optimizing the use of government and non-government recruitment channels to formulate strategies to achieve the goal of diversified employment in 2023.	<ul style="list-style-type: none">Human rights training completion rate: 95%Employee complaint settlement rate: 100%Number of persons diversely recruited: 10	<ul style="list-style-type: none">Human rights training completion rate: 98%Employee complaint settlement rate: 100%Number of persons diversely recruited: 15	<ul style="list-style-type: none">Human rights training completion rate: 100%Employee complaint settlement rate: 100%Number of persons diversely recruited: 20
Social Responsibilities	Healthy workplace Friendly workplace	<ul style="list-style-type: none">FSI below 0.36.Occupational safety and health training completion rate: 95%	<ul style="list-style-type: none">FSI below 0.17.Occupational safety and health training completion rate: 100%	<ul style="list-style-type: none">FSI (Frequency-Severity Indicator) was 0.17 (reached the goal). Reason: After many times of training and education, Hu-Kou Plant and Pei-Shing Plant significantly reduced the severity rate of incapacitating injuries compared to the previous year (Pei-Shing 288 -> 8, Hu-Kou 106 -> 3).Organizing occupational safety and health training courses and providing relevant training in accordance with regulations, such as: safety orientation training for new employees and 3 hours of occupational safety and health training for all employees every 3 years, and achieving internal occupational safety and health management goals and program management operations.	<ul style="list-style-type: none">FSI below 0.36.Occupational safety and health training completion rate: 95%	<ul style="list-style-type: none">FSI below 0.32.Occupational safety and health training completion rate: 98%	<ul style="list-style-type: none">FSI below 0.30.Occupational safety and health training completion rate: 100%
	Smart factories boosting customer satisfaction	<ul style="list-style-type: none">The average customer satisfaction score of the Company's top ten customers is 8.With the implementation of smart factory stages, the percentage of the manpower effectiveness of each direct employee increased against that in 2021: 10%	<ul style="list-style-type: none">The average customer satisfaction score of the Company's top ten customers is 9.1.With the implementation of smart factory stages, the percentage of the manpower effectiveness of each direct employee increased against that in 2021: 15%	<ul style="list-style-type: none">Reducing the occurrence of anomalies by strict quality control, and at the same time, endeavoring to meet customer requirements and reflecting problems in a timely manner to help solve customer problems, with customer satisfaction increasing by 0.12 points in the second half of the year compared to the first half of the year.In 2023, the Company continuously increased the introduction of equipment and products to expand production efficiency and improve the efficiency of our employees.	<ul style="list-style-type: none">The average customer satisfaction score of the Company's top ten customers is 8.5.With the implementation of smart factory stages, the percentage of the manpower effectiveness of each direct employee increased against that in 2021: 10%	<ul style="list-style-type: none">The average customer satisfaction score of the Company's top ten customers is 9.With the implementation of smart factory stages, the percentage of the manpower effectiveness of each direct employee increased against that in 2021: 15%	<ul style="list-style-type: none">The average customer satisfaction score of the Company's top ten customers is 9.With the implementation of smart factory stages, the percentage of the manpower effectiveness of each direct employee increased against that in 2021: 20%
Corporate Governance	Corporate Sustainability	<ul style="list-style-type: none">Positive operating profitsCompletion rate of the training program for integrity management: 90%	<ul style="list-style-type: none">Positive operating profitsCompletion rate of the training program for integrity management: 100%	<ul style="list-style-type: none">Establishing stable operation strategies, striving to achieve financial performance, creating long-term economic value, and meeting the expectations of investors.Completing integrity education for board members and employees.	<ul style="list-style-type: none">Positive operating profitsCompletion rate of the training program for integrity management: 90%	<ul style="list-style-type: none">Positive operating profitsCompletion rate of the training program for integrity management: 100%	<ul style="list-style-type: none">Positive operating profitsCompletion rate of the training program for integrity management: 100%
	Legal compliance	<ul style="list-style-type: none">Number of cases imposed upon a severe penalty (NT\$1 million or more) by the government: 0Number of priority deficiencies identified in an RBA audit: 0	<ul style="list-style-type: none">Number of cases imposed upon a severe penalty (NT\$1 million or more) by the government: 0Number of priority deficiencies identified in an RBA audit: 0	<ul style="list-style-type: none">Corporate governance is based on compliance with laws and regulations, integrity management, and strict adherence to relevant laws and regulations in the execution of operations.In 2023, the Company has made great efforts to promote the RBA continuous improvement program, and the audit results have met the requirements of the RBA, and the Company has successfully obtained the platinum recognition with zero defects in the RBA audit.	<ul style="list-style-type: none">Number of cases imposed upon a severe penalty (NT\$1 million or more) by the government: 0Number of priority deficiencies identified in an RBA audit: 0	<ul style="list-style-type: none">Number of cases imposed upon a severe penalty (NT\$1 million or more) by the government: 0Number of priority deficiencies identified in an RBA audit: 0	<ul style="list-style-type: none">Number of cases imposed upon a severe penalty (NT\$1 million or more) by the government: 0Number of priority deficiencies identified in an RBA audit: 0

Note 1: Due to the fluctuation of revenue in recent years, which is more volatile than the overall GHG emissions, and in response to the national goal of reducing direct emissions, the intensity of GHG emissions has been revised and the overall goal is to reduce carbon emissions.

Note 2: There are no significant employee complaint cases in 2023, so the performance is changed to "-".



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// 2. Corporate Profile //

Having recognized in recent years that environmental protection is vital to the Company's survival and development in the society, that human rights policy and excellent customer service development are the foundation of the Company's sustainability, and that sound and materialized governance is an unshakable principle of business risk control, Sigurd, taking the preceding as its constant commitments, actively responds to the expectations and requests of its stakeholders, including employees, customers, suppliers, government entities and non-government organizations & non-profit organizations.

2.1 Business Strategies

Being the outsourced assembly and test plant for the outsourced semiconductor assembly and test services (OSAT) since 1988, Sigurd has been devoted in providing the most advanced equipment, technology, and production lines, offering our customers thoroughly coordinated back-end semiconductor manufacturing services.

Consequently, our main businesses encompass designing, processing, testing, packaging, and burn-in processing, manufacturing, selling, and purchasing, etc. of various ICs. Specific service items include (1) various IC testing and wafer testing services; (2) RF module testing; (3) 8-inch and 12-inch Wafer Level Chip Scale Package (WLCSPP), solder bumping and Cu-pillar related packaging technology; (4) wBGA packaging services. As the wafers for the packaging and testing are provided by international-renowned semiconductor companies, the Company's market has been naturally determined by customers' needs. In addition, in response to market application and needs, the Company has been continuously expanding its service areas, which include 5G, AI, meta-universe, IoT, low-orbit satellites, automotive electronics, vehicle-to-everything, high-performance computation, network communication, and other application needs. We have also been exploring 3nm technology and deepening 4nm capabilities, while we reinforce on researching and developing diverse packaging and testing technology. To achieve the aforementioned vision, Sigurd is further gradually striving towards advancing the automated extensiveness and depth of its smart factories and equipment to expand its scope of smart production.

For the rest of the Company's products, new products scheduled for development, and industrial value chain relevance, please refer to the information found in the 2023 Annual Report.

Company profile

- Organization type: Listed company
- Main business items: Design, processing, testing, packaging, and burn-in processing, manufacturing, selling, and purchasing of various ICs
- Main markets served: Worldwide
- Main customer type: Internationally renowned semiconductor companies
- Paid-in capital: NT\$4.59 billion
- Headquarter Location: Zhudong Township, Hsinchu County, Taiwan
- Total number of employees: 2,245 as of December 31, 2023





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Over the recent years, integrated device manufacturers have been facing exacerbating cost pressure, and along with the introduction of new models of packaging and testing technology, it has made integrated device manufacturers unable to undertake this type of investment and prompted them to lean towards focusing on its own core competitiveness. As a result, packaging and testing businesses are transferred to outsourced packaging and testing plants. At the same time, the packaging and testing industry needs continual investments in order to satisfy customers' needs and maintain its own competitiveness, thereby striding towards a state of eternal greatness.

Sigurd operates in the downstream semiconductor industry, mainly providing professional semiconductor wafer and IC product testing. Most of our customers are world-class leading semiconductor design companies, integrated device manufacturers and wafer foundries, and their demand for state-of-the-art production technology has led Sigurd to continuously upgrade its engineering and manufacturing capabilities to maintain high quality products and services. Under this market trend, Sigurd, serving as a professional outsourced packaging and testing plant, has utilized its core competitiveness and niche products and technology to successfully obtain its prominent status in the market.

However, Sigurd is still facing numerous challenges in the industry. For example: to suppress inflation, all countries are implementing interest-raising actions, which has led to crises appearing in the financial system and increasing difficulties in enterprise financing; U.S.-China Trade War, Russia-Ukraine War and Israel-Kazakh War have not ended yet, and it is causing heightened uncertainty in global economic growth and affecting performance of domestic and international demands; lastly, as impacted by geopolitics and the U.S. suppressing China's high-technology growth, countries in Europe and the U.S. are building semiconductor supply chains on their own in order to avoid the national economy to be swayed by semiconductor shortage, which has also led to higher uncertainty in semiconductor development.

Facing the challenges, Sigurd will continue to enhance its brand image and competitiveness in the market through the following competitive niches and countermeasures:

1.Highly experienced team:

The whole Sigurd management team possesses professional backgrounds; and department executives possess ample industrial experiences, which are beneficial to enhancement of overall competitiveness and the Company's sustainable management.

2.Niche production lines:

Cultivating in the high-end packaging and testing industry; owning various advanced machineries and technologies in the testing business; and taking a leading position in Taiwan.

3.Superior quality:

Sigurd is devoted in enhancing product quality. In addition to introducing automatic production equipment and quality inspection equipment, manufacturing complying with standards and specifications provided in ISO articles leads to successive recipients of international maintenance and operation certifications, e.g. IATF 16949 QMS - Automotive Quality Management, ISO 26262 Road Vehicles - Functional Safety, and related certificates. Supplemented with stringent quality management system and training employees of superior quality, stability of products and services are enhanced, winning customers' recognition and acknowledgement. With respect to automotive electronics, through our team's continual dedication, we have already passed strict reviews and approvals by leading European plants and obtained high marks for three consecutive years. In terms of testing technology, regarding the highest level of packaging technology currently, CoWoS, Sigurd owns the unique testing technology and testing yield that surpass its peers, which has been widely acclaimed by its customers and has made Sigurd one of the few testing plants in Taiwan who is able to mass-produce.

4.Development of overseas markets:

The Company continuously focuses on overseas market development, especially in North America and Japan, and has already achieved growth in the number of customers in 2023, in addition to the good results in China market development. In 2024, the Company will actively expand into Asia, China, Europe and Japan, apart from the existing North American market. This will help strengthen the Company's position in the international market by expanding its customer base and increasing its global market share.

5.Strengthening upstream and downstream collaborative relationships:

Sigurd has been dedicated in reinforcing upstream and downstream collaborative relationships with wafer foundries, equipment manufacturers, and material suppliers, etc., thereby establishing superior supply chain partnerships, enhancing production efficiency, reducing costs, and ensuring product quality. Collaborations with wafer foundries is exceptionally essential for Sigurd. Wafer is the key raw material for the packaging and testing business, so by strengthening collaborative relationships with wafer foundries, it can be ensured that stable and competitive wafer products are supplied, while introduction of new technology and collaboration developments are accelerated. Close collaborations with equipment suppliers could ensure that Sigurd is able to use the most advanced packaging and testing equipment, so that production efficiency and product quality are enhanced. On the other hand, collaborations with material suppliers could ensure that Sigurd possesses high-quality packaging and testing materials that comply with environmental standards, so that it could provide customers more reliable products. Through reinforcing collaborative relationships with upstream and downstream, Sigurd could materialize higher supply chain effectiveness, strengthen competitiveness, and provide more competitive products and services.

6.Using Big Data, artificial intelligence (AI) technology, and high-performance computation equipment:

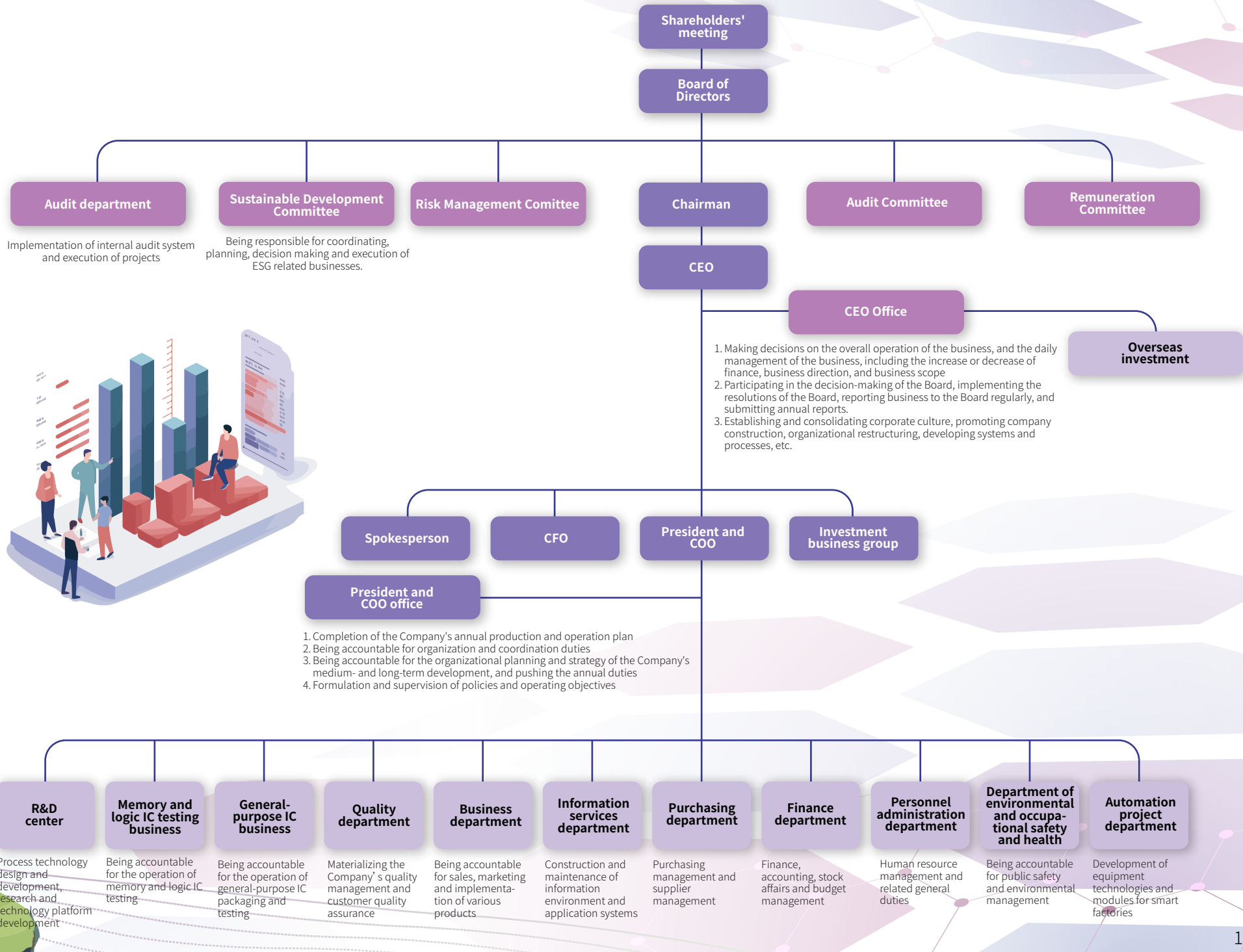
Sigurd will use Big Data, artificial intelligence (AI) technology, and high-performance computation equipment to enhance production efficiency and product quality. The advanced production technology will assist Sigurd to materialize smart production and optimize manufacturing procedure. Through gathering and analyzing large amounts of production data, Sigurd is able to obtain valuable insights and predictions. By optimizing production process and enhancing production efficiency, it would simultaneously help to identify and predict potential production issues, so that countermeasures are implemented to avoid delays in production and derivation of quality issues. Application of AI technology can determine the complex tasks during the automatic production process, enhance production efficiency and standardization. For example, application of machine learning algorithm and visual identification technology are able to automatically inspect products' deficiencies and abnormalities, so that inspection accuracy and efficiency can be increased. Application of high-performance computation equipment can accelerate data handling and analyzing speeds, allowing Sigurd to more rapidly obtain production related messages and results while making immediate responses and adjustments.

7.AI service platform:

Sigurd will build its own generative AI service platform to enhance innovative product development, increase production efficiency, improve product quality, strengthen marketing, and provide data analysis and forward-looking insights, from which valuable trend analysis can be extracted to guide corporate strategic decisions and marketing strategies and to achieve better competitive advantages. Through utilizing Big Data, AI technology, and high-performance computation equipment, Sigurd will be able to materialize the intellectualized, automatic, and optimized production process, so that production efficiency will be enhanced and costs will be reduced while ensuring products' quality and consistency.

The competitive advantages and strategies abovementioned will be beneficial for Sigurd to accelerate its research and development and to develop innovative applications, which will in turn enhance brand image and sustainability competitiveness.







2.3 Governance Framework of the Board of Directors

The election of directors and independent directors is based on a candidate nomination system. In accordance with laws and regulations and the Company's Articles of Incorporation, candidates shall be proposed to the Board of Directors, which evaluates the nominees' academic and working experience, industry expertise, and professional capabilities, and then proposes a list of candidates to the shareholders' meeting for election in an open and fair manner.

2.3.1 Framework for the Board of Directors

The Company reelected its directors on June 7, 2023, and currently has a total of 10 directors, comprising 6 directors and 4 independent directors, who are appointed for a term of 3 years (June 07, 2023 to June 06, 2026). The Chairman for this term is Mr. Sidney Huang, who has leadership and communication skills in various departments, has led the Company to make profits year by year, and has a sustainable development blueprint and targets management capability for the ESG topics. As a result, it is through his rich experience in the industry and good communication with the Board Directors and various department heads that the customers' requirements are precisely and effectively met, the sustainable development concepts with bigger picture formulated, and the stakeholders rewarded.

For more information, please refer to the Company's website - Investor Relations.

In accordance with the "Corporate Governance Best Practice Principles" and the "Procedures for Board of Directors' Meetings", the Board of Directors meets on a regular basis, and the actual attendance rate (excluding proxy attendance) is included as an evaluation item in the performance evaluation of the members of the Board of Directors. The new Board of Directors of the year 2023 held a total of five board meetings, with an average attendance rate of 100%.

Name of Committee	Number of Members	Directors	Independent Directors	External Members	Number of Meetings	Average Attendance
Audit Committee	4	-	4	-	3	100%
Remuneration Committee	4	-	4	-	1	100%

Note: The Audit Committee and the Remuneration Committee each met 2 times prior to the renewal of the Board of Directors on June 7, 2023 respectively.

2.3.2 Independence and Avoidance from Conflicts of Interest

The Company has four independent directors, accounting for approximately 40% of the total seats, all of whom have passed the requirements of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and are restricted from serving more than three consecutive terms of office or concurrently serving on the boards of directors of more than three other public companies. The attendance rate of independent directors throughout the year was 100%, indicating that independent directors fully participated in the discussion and expressed their opinions on each of the resolutions.

In addition, the Company has implemented the "Corporate Governance Best Practice Principles" and the "Rules Governing the Election of Directors" to ensure that conflicts of interest between the Company and its directors, as well as among the directors, are properly controlled:

- More than half of the Board of Directors shall not be related by spouse or relatives within the second degree.
- Directors are required to recuse themselves if they have a personal interest in any of the motions proposed by the Board of Directors.
- A director who represents a corporation in which it has an interest shall also avoid participating in discussions and voting, and shall not exercise its voting rights on behalf of other directors.
- Directors shall exercise self-discipline and refrain from improperly supporting each other.
- If a director has an interest in a proposal, the name of the director who has an interest and the specific reason why the director shall or shall not recuse from the proposal shall be clearly recorded in the Company's meeting minutes.

The Board of Directors' meetings for the year 2023 have been conducted in accordance with the above principles, and all motions have been handled in such a way that the interests of the directors have been avoided. For more detailed information, please refer to pages 24 to 26 of the Company's 2023 Annual Report.



2.3.3 Diversity of the Board of Directors

The Company currently has 2 female directors, accounting for approximately 20% of the total number of directors; 4 directors are concurrently employees, accounting for 40% of the total number of directors; and there are 6 directors aged between 61 and 70 and 4 directors aged between 71 and 80. The Company has also established the "Corporate Governance Best Practice Principles" which requires the Board of Directors to formulate an appropriate diversity policy for its own operation and to consider the diversity of its composition, including but not limited to gender, age, culture, educational background, and professional operation, and to possess the knowledge, skills and qualities necessary for the performance of its duties.

At the same time, in accordance with the "Regulations Governing the Performance Evaluation of the Board of Directors and Functional Committees", the Board of Directors' self-assessment items of performance evaluation shall include the composition and structure of the Board of Directors. Through the annual self-assessment of the Board of Directors' performance and feedback from the stakeholders' communication, the Company shall continuously promote the diversity of the Board of Directors.

Analysis of Diversity of Directors															
Name of Director	Position	Gender	Nationality	Age (Range)	Professional Experience										
					Finance	Electronic Technology	Production & Manufacturing	Business	Accounting	Legal	Information Technology	Marketing Management	Risk Management	Environmental Care	Social Responsibility
Sidney Huang	Chairman	Male	Taiwan, R.O.C.	71~80	●	●	●	●	●		●	●	●	●	●
Charles Yeh	Director and President	Male	Taiwan, R.O.C.	71~80	●	●	●	●			●	●	●	●	●
Wilson Kuo	Director	Male	Taiwan, R.O.C.	61~70		●	●	●				●	●	●	●
Milton Wu	Director	Male	Taiwan, R.O.C.	61~70	●	●	●	●	●		●	●	●	●	●
Ming-Chun Chiu	Director	Male	Taiwan, R.O.C.	71~80	●	●	●	●					●	●	●
Jui-Chen Feng	Director	Female	Taiwan, R.O.C.	61~70		●	●	●			●	●	●	●	●
Wen-Ping Wu	Independent Director	Male	Taiwan, R.O.C.	71~80	●	●	●	●				●	●	●	●
Ming-Kai Lin	Independent Director	Male	Taiwan, R.O.C.	61~70	●			●	●			●	●	●	●
Kuo-Hua Tseng	Independent Director	Male	Taiwan, R.O.C.	61~70	●			●	●			●	●	●	●
Li-Hsin Lai	Independent Director	Female	Taiwan, R.O.C.	61~70	●			●	●		●	●	●	●	●

Note 1: On June 7, 2023, the Company conducted overall re-election of the Directors, electing 10 seats of Directors (including 4 seats of Independent Directors); Directors Wen-Yuan Lin and Chun-Jung Lu stepped down after the shareholders' meeting on June 7, 2023, and Directress Jui-Chen Feng, Independent Director Kuo-Hua Tseng, and Independent Directress Li-Hsing Lai, are newly elected and appointed. The remaining directors are reappointed.

Note 2: For details of the Directors' shareholding ratio and positions held simultaneously at other companies, please refer to the Company's Annual Report for year 2023.

2.3.4 Performance Evaluation and Compensation

In accordance with the "Regulations Governing the Performance Evaluation of the Board of Directors and Functional Committees", the performance evaluation of the Board of Directors, individual directors and functional committees for the current year is conducted once a year, and the results of the evaluation are given as a percentage for each item. The indicators and evaluation items for the performance evaluation of the Board of Directors and functional committees of the Company are reviewed and revised from time to time in accordance with the operational needs of the Company and changes in the internal and external environments.

The results of the annual performance evaluation are presented to the Board of Directors for the purpose of improving the operation of the Board of Directors and for the selection or nomination of directors (including independent directors), and the results of the performance evaluation of individual directors are used as a reference for the determination of their individual salaries and compensation. In addition, the Company appoints external professional independent organizations or external experts and scholars to conduct performance evaluations of the Board of Directors once every three years, and continues to strengthen the governance and operation mechanism of the Board of Directors through external recommendations on improvement plans and implementation.

For more information, please refer to the Company's website - Investor Relations, and for the related compensation policy and decision-making process, please refer to page 23 of the Company's 2023 Annual Report.

Types of Performance Evaluation	Board of Directors	Members of the Board of Directors	Functional Committees
Category of Evaluation	<ul style="list-style-type: none"> Involvement in the Company's operations Enhancement of decision-making quality of the Board of Directors Composition and Structure of the Board of Directors Election and Continuing Education of Directors Internal Control 	<ul style="list-style-type: none"> Involvement in the Company's operations Decision-making quality of the Board of Directors Composition and Structure of the Board of Directors Election and Continuing Education of Directors Internal Control 	<ul style="list-style-type: none"> Involvement in the Company's operations Recognition of Functional Committees' responsibilities Decision-making quality of the Functional Committees Composition and Selection of Functional Committee Members Internal Control
Annual Evaluation Results	92.29%~97.71%	90.67%~98.67%	96.43%~100%

2.3.5 Directors' Advanced Studies

Through the periodic and nonscheduled advanced courses on operation business and sustainable issues held by or registered through assistance by the Company's advisory unit, the Board members continue to enhance their related professional capabilities on corporate governance, legal knowledge, policymaking quality, and operational effectiveness. And the Board members then also possess a certain level of knowledge, awareness, and understanding of the latest trends on operation business and sustainable issues.

For the current year, all members of the Board of Directors have completed the 6 hours of advanced courses required by law, and the new directors have completed the 12 hours of advanced courses as well.

Advanced Courses for the Board of Directors in Year 2023			
Course Name	Course Content	Hours	Material Topics Involved
Taiwan Corporate Governance Association Promoting Corporate Sustainability through Risk Management	1. Global Broken Supply Chains Drive the Risk Management Battlefield to Corporate Governance 2. Roadmap of Corporate Risk Management Practices 3. Risk Management Best-Practice Principles for Taiwan Stock Exchange and Taipei Exchange listed Companies	3 Hours	Risk Management
Taiwan Corporate Governance Association Carbon Emission and Carbon Emission Trading Mechanisms	1. Global Consensus - From Carbon Reduction to Carbon Removal 2. Starting Point of Carbon Management - Carbon Inventory and Reduction 3. Last Mile of Carbon Management - Carbon Offsets	3 Hours	Energy Management and Greenhouse Gas Emission Climate Change Management Response
Taiwan Corporate Governance Association New Thinking on Group Tax Governance from the Trend of Digital Tax and International Taxation	Corporate Governance Practical Course	3 Hours	Corporate Governance and Legal Compliance

2.3.5 Directors' Advanced Studies

Advanced Courses for the Board of Directors in Year 2023			
Course Name	Course Content	Hours	Material Topics Involvedz
Securities & Futures Institute (SFI) Technology Development and Application Opportunities of ChatGPT, the Chat Robot	Innovation Management and Sustainable Manufacturing	3 Hours	Innovation Technology and Services
Securities & Futures Institute (SFI) 2023 Insider Trading Prevention Seminar	1.Law Advocacy 2.Advocacy Manual 3.Introduction to Laws and Regulations (Link to	3 Hours	Corporate Governance and Legal Compliance Risk Management
Securities & Futures Institute (SFI) 2023 Insider Stock Trading Legal Compliance Seminar	1.Law Advocacy 2.Advocacy Manual 3.Introduction to Laws and Regulations (Link to	3 Hours	Corporate Governance and Legal Compliance Risk Management
Taiwan Corporate Governance Association New Energy Breakthrough: Technology Applications and Business Opportunities of Electric Vehicle Battery and Charging Station	Innovation Management and Sustainable Manufacturing	3 Hours	Innovation Management and Services
Taiwan Corporate Governance Association- Emerging Money Laundering Models and Legal Trends	Corporate Governance Practical Course	3 Hours	Corporate Governance and Legal Compliance

2.3.6 Monitoring and Control of Sustainable Development Issues

The Board of Directors is the highest governance unit and risk management unit, and is responsible to the shareholders' meetings. The Board of Directors shall ensure that all operations and arrangements of the corporate governance system are carried out in accordance with the laws and regulations, the Company's Articles of Incorporation, or the shareholders' meetings' resolutions. The Board of Directors provides day-to-day supervision of the Company's development strategies, supervises the management, tracks the operational processes, internal controls, and internal audit procedures of the corporate governance system in order to be accountable to the Company and its shareholders, and performs its functions in accordance with the laws and regulations, the Company's Articles of Incorporation, or the resolutions of shareholders' meetings. In addition, the Board also needs to review and pass the annual financial reports and quarterly financial reports, the effectiveness assessment of internal control system, and resolution items from various functional committees.

The Board of Directors of the Company operates independently and transparently; both the Directors and Independent Directors are independently exercising their powers. Further, there are various functional committees assisting the Board of Directors to supervise the Company in its execution related to accounting, audit, financial reporting process and financial control, internal control and legal compliance, quality and integrity in investment policies as an effort to enhance the Company's governance performance.

In terms of sustainable development issues, the Board of Directors listens to initiative strategies and risk management measures for operation business and sustainability related issues through meetings, in order to ensure contents and reports, execution obstacles and performance results, effective supervision progress and resource investments. Moreover, the Board also authorizes the Sustainable Development Committee, Sustainable Development Department to be separately responsible for issues related to operational business and sustainable development, drafting and promoting initiative strategies and risk management measures, confirming short-, medium-, and long-term plans and manages performance results. And the Sustainable Development Committee and Sustainable Development Department would report to the Board routinely or unplanned, listing related resolutions in meeting minutes and subsequent supervision progress.

Sustainable Development Committee and top executives of various units would discuss the material topics for each year's sustainability report and examines and reviews the report's content. And to achieve the comprehensiveness and accuracy of the sustainability report, an independent third-party verification institution is also authorized to perform verification of the report's content. Throughout the process, the Board and senior management either participate or appoint colleagues for the completion in a supportive and active attitude. Lastly, the sustainability report is presented to be viewed by the Board members before public issuance.



2.4 Senior Management

Senior management team at Sigurd parent company and its subsidiaries all possess professional backgrounds. Executives in all departments have more than twenty years of working experiences in terms of related industrial experiences, with an average of more than ten years of experience. Their ample experiences are shown in various aspects, including industry's environmental changes, product development trends, production and manufacturing, and marketing and sales, which are beneficial to enhancement of overall competitiveness and the Company's sustainability management. Team members follow the Company's various internal operation guidelines to serve as the responsible units for business and supervision while they routinely report to the Board members.

For more details on the composition of the senior management team, please refer to the Company's 2023 Annual Report.

2.5 Operational

Sigurd's management is conservative, persistent, and stable, and it is dedicated to niche type packaging and testing developments. Through constructing a robust and comprehensive governance framework, Sigurd materializes identification and controlling of all types of risks, promotes integrity management and actively responds to various kinds of impacts, thereby ensuring the Company's continual operation, stably pursuing after growth in operational performance, meeting expectations of all stakeholders, as Sigurd identifies and responds to various impacts.

For further details of financial information, please refer to the Company's 2023 Annual Report.

(I) Retained economic value analysis

Represented by NT dollars (in thousands)

Item	2023	2022	2021
Direct economic value (A)			
Gross Profit	3,578,766	5,528,534	4,948,458
Non-operating net income	759,850	811,619	387,620
Economic value distributed (B)			
Operating expenses	430,282	437,813	276,785
Employee salaries and benefits	1,070,279	1,264,039	1,231,276
Payments to funders	263,342	211,842	165,205
Government transactions	436,199	912,510	626,564
Retained economic value (A)-(B)	2,138,514	3,513,949	3,036,248

(II) Overview of government financial subsidies

Represented by NT dollars

Item No.	Country/government	Types of subsidies	Total amount
1	Republic of China (Taiwan)	Tax deductions and credits	88,833,445
2	Republic of China (Taiwan)	Investment grants, R&D grants and other related types of grants	14,208,206

Note 1: Applications for tax exemptions and credits for the year 2023 are subject to the approval by the tax authorities.

Note 2: Applications for investment subsidies, research and development subsidies, and other related types of subsidies for the year 2023 are subject to the approval by the Industrial Development Administration of the Ministry of Economic Affairs.

2.6 Public Associations

Becoming official members of public associations, such as the SEMI, the Taiwan Electrical and Electronic Manufacturers' Association (TEEMA), the Hsin-Chu Industrial Society and The Institute of Internal Auditors-Chinese, Sigurd has been actively participating in their activities.





// 3.Climate Change //

Climate change is the Company's key sustainable development focus, as it dedicates resources and manpower in the reduction of energy consumption, as an effort to reduce greenhouse gas emission, thereby identifying climate change risks and responding to associated impacts.

Climate change has now become a global issue, especially that the drastic changes of Taiwan's laws and market have even become companies' irrevocable and systematic risks. Companies are facing material impacts in regard to the survival of environment, society, and humankind, as well as the continuation of companies, along with the challenges with respect to response strategies.

Being in the electronic components industry, Sigurd's business and products are bound to face the high level of greenhouse gas emission. As a result, Sigurd has been actively identifying, drafting and executing initiatives on ameliorating climate change, while striving to exhibit its influential power as a model enterprise to promote collaborations amongst value chains in order to respond to climate change risks and opportunities, continuing to enhance overall organizational resilience.

Accordingly, Sigurd follows Task Force on Climate-related Financial Disclosures (TCFD) to serve as the methodology for formulating the initiatives on ameliorating climate change. The Board of Directors and top executives are in charge of directing operational strategies, advancing measures in response to identified climate change risks and opportunities, and routinely tracking and supervising per set targets. At the same time, transparency of information related to disclosure of climate governance is enhanced to actively respond to and hope for exchanges with various industries, thereby promoting sustainability management.

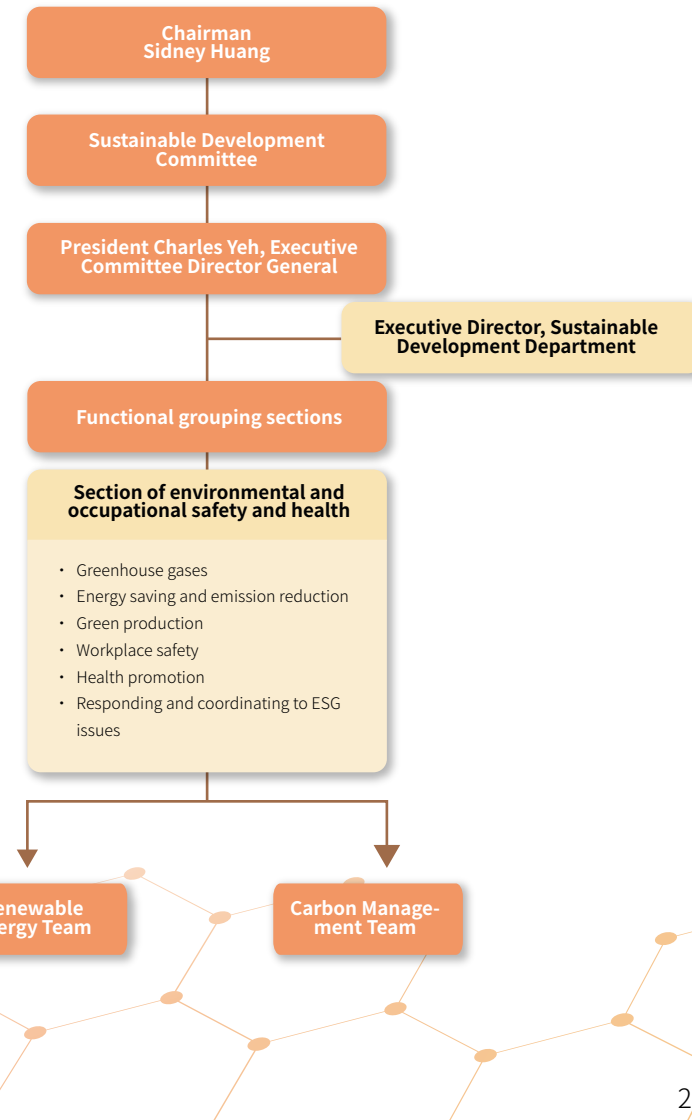


3.1 Sigurd's Climate Governance

3.1.1 Sigurd's Climate Governance Structure

Climate change has already become a material topic that impacts the Company's sustainable development. Seeking a prudent response to this governance structure, four levels are established to be responsible for various tasks. In top-down leadership direction and supervision of performance, and with bottom-up execution materialization and reporting back on progress and obstacles, continual improvements on management cycle are attained.

Organizations	Chairman/Convener	Frequency of Meetings	Role of Climate Governance
Board of Directors	Chairman	At least quarterly Additional meetings may be held according to actual needs	The highest decision-making unit of climate management, responsible for the ultimate responsibility of climate risk management.
Sustainable Development Committee	Executive Committee Director General	Occasional	The core unit to promote and implement the corporate sustainable management strategy, regularly track the effectiveness of climate risk programs and report to the Board of Directors
Sustainable Development Committee	None	According to actual needs	Assist in assigning colleagues to implement Task Force on Climate-Related Financial Disclosures (TCFD) activities, progressively promote scenario analysis and stress testing, compile information on climate risks and opportunities, and report to the Sustainable Development Committee on a regular basis.
Sustainable Development Committee	Section Chief	Occasional	Environmental protection, energy management and greenhouse gas emissions.





(I) Board of Directors

Board of Directors is the highest level of governing unit, which has listed climate change as one of the material risks and has even recognized it as a future business development opportunity. Climate change then has been further integrated into the Company's risk management mechanism, where the Board would routinely listen to reports on climate change initiative strategies and risk management measures, confirming the reports' contents, obstacles during execution, and performance results, so that the Board is able to effectively supervise the progress and invest with resources.

For example, with respect to greenhouse gas emission issue, the Board would listen to progress reports and performance results every quarter, exhibiting effective supervision, controlling, and management.

(II) Sustainable Development Committee

The Sustainable Development Committee incorporates the discussion of climate change issues and is convened from time to time by the Executive Committee Director General, with members covering the top executives of various departments, and is chaired and coordinated by the Sustainable Development Department.

Regarding climate and environmental trend issues and identification results from various units, the Sustainable Development Committee examines, drafts, and promotes the initiative strategies and risk management measures on climate change, confirming the short-, medium-, and long-term plans and managing performance results in order to facilitate subsequent reports to the Chairman and the Board of the Directors.

(III) Sustainable Development Department and "Section of Environmental and Occupational Safety and Health"

"Section of Environmental and Occupational Safety and Health" governed by the Sustainable Development Committee is responsible for the Company's environmental protection, energy management, and greenhouse gas emission. The Section routinely gathers climate and environmental trend issues from the government, customers, peers, and around the world. And through the Company's risk management mechanism and performance assessment mechanism, the Section examines the resulted climate change risks and opportunities as identified by various units, manages execution progress and obstacles of countermeasures, as well as the performance results.

The Sustainable Development Department holds meetings from time to time to summarize climate change issues, discuss and plan for the impact on the company's operations as a reference for climate change action strategies or decision-making, and submit the results of each unit's identification of climate change risks and opportunities for presentation to the Sustainable Development Committee.

3.2 Sigurd's Climate Strategies and Risk Management

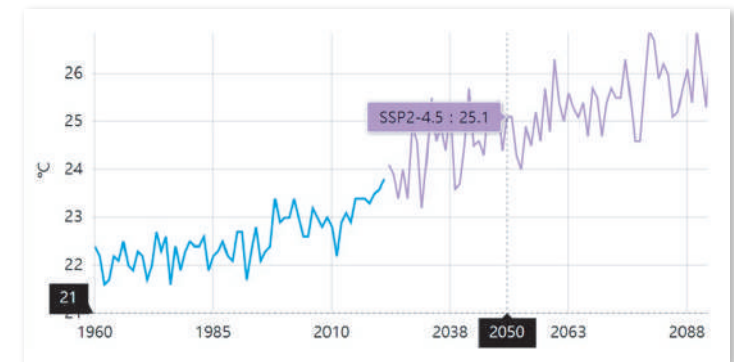
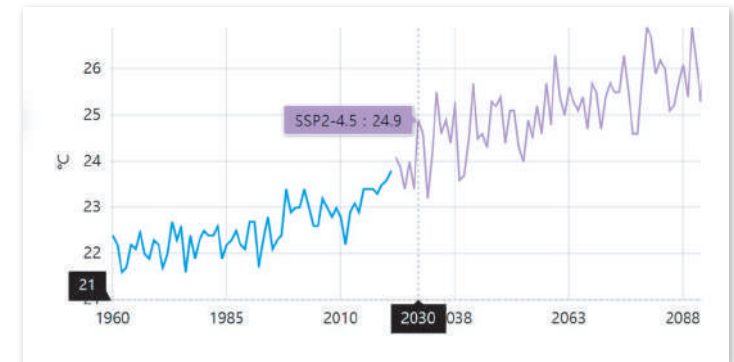
3.2.1 Sigurd's Climate Strategies

Climate Scenario Context

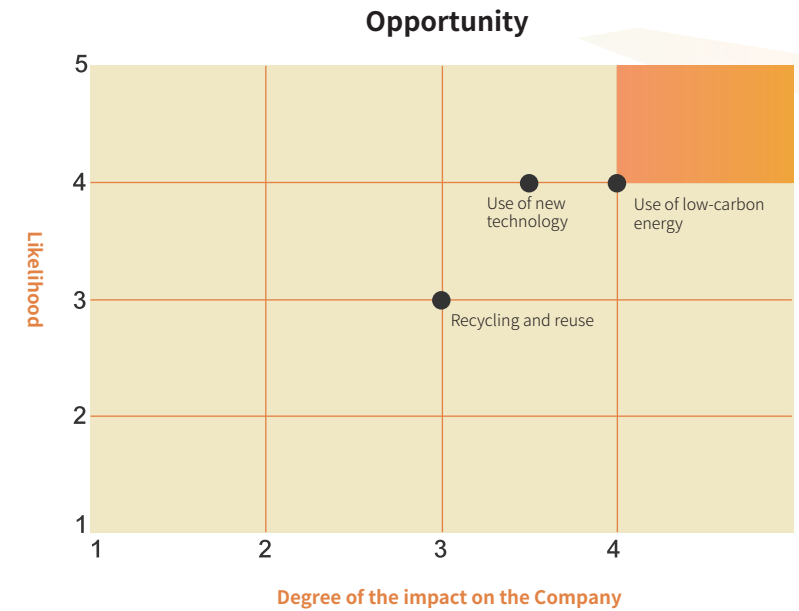
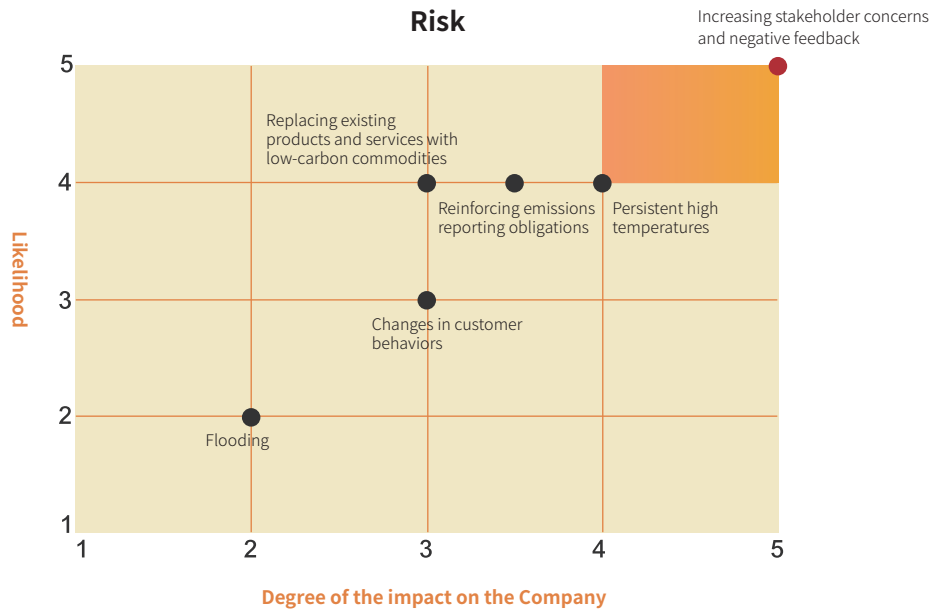
Recently, the international situation has shown that there is a gap in the degree and timing of the implementation of carbon reduction policies in various countries. Although global problems have been identified and solutions and consensus have been reached, the process has been extremely slow and the operation has not yet matured. In order to achieve the goal of zero net emissions by 2050, Taiwan has successively amended the "Climate Change Response Act" and the "Regulations Governing the Registration and Inspection of Greenhouse Gas Emissions Inventory" and other related laws and regulations, and has increasingly regulated the carbon reduction goal from the perspective of rules and regulations.

Therefore, the international community is promoting the response to climate change, greenhouse gas reduction, carbon fee, and green and low-carbon technology development, but is still limited to countries with large greenhouse gas emissions, focusing on resource allocation for climate change and greenhouse gas emissions, as well as the international carbon leakage issues, as the context to set the climate scenario.

We adopt the TaiESM1 climate calculation model to set the climate scenario based on the SSP 2-4.5 intermediate route scenario, with conditions that land use and aerosol pathways are less extreme than other SSPs, with a combination of moderate social vulnerability and moderate radiative forcing, with moderate GHG emissions, with CO2 emissions declining until the middle of the century, and with no chance of net zero emissions before 2100, and with a world warming of about 2°C by the end of the century, with projected temperature and rainfall trends averaging 24.9°C and 6.3 mm/day in 2030, and 25.1°C and 5.2 mm/day in 2050.



Reference: Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP)



Coupled with scenario analyses and discussions, Sigurd refers to TCFD and its respective industrial guidance for the identification of climate change risks and opportunities. In terms of materiality assessment of the finance and operation of climate change risks and opportunities, based on Sigurd's professional experiences and its industrial characteristics, along with the climate change issue analyses proposed by consultants and experts, as well as reference to the identification results in year 2022, Sigurd confirms the level of impact on the Company and the occurrence possibility, and identifies the risk issues of "increasing stakeholder concerns and negative feedback" and "persistent high temperatures" and the opportunity issue of "use of low-carbon energy". Respective countermeasures will be subsequently formulated.



Stress Testing on Financial Impact Results and Countermeasures

Based on the results of the climate-related risk identification, the Company will strategically focus on managing the transition risks that it faces now and in the future, and the assessment results are summarized in the table below.

Transition risks: Increasing stakeholder concerns and negative feedback		
Assessment of Materiality and Financial Impact	Apparent and Potential Risks	Strategies for addressing climate change
<p>The requirements of laws and regulations, or government, and the expectations of stakeholders (e.g. Customers) are anticipated to cause impacts on the Company's operations in the near future. If no contingency measures are taken, it is reasonably predicted that all or part of the Company's business will be reduced, choked, or even lost.</p>	<ul style="list-style-type: none"> ● Short- and medium-term risks: The actual inventory and verification of greenhouse gas emissions requirements will cause impacts on the overall control, reduction and supervision of the Company's greenhouse gas emissions, thereby affecting customer orders and investors' investment strength. ● Long-term risks: In view of Taiwan's Pathway to Net-Zero Emissions in 2050," and more and stronger energy saving and carbon reduction measures to be launched to answer the targets of significantly reducing greenhouse gas emissions internationally, the Company's stakeholders are bound to reduce the impacts on greenhouse gas emissions of their own entire organizations and of their own products to address the trends and legal requirements from home and abroad. Sigurd, as part of its customers' supply chain, will be further subject to more aggravated impacts. 	<p>Short- and medium-term strategies:</p> <ol style="list-style-type: none"> 1. Continuously engaging a third-party independent institute to conduct the greenhouse gas emissions verification in accordance with ISO14064-1, and comprehensively compile the Company's overall greenhouse gas emissions status 2. Allocating budget to persistently activate a replacement mechanism for high-energy-consuming equipment and operations 3. Planning for the acquisition and rate of renewable energy <p>Long-term strategies:</p> <p>Aiming to continuously increase the proportion of renewable energy in the hope that the target of net zero carbon emissions will be achieved in the future</p>





For physical risk, the main assessment of physical risk is based on the fact that the headquarters in Taiwan is the setting conditions. In several historical drought events, the reduced rainfall in the spring was the key factor. The reason for the drought in 2021 is the short rainy season and the absence of a typhoon onshore or approaching in the typhoon season of 2020 in Taiwan. The two most important rainy seasons for reservoirs in the western part of the island are both characterized by low rainfall, and it was hoped that spring rains in February to April each year would relieve the drought. However, due to factors such as the La Nina phenomenon, the Plum Rain front has developed in a more northerly direction, resulting in high temperatures and low rainfall in May, and the reservoirs' storage capacity has continued to drop, with no hope of replenishment.

Meanwhile, high temperatures have pushed up the demand for electricity, including renewable energy sources such as hydropower and solar power. Taiwan's high mountainous terrain is characterized by short, fast-flowing rivers with highly variable flow volumes, making it difficult to store water. In recent years, due to global climate change, the difference between the amount of water in the wet and dry seasons has widened, and droughts have led to a shortage of water supply, making hydroelectric power plants unable to generate enough electricity to meet the demand for backup power. Currently, nuclear power plants 1 and 2 have been decommissioned, and it is not yet clear whether nuclear power plant 3 will be extended. If nuclear power generation is completely phased out, droughts will have a significant impact on the stability and reliability of energy supply, with reference to the severe drought that hit Taiwan in 2021, which will indirectly cause inconvenience to Taiwan with zonal power rationing due to a prolonged period of drought.

Drought caused by extreme weather results in insufficient energy supply, which in turn leads to the operational disruption of business sites, and the average number of days of power outage per month is 4-5, with zonal power rationing or temporary blackout throughout the summer season of about 5-6 months.

■ The spring rains in 2021 are the lowest since official records have been kept.

■ Two power rationing events occurred in May 13 and May 17, 2021, respectively (the number of power rationing events by Taiwan Power Company in the past years).

Physical risks: Persistent high temperatures

Assessment of Materiality and Financial Impact	Apparent and Potential Risks	Strategies for addressing climate change
<p>The requirements of laws and regulations, or government, and the expectations of stakeholders (e.g. Customers) are anticipated to cause impacts on the Company's operations in the near future. If no contingency measures are taken, it is reasonably predicted that all or part of the Company's business will be reduced, choked, or even lost.</p>	<p>The climate model shows that the temperature fluctuation is relatively large. It is estimated that the carbon peak and the ecosystem are interconnected, in which the temperatures in summer and fall are still generally high, and the renewable energy is not yet ready in Taiwan to cause the lack of power, the possibility of power rationing will be raised, which will lead to the possible increased degree of impact on the business, strategy, and finances, but it is still within the controllable range.</p>	<p>Medium- and long-term risks</p> <ol style="list-style-type: none"> 1. Planning energy storage equipment or uninterruptible power facilities to address a lack of electricity consumption quota during power rationing 2. Allocating budget to persistently activate a replacement mechanism for high-energy-consuming equipment and operations 3. Planning the proportion of renewable energy to reduce or avoid the duration or extent of the production line suspensions caused by power rationing. 4. Regularly training employees on contingency mechanisms on severe disasters

In view of the results of the identification of climate-related opportunities, we will strategically devote resources to seize business opportunities and formulate countermeasures.

Climate opportunities: Use of low-carbon energy

Assessment of Materiality and Financial Impact	Apparent and Potential Risks	Strategies for addressing climate change
<p>The requirements of laws and regulations, or government, and the expectations of stakeholders (e.g. Customers) are anticipated to cause impacts on the Company's operations in the near future. If no contingency measures are taken, it is reasonably predicted that all or part of the Company's business will be reduced, choked, or even lost.</p>	<p>Government policies and statutes will actively force companies to use low-carbon energy, and Sigurd's customer will also launch their low-carbon products in the market to avoid their products being subject to carbon taxes, thereby further affects product pricing and market share. Accordingly, the supply chain will be required to adopt a low-carbon strategy.</p> <p>Medium- and long-term opportunities: Increasing the proportion of renewable energy and reducing greenhouse gas emissions could lead to more quota of carbon taxes collected by governments and higher electricity prices, which can help reduce costs and augment budget space for R&D or purchase of low-carbon equipment or technologies.</p> <p>Moreover, Sigurd's reduction of the overall greenhouse gas emissions of its products and manufacturing processes is even more helpful to respond to customers' low-carbon product strategies, and strive for more orders to shape the Company's market brand effect.</p>	<p>Sigurd's planning to purchase renewable energy credits with renewable energy power plants or local government agencies could increase the proportion of renewable energy company-wide.</p>



3.2.2 Sigurd' s Climate Risk Management

Climate change risk issues are applied with an independent identification, assessment, and management procedure, which is managed and controlled by the Company' s internal established risk management mechanism. The climate change risk materiality, management measures, obstacles, and performance results identified by various unit are organized and presented to the Sustainable Development Department and "Section of Environmental and Occupational Safety and Health" meetings. And subsequently, the discussed contents, formulated strategies, and risk management measures are presented and reported to the Sustainable Development Committee for examination, formulation, and promotion of climate change initiative strategies and risk management measures, as the Committee confirms short-, medium-, and long-term plans and manages performance assessment results. Lastly, serving as the highest governance unit, the Board of Directors supervises over the materialized contents and quarterly performance results of the climate change initiative strategies and risk management measures through risk management reports, audit reports, and performance assessment results, in order to ensure that material risk issues of climate change can be effectively managed and controlled.

For the material climate risk issues of "increasing stakeholder concerns and negative feedback" and "persistent high temperatures" as identified this reporting year, after the operational procedure from the previous item, and by integrating internal professional technology, resources, and manpower with practical experiences and market changes, along with trend analysis results from external experts, the Company' s business and operational impacts will be confirmed via a rolling method to adjust risk management measures of the material climate change risk issues in response to the risks. Assessments are then performed to determine the necessity to subsequently initiate risk handling or transfer, or for the risks to receive assessment operation.

3.3 Sigurd' s Climate Metrics and Targets

3.3.1 Sigurd' s Climate Metrics and Targets

1. In response to climate change derived transformation opportunities and brand strategies, Sigurd will augment its resources investments of renewable energies and energy-saving measures in the market, actively gather information on low-carbon raw materials, continue to research and develop low-carbon manufacturing process and technology, and ameliorating the impacts brought by climate change. At the same time, Sigurd begins to promote carbon footprints survey; while coordinating with introduction of tools, practical experiences and painstaking methodologies will continue to be accumulated.
2. Sigurd assesses scenario analysis results and value chain impacts, formulating the short-, medium-, and long-term plans and targets in response to climate change risks and opportunities. And through the overall countermeasures and risk management measures abovementioned, the Company' s metrics and targets established are attained. Rolling adjustment mechanism refers to that through routine performance assessments by the Sustainable Development Committee and functional grouping sections, climate change risks and opportunity items are included, climate change initiative strategies and risk management measures are examined, and short-, medium-, and long-term plans are optimized. Subsequently, performance results are presented and reported to the Board of Directors by the Committee and the sections as an act of supervision over the Company to thoroughly materialize the execution of climate change and sustainable development targets.
3. For details on greenhouse gas emission amounts in year 2023, please refer to Chapter 4 – Environmental Protection.



Climate Risks and Opportunity Metrics and Targets

Climate risks	Climate opportunities	Overall Target	2023		2024 (Short-term)	2025 (Medium-term)	2030 (Long-term)	Contingency measures
			Target	Performance				
Increasing stakeholder concerns and negative feedback/ Persistent high temperatures	Use of low-carbon energy	Greenhouse gas management in the plants	Decrease in carbon emissions by 5% compared to the base year (2021).	Decrease in carbon emissions by 7.73% compared to the base year (2021).	Decrease in carbon emissions by 8% compared to the base year (2021).	Decrease in carbon emissions by 8.8% compared to the base year (2021).	Decrease in carbon emissions by 25% compared to the base year (2021).	<ol style="list-style-type: none"> 1. Persistently perform greenhouse gas inventory and verification 2. Planning to purchase green power plan: Planning to sign green power purchase contracts, and to purchase carbon credits for those greenhouse gases that cannot be reduced 3. Fulfilling GHG reporting and control requirements, conducting regular GHG emissions inventory and verification, and further extend it to cover the product carbon footprint 4. Eliminating high-energy-consuming equipment
Increasing stakeholder concerns and negative feedback/Persistent high temperatures	Use of low-carbon energy	Use of renewable energy in the plants	Assessment of the use of renewable energy.		The total green power usage or carbon allowance occupied in the Company's total power consumption: 2%	The total green power usage or carbon allowance occupied in the Company's total power consumption: 5%	The total green power usage or carbon allowance occupied in the Company's total power consumption: 30%	

Note 1: For details on improvement methods, please refer to the Fourth Chapter – Environmental Protection.

Note 2: Due to the fluctuation of revenue in recent years, which is more volatile than the overall GHG emissions, and in response to the national goal of reducing direct emissions, the intensity of GHG emissions has been revised and the overall goal is to reduce carbon emissions.



// 4.Environmental Protection //

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Organizational Net Zero Carbon Emissions

Sigurd is committed to responding to domestic and international regulations and trends, and to evaluating customer markets and industry characteristics. We continuously conduct greenhouse gas (GHG) inventories, and from there develop energy conservation and carbon reduction strategies and action plans. We ensure that these plans are implemented on schedule, and we are working towards the goal of achieving organizational net zero emissions.

No.	Item	2023 Goal	2023 Performance
1	Energy intensity against the previous year	A reduction of 1%	An increase of 18.98%
2	Carbon emissions against the previous year (Scope 1 and Scope 2)(Note)	A reduction of 1%	A reduction of 5.32%
3	Number of penalties imposed by imposed by local government for violating environmental laws or regulations	0 case	0 case

Note: Due to the fluctuation of revenue in recent years, which is more volatile than the overall GHG emissions, and in response to the national goal of reducing direct emissions, the intensity of GHG emissions has been revised and the overall goal is to reduce carbon emissions.

"Energy Management" and "GHG Emissions" are taken as the major themes of environmental protection this year, which we will emphasize the current year's performance, the impacts of our business activities and the measures taken in response to these impacts, as well as our future plans. In addition, we will disclose information on our activities related to the management of water resources, wastes, and hazardous substances, and demonstrate our efforts to implement environmentally sustainable development.

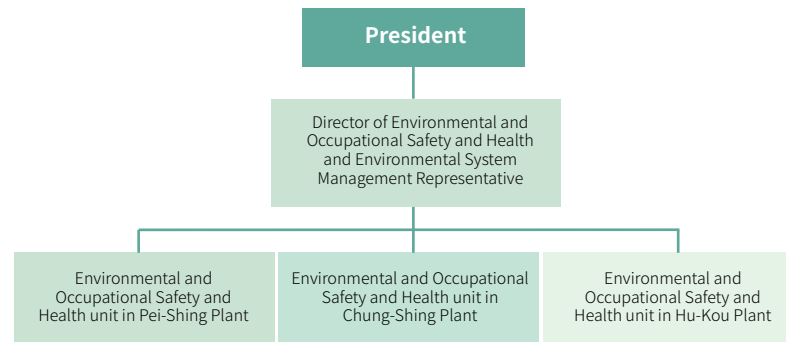




4.1 Environmental Protection Strategies

Persistently running the ISO 14001 environmental management system with the Plan-do-check-act (PDCA) cycle, a scientific methodology, Sigurd practices the yearly systematic inventory, risk assessment and review of its business activities, equipment, operating processes, services and product aspects to confirm the location, extent, time and activity trends of raw materials, processes, energy resources, waste, and resource recycling and reuse through data collection and analysis so that the Company's internal environmental protection statuses are effectively managed, deficiencies identified, and continuous adjustments made to achieve its sustainable development targets.

Sigurd's ISO 14001 Environmental Management System Organization Structure:



Sigurd materializes its environmental protection through the following strategies and action plans proposed in 2023:

● Environmental assessment:

The Company conducts its regular and nonscheduled internal environmental assessments, of which the regular assessment is conducted every 3 years to identify various environmental aspects, while the nonscheduled assessment is initiated when the Company develops or introduces new production processes, such as the introduction of new chemicals, machinery and equipment and the like. Preventive measures or risk management methods will be implemented depending on the assessment results.

● Collection of laws and regulations:

Sigurd collects information on the environmental protection laws and regulations applicable to the Company, including laws and regulations that have been legislated or amended from home and abroad—WEEE, RoHS, and REACH, etc., to ensure that the raw materials, manufacturing processes and products used comply with domestic and international environmental protection requirements. For those environmental protection laws and regulations once being newly added or amended, Sigurd will immediately draw up action plans to incorporate them into the Company's internal norms, with which to require that the Company as a whole and its supply chains shall comply.

● Compliance assessment:

An assessment is conducted every six months to assess whether the environmental impacts require any correction and prevention so that extent of impact is subject to effective control, and the Company is in compliance with regulatory requirements. Meanwhile, the assessment results are also disclosed on the Company's internal website for employees to review and confirm.

● Establishing management targets and action plans:

To materialize the management policy, Sigurd has formulated its own environmental management targets through the above-mentioned measures to supervise, urge and track the performance results. Where there are targets not achieved or action plans not materialized, improvements and adjustments will be made to facilitate the continuous improvement of the Company's environmental protection effectiveness.

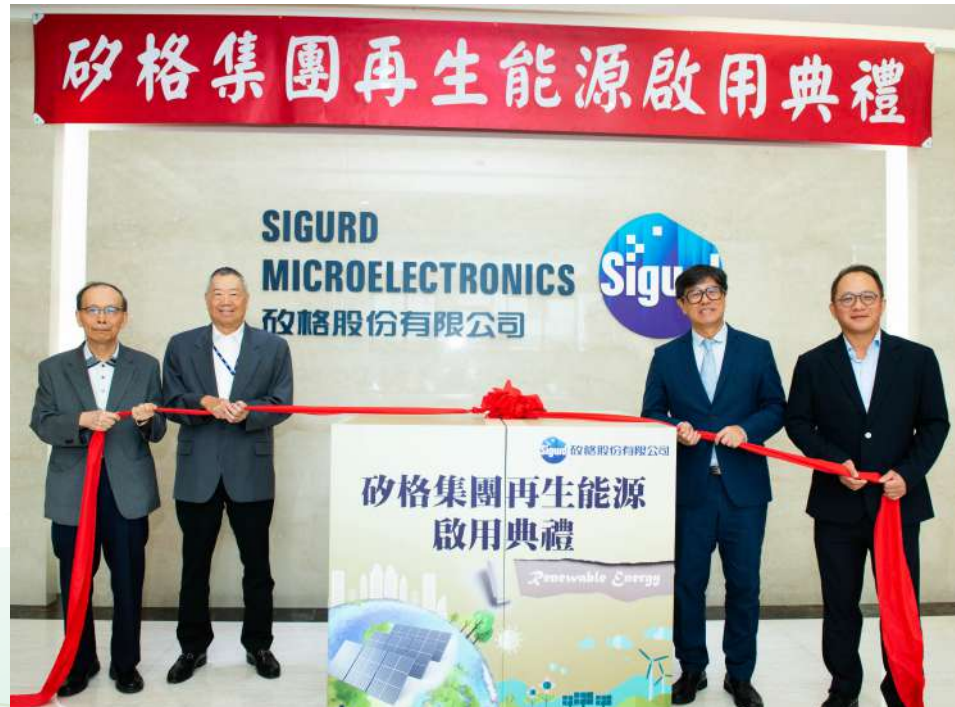
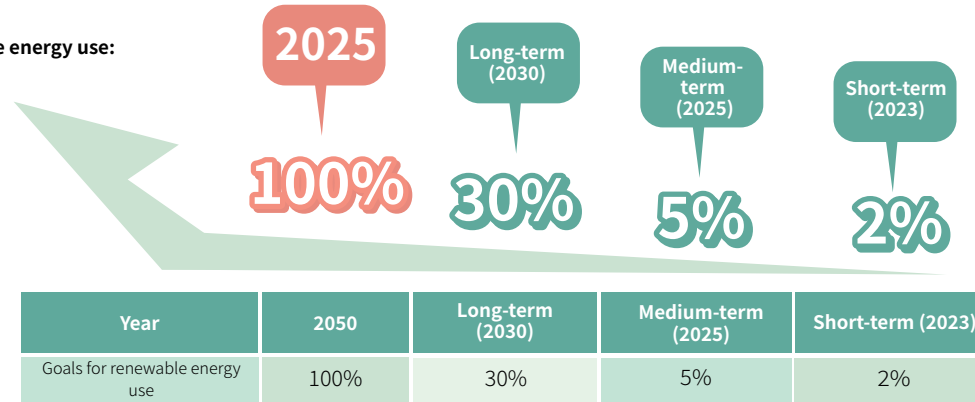
4.2 Energy Management

4.2.1 Energy Management Strategies

With reference to the ISO 50001(EnMS) Energy Management Systems, Sigurd conducts systematic inventory, risk assessment, and review to identify business activities, equipment, operational processes, services, and product structures, and to collect information on the location and extent of energy use, as well as trends in time and activities. Sigurd utilizes the P-D-C-A cycle to improve its management methodology and analyze the results of data analysis to make rolling adjustments to its energy management strategies.

With "Smart Factory" and "Energy Conservation and Renewable Energy" as its main strategies, Sigurd will optimize its management mechanism and efficiency. In July 2023, the Company entered into a Renewable Energy Purchase Agreement with a renewable energy company to provide Sigurd renewable energy in order to advance the Company's committed 2050 RE100 sustainability goals.

Goals for renewable energy use:



Signing Ceremony of Renewable Energy Purchase Agreement by Mr. Sidney Huang, Chairman of Sigurd Group



4.2.2 Energy management organization and

A dedicated "Renewable Energy Team" has been set up under the "Section of Environmental and Occupational Safety and Health" of the Sustainable Development Committee to be responsible for energy policy, energy efficiency, energy conservation measures, and renewable energy usage assessment, formulating action plans, establishing short-, medium-, and long-term plans, and promoting factory management measures. The team also meets with the Sustainable Development Department on a regular basis to review the progress of implementation, and to discuss the impacts and trends associated with the Company, as well as the performance results and goal achievement status.

The "Section of Environmental and Occupational Safety and Health" will regularly report to the Sustainable Development Committee on the progress of implementation, impacts and trends associated with the Company, performance results and goal achievement status. During the meetings, action strategies and risk management measures are reviewed, developed and proposed to confirm the progress of plan implementation and performance results. Ultimately, a summary of the meeting will be presented to the Chairman and the Board of Directors for their effective oversight of progress and resource allocation.

4.2.3 Energy Usage

Most of Sigurd's energy usage comes from the outsourced electricity used for activities, equipment, workflows, and processes in each of its plants, with a small amount of other energy sources used.

Analysis of Energy Usage over the Years				
Energy types	Unit	2023	2022	2021
Outsourced electricity	Megawatt hour (MWh)	149,910.00	157,514.00	157,414.40
Diesel	Liter	43,232.52	42,408.25	37,447.3
Gasoline	Liter	2,394.37	3,487.49	5,601.3
Renewable energy	Megawatt hour (MWh)	456.427	-	-
Energy consumption	Million joules	129,363,928.50	135,932,134.61	135,875,368.47
Energy intensity	Million joules/Million NT dollars in revenue	15,271.32	12,835.69	13,109.28

Note 1: Adopted from the equivalent "Heat Content of Energy Product" in the 2021 ENERGY STATISTICS HANDBOOK issued by the Energy Administration, Ministry of Economic Affairs, where the heating value of electricity: 860kcal/kWh, diesel: 8,400kcal/L, gasoline: 7,800kcal/L, and natural gas: 8,900kcal/L.

Note 2: Note 2: Energy intensity is calculated using operating income (million NT dollars in revenue) as the denominator.

Note 3: The data of outsourced electricity, diesel fuel and gasoline in 2021 were adjusted after the greenhouse gas inventory, among which the diesel fuel and gasoline were adjusted due to the diesel fuel used by trucks being miscounted as gasoline consumed at that time.

4.3 GHG Emissions

4.3.1 GHG Emissions Policy

Carbon reduction has become an important issue globally. Sigurd is well aware of the impact of GHGs on climate change and the environment. To fulfill our corporate responsibility for environmental protection, we are committed to greenhouse gas inventories to accurately grasp GHG emissions. Sigurd conducts greenhouse gas (GHG) inventories for its Taiwan plants (Pei-Shing, Chung-Shing, and Hu-Kou Plants) with reference to ISO 14064-1:2018 and the inventory guidelines of domestic and foreign organizations, and the base year is set as 2021. The inventory items include Scope 1 (direct emission sources), Scope 2 (energy indirect emission sources) and other indirect GHG emission sources (Scopes 3-6). By conducting external GHG verification every year, the Company obtains a better understanding of the actual GHG emission situation, and then uses the data from the inventory results to formulate improvement measures and adjust the overall net zero GHG emission strategy. We are committed to four points: 1. Continue to promote GHG reduction measures; 2. Actively evaluate and use renewable energy; 3. Comply with environmental regulations and international requirements; and 4. Respond to the net-zero emission target.

4.3.2 GHG Management Organization and Architecture

The "Section of Environmental and Occupational Safety and Health" under the Sustainable Development Committee coordinates environmental protection, greenhouse gas (GHG) inventories, and GHG emission control and reduction measures, and has set up the "Carbon Management Team" to formulate and promote various action plans, and to report to the Sustainable Development Committee and the Board of Directors on a regular basis on the situation of GHG inventories, energy conservation and carbon reduction, and on the performance results and the target achievement status.

4.3.3 GHG Inventory Status

In response to the "Sustainable Development Roadmap" promoted by the Financial Supervisory Commission, we continue to promote ISO 14064-1 GHG inventory activities on a yearly basis. In 2023, Sigurd's total greenhouse gas emissions (Scope 1 and Scope 2) were 74,345,546 metric tons of CO₂e. After analysis, it was found that Scope 1 accounted for 0.69% of the total greenhouse gas emissions, while Scope 2 accounted for 99.31% of the total greenhouse gas emissions, which were mainly due to the use of purchased electricity. Therefore, Sigurd is actively targeting energy-consuming equipment for energy conservation and carbon reduction management. Every year, Sigurd not only complies with the Energy Administration's 1% energy conservation, but also adjusts the controllable parameters of the equipment in the plants in order to enhance the efficiency of energy use, thus achieving the goal of reducing greenhouse gas emissions successfully. In 2024, Sigurd will introduce the platform to establish a yearly GHG emissions database and effectively manage the Company's overall GHG emissions. We will strengthen information management to provide important references for future planning of GHG reduction policies and rolling adjustments to action plans.



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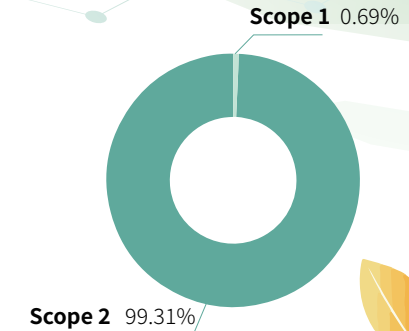


GHG Inventory Status:

- **Boundary:** Taiwan plants (Pei-Shing Plant, Chung-Shing Plant, and Hu-Kou Plant)
- **Base year:** 2021

Unit: tCO₂e

Analysis of Greenhouse Gas Emissions Over the Years			
Item	2023	2022	2021
Scope 1	515.4814	556.0863	452.5037
Scope 2	73,830.0651	77,969.4300	80,123.9296
Total	74,345.5465	78,525.5163	80,576.4333
Carbon Emission Reduction by % (compared to base year 2021)	7.73%	2.55%	-
Greenhouse Gas Emission Intensity (tCO ₂ e/ Million NT dollars in revenue)	8.7764	7.4149	7.7741



- Note 1: The electricity carbon emission factors are based on the Electricity Emission Factors of 0.502/0.495/0.494kgCO₂e/kWh respectively for 2021 to 2023 announced by the Energy Administration, Ministry of Economic Affairs.
- Note 2: The GHG emission factors are based on the "GHG Emission Factor Management Sheet (Version 6.0.4) issued by Ministry of Environment."
- Note 3: The adopted GWP values are from the IPCC 2021 sixth assessment report.
- Note 4: The GHG emissions intensity (tCO₂e/ Million NT dollars in revenue) is calculated to the fourth decimal place.
- Note 5: Since 2021, the Company has commissioned external verification/certification organizations to verify/certify GHG emissions, and has passed the verification/certification process. Among them, the greenhouse gas emissions for 2022 were adjusted on October 03, 2023, after the certification was obtained.

Unit: tCO₂e / year

Emissions of seven GHGs of Scope 1 in 2023								
Factory	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	Total annual emission equivalents of seven GHGs
Pei-Shing Plant	25.5061	71.3152	0.4095	69.4732	0.0000	0.0000	0.0000	166.7040
Chung-Shing Plant	23.8128	53.5401	0.3549	12.0393	0.0000	0.0000	0.0000	89.7471
Hu-Kou Plant	70.2369	135.6498	0.9828	52.1608	0.0000	0.0000	0.0000	259.0303
Total	119.5558	260.5051	1.7472	133.6733	0.0000	0.0000	0.0000	515.4814

In addition to regular annual GHG reductions within the organization's boundaries, Scope 3 and Scope 4 have been added from 2022 onwards in accordance with ISO 14064-1:2018. Among them, the significant emissions in 2023 include the commuting of employees in Scope 3 and the purchase of products and disposal of solid and liquid wastes in Scope 4, so as to identify the best feasible carbon reduction hotspots and actively engage in the reduction of greenhouse gas emissions.

Scope		Boundaries Calculations	Greenhouse Gas Emissions (tCO2e)
Scope 3	Commuting of employees	Commuting of employees includes transportation modes such as automobiles and motorcycles or public transportation.	988.8957
Scope 4	Purchase of products	Raw materials and consumables purchased in the plants.	15,367.4793
		Production related to purchased energy, excluding emissions from Scope 1 and Scope 2.	
	Disposal of solid and liquid wastes	Waste disposal and transportation	57.9000
Total			16,414.2750

4.4 Low Carbon Strategies and Action Plans

Sigurd is committed to achieving net-zero emissions by improving energy efficiency, implementing energy conservation measures, and evaluating the use of renewable energy. The Company also takes a variety of other GHG reduction measures to achieve its goal.

Sigurd continued to pursue its low-carbon strategies in 2023. With the Company's energy usage and GHG emissions being primarily from outsourced electricity, Sigurd will focus on equipment replacement and energy conservation awareness campaigns. These measures will help the Company to effectively respond to future carbon fees for GHGs and the risks of climate change.

1. Energy Conservation and Carbon Reduction Activities

1. Improving the efficiency of equipment and facilities through regular maintenance and repairs;
2. Establishing energy procurement requirements that prioritize the purchase of green products with GreenMark, Energy Conservation Label, Water Conservation Label, etc.;
3. Replacing traditional electronic lamps in parking lots with LED energy-saving lamps;
4. Raising the temperature of air conditioners in clean rooms from 22 to 23 degrees Celsius;
5. Implementing AI smart electricity control for offices and parking lot lighting energy control and saving; and
6. The Pei-Shing Plant, Chung-Shing Plant and Hu-Kou Plant will continue to build solar panels to expand the existing installation areas. At the same time, it is expected that NT\$8 million will be invested in energy-saving improvement activities for the Pei-Shing Plant, Chung-Shing Plant and Hu-Kou Plant in 2024 to reduce greenhouse gas emissions.

2. Process and equipment energy-saving projects in the Pei-Shing Plant

Pei-Shing Plant: In 2023, Pei-Shing Plant saved a total of 2,410,487 kWh of electricity, thereby reducing Scope 2 GHG emissions by 1,193.19 tCO₂e/year.

1. (Estimated) The humidification of the air-conditioning box on the 6th floor of Pei-Shing Plant 2 was modified to be supplied by a mixture of outdoor air supply and the electrical room air, which stabilizes the humidity of incoming air and reduces the electricity consumption of humidifiers, and reduces the GHG emissions by 179.63 tCO₂e/year.
2. (Estimated) The 4th floor of Pei-Shing Plant 2 cooperated with the IDLE area of the production line to reduce the power supply of air conditioning, lighting, and UPS, resulting in a reduction of 241.21tCO₂e/year in greenhouse gas emissions.
3. (Measured) Installation of variable-frequency drives for the 30HP primary ice water pump on the 5th floor of Pei-Shing Plant 2, with an investment of NT\$ 138,000, reduced motor power output and decreases greenhouse gas emissions by 61.93 tCO₂e/year.
4. (Estimated) Replacement of radar microwave sensor lamps in the parking lot lighting of B1~B3 at Pei-Shing Plant 2, with an investment of NT\$45,000, reduced greenhouse gas emissions by 6.42 tCO₂e/year.
5. (Estimated) The 2nd floor of Pei-Shing Plant 1 cooperated with the IDLE area of the clean room by closing the 20HP motor of AHU2-7 air-conditioning box, reducing the greenhouse gas emission by 32.08 tCO₂e/year.
6. (Estimated) The 4th floor of the Pei-Shing Plant 2 cooperated with the IDLE area of the clean room, adjusted the recycling air-conditioning box in the electrical room to reduce power consumption, and reduced the greenhouse gas emissions by 33.15tCO₂e/year.
7. (Estimated) The 4th floor of Pei-Shing Plant 2 cooperates with the IDLE area of the production line, and the inverter of Dry Coil Pump in the electrical room was lowered from 45Hz to 30Hz, reducing the electricity consumption of the air conditioning, and decreasing the greenhouse gas emissions by 14.64tCO₂e/year.
8. (Measured) In the 6th floor of Pei-Shing Plant 2, the inverter of the 40HP windmill motor of the external air-conditioning box was changed from 45Hz to 30Hz, reducing the power consumption of air-conditioning, lowering the motor power output, and decreasing the greenhouse gas emissions by 45.43 tCO₂e/year.
9. (Measured) In Pei-Shing Plant 2, two sets of 400KVA UPS were changed to ECO energy-saving Off-Line mode, which reduces the greenhouse gas emissions by 578.73 tCO₂e/year.





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4.Process and equipment energy-saving projects in the Hu-Kou Plant

Hu-Kou Plant: In 2023, Hu-Kou Plant saved a total of 831,693 kWh of electricity, thereby reducing Scope 2 GHG emissions by 411.68 tCO₂e /year.

1. (Measured) Hu-Kou Plant 1 replaced the failed blower motor inverter for the air handling unit on the third floor with a new AHU309 blower motor 10HP *1 inverter, costing NT\$50,000 and reducing GHG emissions by 10.45 tCO₂e/year;
2. (Estimated) In Hu-Kou Plant 1, the B1F air compressor mainframe reduced the output pressure of air compressor to save electricity, costing NT\$200,000 and reducing GHG emissions by 78.41 tCO₂e/year.
3. (Estimated) In Hu-Kou Plant 1, B1F ice water mainframe load is adjusted to save power, costing NT\$200,000 and reducing GHG emissions by 107.83 tCO₂e/year.
4. (Estimated) Hu-Kou Plant 1 replaced mercury lamps with LED energy-saving lamps in B1F basement parking lot, costing NT\$100,000 and reducing GHG emissions by 6.35 tCO₂e/year.
5. (Estimated) Hu-Kou Plant 2 replaced the heat dissipation materials of four LRC-N-600-C4 x4 cooling towers on RF-7F with new ones, investing NT\$2 million and reducing GHG emissions by 92.13 tCO₂e/year;
6. (Measured) Hu-Kou Plant 2 added inverter control to one 75HP chilled water pump of PCW#4 chiller at the RF-PCW electrical room, investing NT\$500,000 and reducing GHG emissions by 21.38 tCO₂e/year;
7. (Measured) Hu-Kou Plant 2 added inverter control to 5 sets of 5HP blower motors of the exhaust fans at the BI area on the third floor, investing NT\$40,000 and reducing GHG emissions by 26.13 tCO₂e/year;
8. (Measured) Hu-Kou Plant 2 carried out 4F electrical room UPS 800KVA (400KVA+400KAV parallel operation) ECO energy-saving operation, costing NT\$150,000 and reducing GHG emissions by 10.37 tCO₂e/year.
9. (Estimated) Hu-Kou Plant 2 added one set of RF Liangchi cooling tower LRC-N-600RT #05, costing NT\$1,500,000 and reducing GHG emissions by 50.25 tCO₂e/year.
10. (Estimated) Hu-Kou Plant 2 added one set of RF Liangchi cooling tower LRC-N-600RT #06, costing NT\$1,500,000 and reducing GHG emissions by 8.38 tCO₂e/year.

5.Employee Awareness and Lifestyle Response Plan

1. Encouraging employees to reduce the use of elevators wherever it is reasonable to do so;
2. Reminding employees to keep doors and windows closed in air-conditioned areas;
3. Promoting the practice of turning off unnecessary lighting;
4. Promoting the practice of manually turning off the power of electrical equipment during off-duty hours, weekly breaks, and consecutive holidays to reduce standby power consumption., such as rice cookers, water heaters, computers, printers, and office equipment;
5. Holding regular communication sessions with all employees to raise awareness of energy conservation; and
6. Using activities, emails, or other channels to promote energy conservation and environmental protection to employees on a regular basis.

6.Continuous Improvement Mechanism

1. Regularly reviewing the utilization of contracted capacity annually to ensure the implementation and effectiveness of low-carbon strategies and action plans; and
2. Actively searching and evaluating improvement measures and opportunities for energy conservation and carbon reduction.

Effectiveness of Energy Saving Projects in Reducing Energy Consumption

Plant/Item	Number of kWh (in thousands) of electricity saved	Reduction of energy consumption (in millions of joules)
Pei-Shing Plant	2,410.49	8,677,349.602
Chung-Shing Plant	822.624	2,961,308.665
Hu-Kou Plant	831.693	2,993,955.546
Total	4,064.804	14,632,613.81

Note 1: Formula for calculating reduction of energy consumption: (number of kWh (in thousands) of electricity saved *860 kcal calories/kWh*1000*1000)/0.2389/1,000,000 (megajoules)

Note 2: All data are rounded to the second decimal place.





4.5 Other Environmental Protection Measures

4.5.1 Water resource management

Subject to the Company's industry characteristics that rely on stable water supply resources, Sigurd considers water supply resources as the key to its continuous operations. Currently, the water supply resources of the Pei-Shing Plant, Chung-Shing Plant and Hu-Kou Plant come from tap water and groundwater, of which their waters are in the Touqian River Basin (Pao-Shan Reservoir) and the Shihmen Dam. In particular, the Pei-Shing Plant, located in a water resource protection and water-sensitive zone, has not yet caused any impact on the local waters.

Subject to climate change in recent years that has been affecting rainfall and water availability, and thereby resulting in corresponding water resource management risks, the areas where the Company is currently located actually did not suffer from any economic loss or disaster due to water issues in 2023. However, to effectively manage the use of water resources and reduce the impacts on the ecological environment, Sigurd will continue to strengthen its water resource management measures and monitor and respond to them in a timely manner to ensure the Company's continuous operations, where the preceding measures adopted are listed in the following:

1. Recycling and reuse: Recycling the air-conditioning condensate to the cooling tower for replenishment purpose.
2. Regularly calibrating the water meters to ensure the correctness of water consumption data, collecting and analyzing the overall water consumption status.
3. Replacing outdated water usage equipment with water efficiency equipment marked with water efficiency labels.
4. Promoting the correct concept of water usage and posting water conservation slogans near water usage equipment to cultivate water conservation habits.
5. Reducing water consumption: e.g. cooling towers A. Increase the discharge water conductivity control value with dosing management to maintain cooling efficiency; B. Regularly remove the dirt of the heat sink plate, and remove the algal sludge from the water reservoir.

Plant	Water supply	Effluent destination
Pei-Shing Plant	Touqian River Basin	Longen Weir water collection plant
Chung-Shing Plant	Pao-Shan Reservoir	Touqian River
Hu-Kou Plant	Touqian River/Shihmen Dam	Sewer-connected Center, Hsinchu Industrial Park

Unit: million liters

Water Consumption Over the Years			
Type of water in use	2023	2022	2021
Tap water	293.15	300.36	327.06
Groundwater	41.55	48.06	62.40
Total water consumption	334.71	348.42	389.46
Total effluent amount	111.75	120.70	149.14
Total amount of recycled water	4.77	4.68	4.00
Water saving rate	1.43%	1.34%	1.03%
Intensity of water usage (Tons/Million NT dollars in revenue)	39.51	32.90	37.58
Carbon emissions (kgCO ₂ e)	45,732	46,856	52,657

Note 1: For tap water bill, CO₂e equivalent emissions per ton of water consumption = 0.156 kgCO₂e/tonne, and 0.161 kgCO₂e/tonne in 2021.

Note 2: All data are rounded to the second decimal place.

Note 3: The formula for calculating the water-saving rate of water consumption: the total amount of recycled water /the total amount of water consumption

Note 4: Legal water rights exist for all groundwater.

Note 5: The difference between the total water consumption and the total amount of effluent and recycled water in the three plants includes drinking water, domestic water for employees, and air-conditioning equipment operation and dissipation.

In 2023, with the implementation of the Water Utilization Management and Water Conservation Program, about 4.77 million liters of water were saved, and the total water consumption was reduced by about 3.93%.

Unit: Million liters

Analysis of Total Water Consumption from 2021 to 2023			
Year	2023	2022	2021
Total Water Consumption	334.71	348.42	389.46
Annual decrease rate in water consumption	3.93%	10.54%	3.58%



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4.5.2 Wastewater Management

Considering the significance of corporate and social responsibility, environmental protection, and earth sustainability, Sigurd has a dedicated unit responsible for wastewater generated from manufacturing processes or domestic use, and formulates the "Wastewater Management Procedure" and "Instructions for Wastewater Operation," according to which all wastewater is practically treated in wastewater treatment facilities subject to regular maintenance; the effluent, having been treated by the effluent treatment facilities and been confirmed as in compliance with the effluent water standards, is discharged to the industrial wastewater treatment station of the Touqian River/Water Collection Plant for uniform treatment, while the remaining sludge is removed and disposed of by qualified waste service providers. Up to now, Sigurd's effluent has been treated and discharged at designated locations in accordance with the regulations, without any significant impact on local areas of water usage.

The wastewater treatment adopted is through biological, physical, chemical, and recycling treatment methods, meeting the local legal regulations and standards. Besides, the quality of wastewater discharged is tested every six months, the test results of which are qualified to meet the discharge standards set by the competent authorities.

Actively reviewing and improving the effluent pollution prevention system at the Company's plant areas to address the issues of complying with the environmental laws and regulations on effluent discharge standards, and to prevent the impacts of even stricter environmental statutes and standards in the future, Sigurd will continue to invest in improving the efficiency of its effluent treatment facilities and developing internal effluent discharge control standards that are better than those required by statutes to reduce the impact of environmental pollution.

For recycled water planning, the Chung-Shing Plant is planning a recycled water system to treat cut wastewater, which is estimated to save NT\$ 1.0505 million in tap water expenses and NT\$ 1.5203 million in wastewater treatment costs per year, with an amortized payback period of 3.8 years, and it is expected that the contract will be awarded in 2024 and completed in 2025.

Unit: in tons

Effluent Discharge Over the Years				
Plant	Effluent destination	2023	2022	2021
Hu-Kou Plant	Sewer-connected Center, Hsinchu Industrial Park	44.20	46.46	49.21
Chung-Shing Plant		67.55	74.24	99.93
Pei-Shing Plant	Touqian River	N/A	N/A	N/A
		111.75	120.70	149.14
	Longen Weir water collection plant	13.19	11.40	14.39
Total				
Total effluent discharge intensity (tons/Million NT dollars in revenue)				

Note 1: All data are rounded to the second decimal place.

Note 2: The effluent discharge from the Chung-Shing Plant is general domestic sewage and non-contact condensate, so there is no need to set up a flow meter, and therefore there is no relevant data.

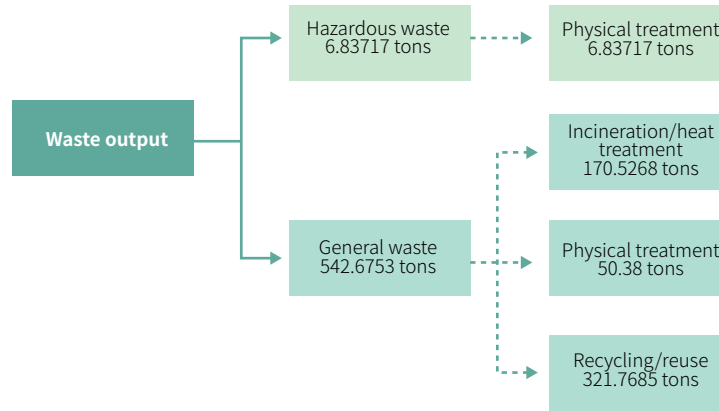
4.5.3 Waste management

The waste generated by Sigurd's operations is divided into general waste and hazardous waste. The plant has established "Waste Management Procedures" for waste management, which systematically manages and tracks the flow of waste removal and treatment, and conducts on-site (written) audits of waste removal, treatment, and reuse vendors every year.

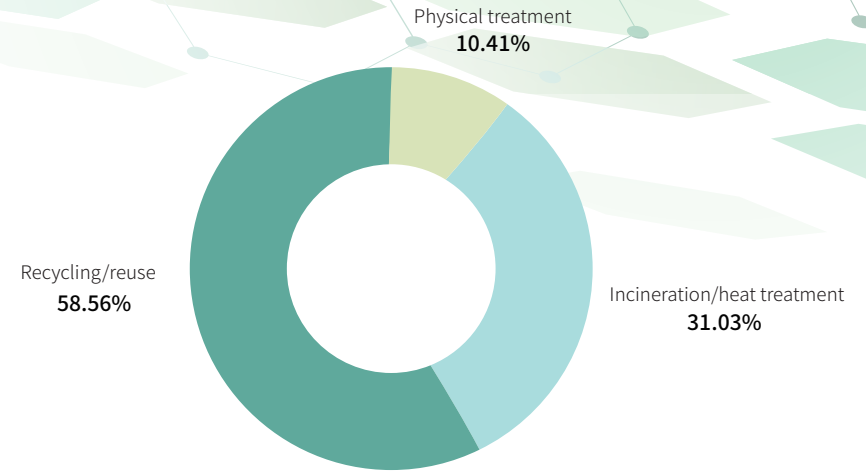
Key achievements:

In 2023, 17 vendors were audited, and the implementation rate reached 100%. The main audit item was to keep tracking the penalties imposed by the authorities on the vendors in the past 5 years, and there were 20 cases in total. 100% of the vendors had completed the improvement of the penalties imposed by the authorities by the end of 2023.

In 2023, Sigurd produced 542.68 metric tons of general waste and 6.837 metric tons of hazardous waste, with a recycling/reuse rate of 58.56%. Sigurd will more actively work toward the target of 62% by 2024.



(Figure) Sigurd Waste Production and Treatment Methods in 2023



(Figure) Percentage of Waste Disposal in 2023

Sigurd continues to focus on environmental issues. In order to minimize the impact of incineration on the environment, Sigurd has been actively looking for alternative treatment methods and implementing in-plant classification at the source, reviewing the general waste statistics for 2023 and comparing the percentage of implementation of each type of treatment in 2022. This year, the incineration treatment ratio decreased to 65.01%, while the physical treatment ratio increased to 19.21%. As for the recycling treatment, based on the promotion of making SRF fuel from the waste generated by the recyclable production line since 2021, the ratio of recycling was greatly increased to 15.78%.

Unit: in Tons

Type	Treatment Method	2023	2022	2021
General Business Waste	Incineration/heat treatment	170.5268	250.492	252.84
	Physical treatment	50.38	13.05	44.47
	Reuse	41.4	27.99	24.50
	Recycling	280.3685	363.313	481.452
Hazardous Business Waste	Physical treatment	6.83717	13.01811	6.461505

Note 1: General business waste recycling types include waste wood and waste plastics.

Note 2: General business waste reuse types include recyclables such as waste paper, scrap iron, and PET bottles.

Special Report Waste Reduction and Waste Recycling & Reuse

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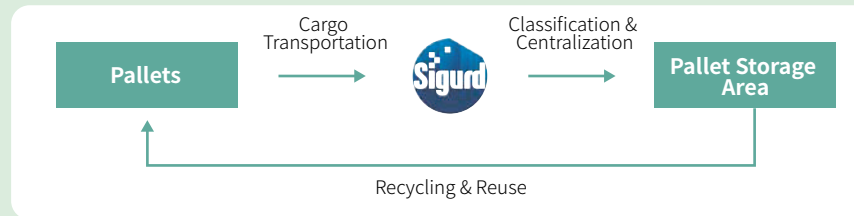
Packaging Material Recycling & Reuse

Sigurd actively supports the circular economy and promotes the concept of reuse and recycling in its plants. Since wafer and IC products require the use of wafer cassettes and cardboard boxes during the packaging and transportation process, Sigurd is proactively cooperating with both upstream and downstream companies to implement the recycling of packaging materials in order to minimize the generation of wastes and reduce the environmental impacts.

Implementing Waste Recycling

•Pallet reuse

Sigurd has been promoting waste reduction projects year by year. Since 2020, Sigurd has been reviewing the reusability of pallets for cargo transportation, and has centralized the storage of pallets to provide them to the inbound and outbound areas of the plants as well as to suppliers, so as to increase the chances of reuse and reduce the generation of waste and the amount of purchased materials.

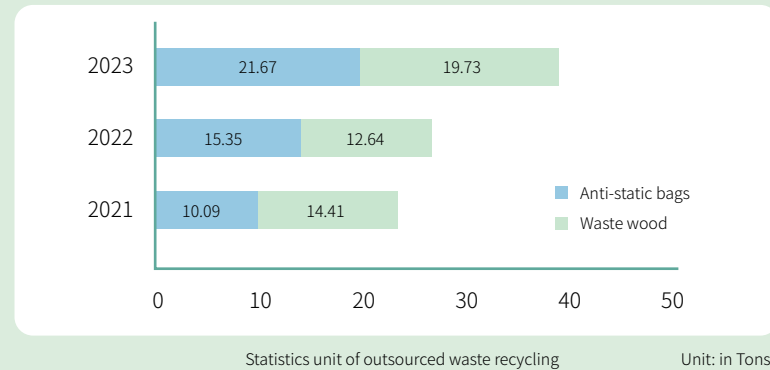
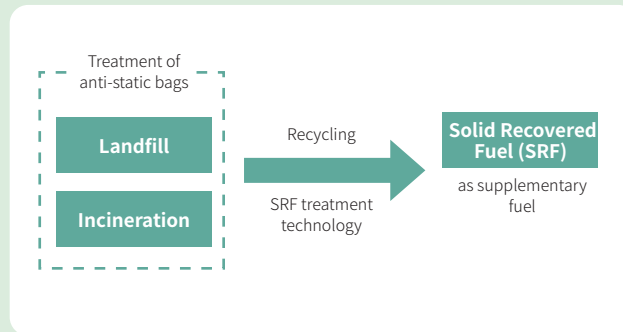


•Recycling of Waste Packaging Materials

Waste materials generated from production lines in the plant are mainly packaging materials, most of which are plastics, with a higher proportion of antistatic bags. Therefore, the Company promotes a project to gather ideas and evaluate how to reuse antistatic bags that can no longer be used.

In the past, antistatic bags were disposed of in landfills or incinerated, but the Company later began to commission legal treatment companies to shred antistatic bags into solid recovered fuel (SRF), which can be supplied to energy-efficient boilers and combustion facilities, reducing greenhouse gas emissions.

The recycling rate reached 15.78% in 2023. In the future, we will continue to deepen our cooperation with recycling companies to increase the recycling rate and reach the target of 25% by 2024.



// 5. Recruitment of Diversity //

Management Approach

Respect of Human Rights, Recruitment of Diversity, Industry-Academia Win-Win, and Meritocracy ("Human Rights Policy", "Talent Cultivation and Retention", "Compensation and Employee Care"): Sigurd complies with domestic and foreign laws and regulations, implements human rights protection, establishes a healthy and friendly workplace environment with a non-discriminatory and respectful attitude toward employees. Sigurd is committed to diversity and integration, employee growth, and the establishment of a good salary and benefit system, and adheres to the concept of profit-sharing with employees to attract outstanding talent, motivate and retain existing employees, so that employees can feel assured of their ability and performance, and grow and develop together with the Company.

No.	Item	Year 2022		Year 2023	
		Goal	Performance	Goal	Performance
1	Closure rate of employees' complaints related to human rights	100%	-	100%	-
2	Number of penalties imposed by local government for violating labor statutes or agreements	0	0	0	0
3	Number of diversified recruits	10位	10位	10位	10位

Note 1: This report follows the logic of annual report disclosure. In the past two years, there was no significant incident in which the local government imposed a fine of more than NT\$1 million related to any labor law or agreement, whether monetary or non-monetary.
 Note 2: During the reporting period, there were no complaints related to employee rights.

Through multiple recruitment channels, Sigurd has developed strategies and participated in various government diversified employment programs, including the Employment Incentive Program, Stable Employment Program, and Workplace Learning and Readjustment Program, in order to achieve the goal of diversified employment in 2023. In 2023, Sigurd has achieved the diversified employment target of 10 employees, categorized into 7 middle-aged and elderly, 2 physically challenged, and 1 foreign spouse.



Employment Service Center
Specialist Counseling in plants



Job Fair by Overseas Community
Affairs Council



Job Fair in Zhongli District

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Time	Organized by	Theme	Contents
2023/01	Ministry of Labor	Pre-employment Press Conference for College Programs	Sharing the results of industry-academia cooperation
2023/03	Ministry of Education	University Application v.s. 2030 Industry Talent Demand	Sharing the future talent needs of enterprises and how they can down-root their industry-academia cooperation with universities.
2023/04	Ministry of Economic Affairs, Ministry of Education, Ministry of Labor	Participation in Semiconductor Industry Talent Cultivation Exchanges	Explaining how government resources can be utilized by enterprises to jointly address the issue of industrial talents.
2023/05	National United University	Forum on Talent & Talent Scout	Providing teachers and students with knowledge enhancement and sharing on industry-academia trends and related issues.
2023/07	Ministry of Labor	Consultation Meeting on Regional Labor Force Development in Taoyuan-Hsinchu-Miaoli Region	Providing suggestions for policy refinement at the Consultation Meeting on Regional Labor Force Development in Taoyuan-Hsinchu-Miaoli Region.
2023/07	Ministry of Labor	Preliminary Review Meeting of National Talent Development Award	Serving as a member of the preliminary review meeting for the National Talent Development Award.
2023/11	Ministry of Education/Ministry of Labor/Chien Hsin University of Science and Technology	Information and Communication Technology Industry Talent Cultivation Seminar	Conducting exchanges of training courses for talent cultivation under the Industry-Academia Collaboration Program, and promoting the use of government resources by enterprises to jointly address the issue of industrial talents.
2023/12	Taoyuan-Hsinchu-Miaoli Regional Branch, Workforce Development Agency, Ministry of Labor	Industry expert - Introduction of semiconductor talents and the current situation of the semiconductor industry	Collaborative teaching: Understanding the characteristics of the semiconductor industry, the working environment, the qualities required to work in the industry, and the development of the industry.



Pre-employment Press Conference for College Programs



University Application v.s. 2030 Industry Talent Demand



Participation in Semiconductor Industry Talent Cultivation Exchanges



Forum on Talent & Talent Scout



Industry expert - Introduction of semiconductor talents and the current situation of the semiconductor industry

5.1 Human Rights and Labor Relations

Valuing and supporting human rights protection considerably, Sigurd internally requires compliance with local statutes and the Responsible Business Alliance (RBA) Code of Conduct so as to maintain employee dignity, enhance labor rights, and strives to promote human rights policies, on which a framework for business development, formulation and implementation of rules and regulations is thereby established.

As of December 31, 2023, Sigurd assures the public that it never engages in child labor, gender discrimination, forced labor, prevents or hinders employees' freedom of association, and has not yet received any complaints related to human rights.

Human Rights and Labor Rights Strategy

Committed to protecting human rights, upholds the principle of equal opportunity for all employees, Sigurd, in all matters relating to recruitment, employment, compensation, benefits, rewards, job assignment, training opportunities, promotion, demotion, dismissal, or retirement. The Company does not engage in or support discrimination based on race, ethnicity, color, height, weight, vision, place of birth, military status, nationality, ethnicity, social origin, social class, ancestry, religion, sex, sexual orientation, family responsibilities, marital status, union membership, any status protected by national law, political affiliation, age, pregnancy (childbirth), physical disability, medical condition, medical examination results, physical illness, or other undue discrimination as perceived by public order and morality.

In recruitment, Sigurd adheres to the Labor Standards Act, keeps track of the true age of job applicants, and never uses child labor in any of its manufacturing processes.

No forced labor of any kind is permitted, including but not limited to bonded (including indentured) or contract labor, involuntary or exploitative prison labor, slavery, or human trafficking. This includes the use of intimidation, coercion, threats, kidnapping, or fraud to transport, harbor, recruit, deploy, or receive persons for labor or services.



Human Rights Policy and Materialization Measures		
Policy aspect	Description of materialization measures	2023 Performance
No use of child labor or forced labor	It is expressly stipulated within the Company that employees under the age of 16 shall not be appointed.	No violation occurred
No discrimination	Recruitment and promotion is not subject to discrimination based on race, ethnicity, color, height, weight, vision, place of birth, military status, nationality, ethnicity, social origin, social class, ancestry, religion, sex, sexual orientation, family responsibilities, marital status, union membership, any status protected by national law, political affiliation, age, pregnancy (childbirth), physical disability, medical condition, medical examination results, physical illness, or other undue discrimination as perceived by public order and morality.	No discrimination complaint occurred
Gender-friendly workplace	Measured of sexual harassment prevention and related policies are formulated	No complaints of workplace harassment, bullying, or abuse occurred
Recruitment of diversity	<ol style="list-style-type: none"> 1. Recruiting diverse talents through long-term cooperation with government units, such as employment service centers/vocational training centers of the Ministry of Labor, the Council of Indigenous Peoples, county and city governments, the Ministry of Economic Affairs, and the Veterans Affairs Council, etc. 2. Participating in a workplace training experience program for indigenous youths graduating from colleges and universities / Conducting various visits for middle-aged and indigenous job seekers 3. Participating in various middle-aged and indigenous ethnic recruitment activities. 4. Long-term participation in various government employment promotion programs: Job Shortage Incentive, Workplace Learning and Readjustment Program, Employment Incentive Program, Youth Employment Navigation Program, Secure Employment Program and the like. 5. Targeting specific groups by inviting government's enterprise counseling teams to visit the site to conduct redesign of middle-aged duties and redesign of physically handicapped duties, so as to improve the working environment for middle-aged and physically handicapped employees and assist them in securing employment. 	Responding with active participation
Overseas recruitment	<ol style="list-style-type: none"> 1. Sticking to the Responsible Business Alliance (RBA) Code of Conduct: All expenses incurred by admitted foreign migrant workers due to hiring or employment, statutory fees, and airfare fees shall be fully paid by Sigurd. 2. Non-discrimination: Job seekers through overseas recruitment are not subject to discrimination based on race, ethnicity, color, height, weight, vision, place of birth, military status, nationality, ethnicity, social origin, social class, ancestry, religion, sex, sexual orientation, family responsibilities, marital status, union membership, any status protected by national law, political affiliation, age, pregnancy (childbirth), physical disability, medical condition, medical examination results, physical illness, or other undue discrimination as perceived by public order and morality. 3. Audits: Annual audits against domestic human resources agencies are regularly performed, and where overseas recruitments during the year are in need, on-site or online audits against overseas human resources agencies are conducted as well, to ensure that the recruitment process of imported migrant workers is legal and that their human rights are protected. 	No discrimination complaint occurred
Education and training	The Company has been offering training courses on human rights and labor rights advocacy since 2017, such as orientation for new recruits, annual human rights policy training, and other human rights-related courses for all employees, together with occasional internal advocacy operations.	Training completion rate in 2023 is 100%

Committed to protecting the employment rights and interests of all employees, the Company enters into standard employment contracts with all its employees to ensure their rights are protected. In addition, based on labor laws and regulations, and the regulations of Responsible Business Alliance (RBA), Sigurd has established policies to serve as the Company's highest guiding principles and has publicized them to all employees. These policies are evaluated and adjusted at quarterly labor-management meetings, thereby promoting human rights protection and the safeguarding of labor rights and interests to fulfill Sigurd's corporate social responsibility. In 2023, the Company has obtained RBA Zero Defects and received Platinum Recognition.



5.2 Remuneration Policy and System

The remuneration for senior management, such as president and vice presidents, consists of a fixed remuneration formed by salary and food allowance, supplemented by a floating remuneration formed by bonus and employees' compensation, awarded depending on the Company's annual operating performance, and according to the usual level of the industry, their education (experience), positions and duties, performances. Statuses of reward and punishment, and their relevance to the Company's operating performance and risks, ultimately followed by the submittal of the Remuneration Committee to the Board for review and approval.

Sigurd completely complies with Taiwan's labor laws and regulations in terms of the employees' starting pay, method for deciding pay grade, bonuses and employee remuneration. For salary evaluation and bonus payment, the employees are evaluated primarily on the basis of their education, work experience, professional skills, job responsibilities, and future growth and performance, without any differentiation or discrimination based on race, class, language, religion, politics, nationality, gender, age, marriage or union status.

Principles of Remuneration	
Item	Description
Remuneration	Depending on the Company's overall operation, pay adjustment is made according to
Bonus/Dividend	<ul style="list-style-type: none"> Based on the operating results of the current year, the Company will allocate a certain percentage of the profits to be shared with the top performers who have good performance or who have made contributions to the Company. Three Chinese festival bonuses: Dragon Boat Festival Bonus, Mid-Autumn Festival Bonus, and Spring Festival Bonus.

Meanwhile, Sigurd's Remuneration Committee meets regularly to discuss, evaluate and review the Company's overall remuneration policy and system based on the Company's operating performance, social price index, industry remuneration levels, the experience and professional skills demanded in the job-seeking market, and the like. The conclusions reached at the preceding meetings are then submitted it to the Board for review and approval. It is hoped that through an effective rolling adjustment mechanism, the fruits of the Company's success will be shared with employees to affirm their efforts of and serve as an incentive for them to continue to break through.

Unit: NT dollars/in thousands

Analysis of the Number, Average and Median Salaries of Full-time Employees in Non-management Positions			
Year	2023	2022	2021
Number of full-time employees	2,190	2,297	2,263
Percentage increase in the number of full-time employees over the previous year	-4.6%	1.5%	11.6%
Average salary of full-time employees	770	806	760
Percentage increase in the average salary of full-time employees	-4.5%	6%	7%
Median salary of full-time employees	634	631	588
Percentage increase in the average salary of full-time employees	0.5%	7.3%	3.5%

Note 1: Excluding employees in supervisory positions
 Note 2: The annual average number of full-time employees is adopted.
 Note 3: The data in this analysis table is rounded to the first decimal place.

5.3 Comprehensive employee care and welfare

5.3.1 Diverse and Unobstructed Communication Channels

In order to create a healthy and friendly workplace environment, Sigurd values the opinions and feelings of employees on the development of the organization or various operations, and provides diverse and unobstructed communication channels or grievance mechanisms through ways, such as staff suggestion box, email, telephone, and direct appointment. Meanwhile, to allow employees to make comments or suggestions at any time and easily, Sigurd conducts regular or occasional ongoing advocacy with all employees to ensure that they are fully aware of and willing to use the communication channels or complaint mechanisms to assist employees in resolving payroll, fairness and other rights and interests issues. Upon receipt of employees' suggestions or complaints, the Company will adopt a positive and prudent attitude to adequately communicate with them about the handling measures so that their opinions can be handled as soon as possible. The Company allows its employees to express their opinions safely in a friendly environment free of retaliation, and upholds the principle of confidentiality of information, and does not dismiss, blacklist, discriminate against, harass, intimidate, retaliate against, or make any other employment decisions regarding any such employees. We promote the optimization of rules and regulations, properly close the cases, strive to meet employees' expectations and needs in compliance with laws and regulations, fairness and reasonableness, safeguard the well-being of our colleagues, enhance the labor rights of all employees, and promote the unobstructed workplace.

Channels for Communication of Complaints and Suggestions	
Item	Description
Communication mechanism	<ul style="list-style-type: none"> Upholding an encouraging attitude, the Company maintains unobstructed complaint channels, where employees can enjoy the assistance of their direct supervisors in handling their complaints, or they can express their complaints directly to the human resources unit. Employees are allowed to make suggestions for improvements in operations and various measures, unfair treatment, discovery of wrongdoing, sexual harassment, or other rights to protect their life and work concerns.
Staff suggestion box /Email	All plants have set up physical suggestion boxes, where employees can choose to express their opinions either with or without their names. Regularly collecting employees' opinions and related suggestions by designated personnel allows that their opinions and suggestions are dealt with in a timely manner, and that the rules and regulations can be optimized, thereby enhance their rights and interests.
Employees' welfare committee	Holding regular and nonscheduled meetings of the employees' welfare committee, which are used to discuss and plan employee benefits, which are designed to boost morale and strengthen labor relations.
Labor-management meeting	<ul style="list-style-type: none"> Representatives of both management and labor: Management representatives are all from managerial positions, while labor representatives are elected by all employees (including foreign workers) to ensure that all employees have the opportunity to be protected by the labor-management meetings and to express their opinions. Holding quarterly labor-management meetings, which are used to coordinate labor-management relations, improve work efficiency, and promote cooperation and communication between employers and employees. During the meetings, labor dynamics is reported, and labor conditions, labor welfare planning, work rule revisions, work environment and employee opinion statements and the like are discussed.
Occupational safety and health committee	<ul style="list-style-type: none"> Holding quarterly occupational safety and health committee meetings Handling review, coordination and recommendations on occupational safety and health related matters Reviewing various occupational safety and health proposals
Other means	Conducting employee satisfaction surveys, new recruit interviews, occasional employee outreach and the like



5.3.2 Adequate Employee Care System

To enhance employees' welfare, Sigurd regards that it can be only achieved by has establishing an adequate employee care system, and designing diversified welfare measures and activities.

Type	Employee Care Measures														
Health and Occupational Accident Insurance	Providing medical protection and health care to protect the livelihood of workers and their families who have suffered from occupational accidents, and strengthening occupational accident prevention and rebuilding of workers who have suffered from occupational accidents.														
Group Insurance	<ul style="list-style-type: none">Promoting the health care and well-being of employees is an important part of achieving the goal of sustainable development; providing group insurance to make up for the inadequacy of national health insurance, so that employees and their dependents can live a more secure life, and employees can work in a healthy state of mind and body, thereby increasing productivity and job satisfaction.Insurance coverage: life insurance, critical illness insurance, accident insurance, accidental medical insurance, hospitalization medical insurance, cancer medical insurance, and occupational accident insurance.Offering weekly on-site staffing services, including group insurance content promotion, property insurance counseling, claims counseling.	<table><tr><th>Category</th><th>2022</th><th>2023</th></tr><tr><td>Employees</td><td>149</td><td>195</td></tr><tr><td>Dependents</td><td>109</td><td>123</td></tr><tr><td>Subtotal</td><td>258</td><td>318</td></tr></table>	Category	2022	2023	Employees	149	195	Dependents	109	123	Subtotal	258	318	
Category	2022	2023													
Employees	149	195													
Dependents	109	123													
Subtotal	258	318													
Overseas Travel Insurance	Providing medical and personal belongings protection during short-term business trips and assignments, the insurance covers: injury insurance, injury medical insurance, overseas emergency medical insurance, and travel Inconvenience Insurance.														
Employee Leaves	Allowing employees to fully rest, to balance between family and life, and to construct their leisure life and hobbies. Granting employees with various types of leaves in accordance with the Labor Standards Act, or with leaves without pay in case of longer leave of absence for childcare, military service, major injuries or illnesses, upon the expiration of which they may apply for a reinstatement														
Club Activities	<div>Creating a quality environment for work-life balance, planning and promoting diversified activities.</div> <ul style="list-style-type: none">Family Day/Day TripSports events/ball gamesArts and Cultural ActivitiesFestivalsYear-end banquets/lucky draws.	<div>Key Achievements Family Day/Day Trip Record number of staff participation</div> <table><tr><th>Day Trip</th><th>2023 Day Trip - LIHPAO RESORT</th></tr><tr><td>Number of Employees</td><td>953</td></tr><tr><td>Number of Dependents</td><td>1,218</td></tr><tr><td>Subtotal</td><td></td></tr><tr><td></td><td>2,171</td></tr></table>	Day Trip	2023 Day Trip - LIHPAO RESORT	Number of Employees	953	Number of Dependents	1,218	Subtotal			2,171			
Day Trip	2023 Day Trip - LIHPAO RESORT														
Number of Employees	953														
Number of Dependents	1,218														
Subtotal															
	2,171														
Welfare Subsidies	<ul style="list-style-type: none">Annual Festival Gift Certificates (Chinese New Year, Labor Day, Dragon Boat Festival, Mid-Autumn Festival)Birthday gifts/gift certificates	<ul style="list-style-type: none">Marriage/Funeral SubsidiesMaternity subsidies													
Club Activities	Cultivating employees' hobbies and activities after work, allowing employees to form their own leisure clubs with different attributes, and providing funding subsidies and resources.														
Contracted Vendors	Offering information on discounts for activities related to food, clothing, housing, transportation, education, and recreation.														
Child Care Measures	Signing special discount contracts with childcare organizations as a childcare measure for employees to arrange pre-school education for their children or to take care of their children in a safe place.														
Leisure Facilities	<div>Building a friendly working environment through hardware facilities that enhance employee care space and provide direct access to convenience</div> <ul style="list-style-type: none">Employee cafeteria/dormitoryConvenience storeBreastfeeding (collection) room/medical room	<ul style="list-style-type: none">PlaygroundCar and motorcycle parking lotCoffee maker	<ul style="list-style-type: none">ATMs												
Diversified Healthy Meals	<div>Providing employees with a clean, comfortable, convenient and relaxing dining environment and a variety of nutritionally balanced meal choices:</div> <ul style="list-style-type: none">Subsidizing the cost of lunch/dinner meal for employees.Providing free late-night snacksEstablishing an exclusive restaurant for employees, providing group meal services, and implementing food safety management. In addition to adopting stringent food safety standards to guard employees' diets, the Company also conducts audits and management of group meal suppliers to ensure that employees have healthy diets.	<div>Key Achievements</div> <div>In 2023, the Company introduced special meals for group meals, combining local specialties or foreign employees' hometown dishes to provide a diversified diet and mutual understanding of local cultures, thus promoting the goal of diversified integration.</div>													
Other Welfare Measures	Recognition of excellent employees, recognition of long-time employees, etc.														

Key Achievements

In 2023, the Company introduced special meals for group meals, combining local specialties or foreign employees' hometown dishes to provide a diversified diet and mutual understanding of local cultures, thus promoting the goal of diversified integration.

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5.3.3 Parental Leave

Sigurd complies with the requirements of labor statutes, such as the Labor Standards Act and the Act of Gender Equality in Employment, protects employees' rights and interests and allows them take care of their livings and families so that they feel worry-free during the work, without discrimination on genders. All the eligible employees may apply for the leaves without pay for baby-rearing. Sigurd creates an equal and friendly workplace environment, takes the initiative to care for its employees before they are reinstated, confirms their willingness to be reinstated and arranges reinstatement-related matters, and provides comprehensive education and training after their reinstatement to assist them in bridging the gap and returning to the workplace smoothly.

Summary of Employees' Asking Leave Without Pay and Reinstatement for Baby-rearing in 2023

Type	Number of employees eligible for asking parental leave in the same year	Number of employees asking parental leave in the same year	Number of employees supposed to be reinstated(A)	Actual number of employees reinstated (B)	Reinstatement rate (B)/(A)	Number of employees who reinstate their jobs for one year from their leaves without pay for baby-rearing and being reinstated (C)	Actual number of employees reinstated from their leaves without pay for baby-rearing of the previous year (D)	Retention rate (C)/(D)
Female	72	14	15	8	53%	7	9	78%
male	90	1	3	1	33%	2	2	100%

* Employees who have completed the period of leave without pay for baby-rearing choose to give up their reinstatement as they still have to take care of their families.

5.3.4 Retirement system

Employees eligible for the legal imperative of voluntary retirement or forced retirement may apply for retirement at any time in accordance with the relevant regulations of Labor Standards Act and Labor Pension Act. The Company has established a Supervisory Committee of Labor Retirement Reserve in full accordance with the law to accurately manage the appropriation and payment of retirement reserves, or to appropriate pensions to employees on a monthly basis in accordance with the Labor Pension Act.

- Old Pension System: The Supervisory Committee of Labor Retirement Reserve appropriates the full amount of the monthly retirement reserve based on the total salary of the employees in accordance with the law and deposits such amount in the Company' s "designated labor pension reserve funds account" opened at the Bank of Taiwan.
- New Pension System: The Company on a monthly basis contributes labor pension funds in terms of six percent (6%) of the employee's monthly salary to individual labor pension accounts at the Bureau of Labor Insurance for employees; employees may also voluntarily contribute their pension deposits withheld from their monthly salaries according to their voluntary contribution rates to said individual labor pension accounts.
- Preferential Retirement System: In addition to the conditions for retirement under the Labor Standards Act, the target group for retirement has been expanded to include workers with years of service plus ages equal to or exceeding 63, which can be recommended by senior executives.
- During the current year, 9 employees retired and 1 employee was given preferential retirement. Retirement dinner was organized by each department and retirement medals were presented to thank employees for their contributions over the years.
- In 2024, we expect to implement a course on planning for employees who are near-retirement.



5.4 Complete Talent Cultivation

5.4.1 Sigurd's Employee Structure

Sigurd's operations are all located in Taiwan, and we adopt a diversified and inclusive recruitment strategy. The Company confirms whether job candidates' decisions are voluntary, and all employment contracts are signed with the consent of both employers and employees, without any violation of human rights, or illegality. Furthermore, Sigurd adheres to that all employees shall work voluntarily, provides reasonable break time for employees, and will not restrict employees' personal liberty without any due cause; where there is a need to require employees to work overtime, the Company has to obtain their consents without forcing them to work. Depending on the employee's strengths, if the employee plans to change jobs, the employee has the right to leave or terminate the employment contract at any time after giving notice in accordance with the notice period for leaving the company.

Analysis of Sigurd's Employee Structure						
Year	2023		2022		2021	
Item	Male	Female	Male	Female	Male	Female
Full-time employees	1,180	1,065	1,266	1,124	1,227	1,202
Total	2,245		2,390		2,429	

Note 1: Based on the number of employees as of December 31, 2023, the end date of the reporting period.
 Note 2: The total number of employees during the reporting period fluctuated about 6% from the previous reporting year due to the impact of market conditions.
 Note 3: There were no part-time, temporary (fixed-term), or non-hour-guaranteed employees.

With Sigurd's upholding an attitude of respect for employees, reasonable remuneration system, comprehensive employee care mechanism, and prudent and comprehensive talent cultivation mechanism, despite of certain employees planning to leave the team in 2023, the Company will continue to attract new talents to join Sigurd's team and move towards the common idea together.



Statistics of Departed Employees over the Years							
		2023		2022		2021	
Gender	Age	Number of persons	Ratio	Number of persons	Ratio	Number of persons	Ratio
Female	Aged under 29 (inclusive)	55	23.50%	72	26.47%	54	17.48%
	Aged between 30 (inclusive) and 39 (inclusive)	62	14.32%	121	26.65%	115	22.46%
	Aged between 30 (inclusive) and 39 (inclusive)	21	7.55%	35	12.41%	58	20.79%
	Aged above 50 (inclusive)	3	2.50%	7	6.03%	10	9.80%
Subtotal		141	13.24%	235	20.91%	237	19.72%
Male	Aged under 29 (inclusive)	59	16.34%	110	25.76%	89	20.79%
	Aged between 30 (inclusive) and 39 (inclusive)	45	12.16%	83	20.44%	95	23.11%
	Aged between 30 (inclusive) and 39 (inclusive)	22	6.73%	28	8.83%	47	16.43%
	Aged above 50 (inclusive)	9	7.38%	8	6.90%	16	15.69%
Subtotal		135	11.44%	229	18.09%	247	20.13%
Total		276	12.29%	464	19.41%	484	19.93%

Note 1: Based on the statistics of employees on December 31, 2023, the end date of the reporting period.
 Note 2: The calculation of the proportion is based on each corresponding category of employees (gender and age) as the denominator, e.g. the denominator used to calculate the proportion of the departed male employees aged under 29 (inclusive) is the total number of male employees aged under 29 (inclusive).
 Note 3: The denominators of the subtotaled proportions of the departed male and female employees are the total number of male and female employees respectively, while the denominator of the totaled proportion of the departed employees is the total number of employees.
 Note 4: No significant changes in the total number of employees occurred during the reporting period.

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Statistics of New Recruits in 2021- 2023

		2023		2022		2021	
Gender	Age	Number of persons	Ratio	Number of persons	Ratio	Number of persons	Ratio
Female	Aged under 29 (inclusive)	53	22.65%	92	33.82%	104	33.66%
	Aged between 30 (inclusive) and 39 (inclusive)	48	11.09%	58	12.78%	61	11.91%
	Aged between 30 (inclusive) and 39 (inclusive)	12	4.32%	18	6.38%	13	4.66%
	Aged above 50 (inclusive)	0	0.00%	72	1.72%	2	1.96%
Subtotal		113	10.61%	170	15.12%	180	14.98%
Male	Aged under 29 (inclusive)	44	12.19%	137	32.08%	33	7.71%
	Aged between 30 (inclusive) and 39 (inclusive)	20	5.41%	78	19.21%	36	8.76%
	Aged between 30 (inclusive) and 39 (inclusive)	6	1.83%	33	10.41%	17	5.94%
	Aged above 50 (inclusive)	4	3.28%	7	6.03%	4	3.92%
Subtotal		74	6.27%	255	20.14%	90	7.33%
Total		187	8.33%	425	17.78%	270	11.12%

- Note 1: Based on the statistics of employees on December 31, 2023, the end date of the reporting period.
- Note 2: The calculation of the proportion is based on each corresponding category of employees (gender and age) as the denominator, e.g. the denominator used to calculate the proportion of the new recruits aged under 29 (inclusive) is the total number of male employees aged under 29 (inclusive).
- Note 3: The denominators of the subtotaled proportions of the new male and female recruits are the total number of male and female employees respectively, while the denominator of the totaled proportion of the new recruits is the total number of employees.
- Note 4: No significant changes in the total number of employees occurred during the reporting period.

Being without any differentiated or discriminatory measures in employment or remuneration due to race, class, language, religion, politics, nationality, gender, age, marriage or trade union status, etc., Sigurd's diversified distribution of employees in 2023 is shown as the following table.

Diversified Distribution of Employees

		2023		Total	Ratio	2022		2021	
Employee Category		Male	Female			Male	Female	Male	Female
Age	Aged under 29 (inclusive)	361	235	596	26.55%	427	272	428	309
	Aged between 30 (inclusive) and 39 (inclusive)	370	432	802	35.72%	406	454	411	512
	Aged between 30 (inclusive) and 39 (inclusive)	328	280	608	27.08%	317	282	286	279
	Aged above 50 (inclusive)	121	118	239	10.65%	116	116	102	102
Total		1,180	1,065	2,245	100%	1,266	1,124	1,227	1,202
Education attainment	Aged under 29 (inclusive)	203	322	525	23.39%	239	342	255	351
	Aged between 30 (inclusive) and 39 (inclusive)	885	717	1602	71.36%	935	756	880	818
	Aged between 30 (inclusive) and 39 (inclusive)	89	26	115	5.12%	89	26	89	33
	Aged above 50 (inclusive)	3	0	3	0.13%	3	0	3	0
Total		1,180	1,065	2,245	100%	1,266	1,124	1,227	1,202

- Note 1: Based on the statistics of employees on December 31, 2023, the end date of the reporting period.
- Note 2: No significant changes in the total number of employees occurred during the reporting period.



In the past three years, Sigurd has maintained the ratio of managerial positions at 7.57%. In 2023, Sigurd has hired seven middle-aged and senior employees, with two of them serving as managerial supervisors, to pass on their professional skills to non-middle-aged and senior colleagues, and to create a harmonious integration between generations:

Diversified Distribution of Employees									
Employee Category		2023		Total	Ratio	2022		2021	
		Male	Female			Male	Female	Male	Female
Position	Supervisor position (team leader position or above)	129	41	170	7.57%	134	43	135	54
	Non-supervisor position	1,051	1,024	2,075	92.43%	1,132	1,081	1,092	1,148
Total		1,180	1,065	2,245	100%	1,266	1,124	1,227	1,202

Note 1: The statistic figures reported in the table were obtained on December 31, 2023, the end date of the reporting period.

Note 2: There were no significant changes in the total number of employees during the reporting period.

Sigurd is committed to building a healthy and friendly workplace environment, and actively participates in the Job Fair for the Physically Handicapped organized by the county and city governments and the Employment Service Station to provide full-time job opportunities for the physically and mentally handicapped. As of the end of 2023, Sigurd has employed 20 physically and mentally handicapped people, including 12 with mildly physical and mental disabilities, 4 with moderately physical and mental disabilities, and 4 with severely physical and mental disabilities.

Regarding the diversification of employment, the percentage of foreign workers in Sigurd over the past three years is 24.8%. In order to ensure that foreign workers work and live in an environment that complies with international human rights at all times, Sigurd has implemented the "Zero Payment of Foreign Workers" policy in accordance with the Responsible Business Alliance (RBA), and has made sure that foreign workers are clearly aware of the recruitment policy of Sigurd prior to their arrival at work, so that they can be securely employed in Taiwan.

When foreign workers are working in Taiwan, Sigurd also establishes an open communication channel for them to express their opinions, and allows them to participate in the quarterly labor-management meetings and act as labor representatives, creating a truly unobstructed communication channel.

Diversified Distribution of Employees						
Employee Category	2023		2022		2021	
	Male	Female	Male	Female	Male	Female
Physical and mental disabilities	16	4	15	5	4	15
Foreign nationality	172	385	195	408	172	470

Note 1: The statistic figures reported in the table were obtained on December 31, 2023, the end date of the reporting period.

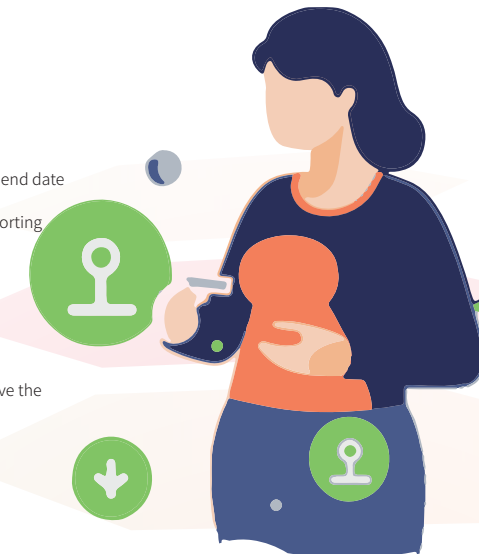
Note 2: There were no significant changes in the total number of employees during the reporting period.

Employee Satisfaction

Sigurd regularly conducts an annual employee satisfaction survey to assess employee satisfaction with the Company's benefits and management policies. The survey results are used to improve the Company's operations and management. The survey covers six major dimensions: company overall environment, interpersonal communication, company benefits and policies, learning and development, quality awareness, and company image and competitiveness. The survey results are reviewed at a management review meeting attended by the general manager and senior management. Open-ended suggestions are also discussed at labor-management meetings.

Employee Satisfaction Survey Analysis in 2021- 2023			
Year	2023	2022	2021
Employee Satisfaction	4.03	3.91	3.92

Note: The score for the employee satisfaction survey in 2023 met the standard set by the Company, namely 3 points as the passing score.



Non-staff Analysis in 2021- 2023							
Item	Job Type	Relationship with the organization	Organizational Activities	Job Description	Number of people in 2023	Number of people in 2023	Number of people in 2023
1	Contractor	Commission contract	Factory security service	Access control, inspection, registration and ID card replacement for employees, customers, vendors, construction and delivery personnel accessing the plant	23	23	23
2	Contractor	Commission contract	Factory cleaning service	Environmental cleaning contracting work in the plant area	52	52	50
3	Contractor	Commission contract	Convenience store	Providing convenient grocery service	3	3	3
4	Contractor	Commission contract	Catering service	Contracting for company catering	8	7	8
5	Contractor	Commission contract	Switchboard service	Answering and transferring calls and assisting with general affairs	3	3	3
Total					89	88	87

Note 1: Based on the number of non-staff colleagues at December 31, 2023, the end date of the reporting period.

Note 2: No significant changes in the total number of non-staff workers occurred during the reporting period.

5.4.2 Well-established Talent Cultivation Mechanism

Sigurd has established relevant training regulations, planned relevant training courses according to functional and professional requirements, and provided an open and diversified learning environment in terms of internal training, external training, KM (Knowledge Management System), study circle, on-line learning platform, physical library, supervisor/peer mentoring and the like. Meanwhile, the Company strives to enhance the professional competence and core competitiveness of employees by providing a training system for new recruits, professional training, management training, liberal training, and self-enlightenment, as well as on-the-job training, off-the-job training and personal training.

In addition, by providing measures of job series/grade planning, job rotation, special assignment and overseas assignment, the Company therefore allows employees to adequately plan their careers, thereby constructing a well-established talent cultivation mechanism to enhance employees' knowledge and improve their overall quality.

Goals for 2023:

- 100% training completion rate of Responsible Business Alliance (RBA) training courses (including human rights policy, corruption policy, and integrity management)
- 100% training completion rate of the sustainable environment education program
- 100% training completion rate of occupational safety and health education and training



Talent Quality-management System (TTQS) Silver Medal



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1. Training for new recruits

Orientation training is arranged by offering the courses on company profile, precautions for newcomers, personnel management system, liberal education, professional expertise, safety and health, environmental protection, internal management norms and practices to ensure that the new recruits are aware of the Company's policies, government statutes and things to be followed about their rights and work.

2. Liberal training courses for all employees

To comply with the Company's objectives and customers' requirements, annual mandatory liberal training courses (on RBA advocacy, human rights policy, corporate ethics, anti-corruption policy and procedures, environmental safety policy, labor safety and health, contingency exercises, etc.) are arranged to ensure that all employees are fully aware of those issues.

Of the above liberal training courses offered, the training completion rates of courses on human rights policy, and anti-corruption policy and procedures reached 100%.

3. Training given by professional categories

Adhering to the Company's training policy of "intellectual inheritance, professional training, and diversified development", through master-apprentice training, Sigurd conveys its philosophy and wisdom to employees in a complete manner, and also makes the training relationship more intensive through this connection. With diversified teaching methods, employees can continuously update their knowledge regardless of location and time constraints to enhance their self-worth and keep up with the times, which in turn enriches their work content and strengthens their abilities in different aspects, and achieves the Company's overall operational goals. For different positions, levels and seniority, in-depth research and discussion and on-site practical courses are conducted in face-to-face mode, while regular courses are conducted online to save manpower and enhance efficiency. The Company provides appropriate professional training: In 2023, 214 on-the-job training courses are offered, with a total of 4,800 training hours, of which 81 courses (38%) are online.

4. Quality-related training

For auditor training courses, AEO and RBA auditors are used to enhance the trainees' understanding of the course content through post-course assessment and to cultivate system auditors to apply behavioral assessment to actually perform internal audits, and at the same time to propose various correction mechanisms, so that through continuous internal improvement, the Company can successfully pass external audits and gain the trust of its customers. In 2023, 35 quality-related courses have been organized, with 13,639 training hours, of which 10 courses (32%) are online.

Overall, Sigurd expects that employees can accumulate their work experience through a systematic model and continuously improve their professional abilities, which not only contributes to their work contents, but also to the Company's performance. Consequently, Sigurd has been actively promoting and funding measures to design various channels for employees to receive relevant training on the content of their duties. The training courses, trainees and total training hours that have been implemented in 2023 are as shown in the table below.

- Verification courses for specific units: Verification courses strengthening quality awareness are arranged for the employees of specific units to maintain quality yield and achieve customer satisfaction.
- Total Quality Management Courses: Besides the basic quality-related courses offered, other courses that promote quality management-related activities and implement concepts are also arranged.
- Management function training courses: Courses that enhance leadership skills of the management, and team cohesiveness are arranged; meanwhile, activities of employees' sharing their attainment experience from external training are organized, and unit courses are open for elective study.



Total Training Hours Implemented by Training Course Types in 2023

Training course type	Number of trainees	Training hours (man-hours)
Management type	134	928
Professional expertise type	2,903	4,800
Liberal training type	6,926	7,798
Quality type	11,547	13,639
Training for new recruits	181	1,629
Public safety	2,239	3,303
Total	23,930	32,097

Note: The number of training hours is based on the actual number of class attendance, and the number of leave hours is deducted.

Summary of Total Number of Trainees and Hours of Training in 2023

Item	Total	Male	Female	Supervisor position	Non-supervisor position	Regular	Nonscheduled
Total number of employees	2245	1180	1065	170	2,075	558	1,687
Total training hours	32,097	16,695	15,402	2,596	29,501	7,703	24,394
Average training hours	14	14	14	15	14	13	14

Note: The statistic figures reported in the table were obtained on December 31, 2023.



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5. Industry-Academia Joint Talent Cultivation Program

"Integration of learning and application" is the core objective of Sigurd in promoting industry-academia cooperation. Under the environment of fierce competition for talents, enterprises have to take the initiative to reach out to the campuses to cultivate their own talents in advance and provide employment opportunities, so as to nurture hi-tech talents in the long term and to enhance the competitiveness of the semiconductor industry. Therefore, Sigurd has been cooperating with universities and colleges for a long time in talent cultivation and industry-academia cooperation, so that students can experience the industry and understand the process and knowledge of semiconductor testing, and further implement the integration of learning and application, and join or stay in Sigurd after graduation to continuously build up the depth and breadth of their professionalism.

In 2023, Sigurd continues to collaborate with universities and colleges. In addition to receiving the award for excellent internship vendor from Chien Hsin University of Science and Technology, Sigurd has also cooperated with Chien Hsin University of Science and Technology for the first time in organizing semiconductor training courses for high schools. In addition, Sigurd also donates machines to colleges and universities to cultivate domestic semiconductor professional and technical talents, so as to enhance the competitiveness of students in the workplace. Sigurd upholds the diversification of multinational talents, and actively explores the New Southbound foreign students and overseas students, whose nationalities include Indonesia, Thailand, Malaysia, the Philippines, Vietnam, etc.

Visiting activities:



04/24/2023
Shu-Te University



05/23/2023
Lungwa University of Science and Technology



10/27/2023
Chaoyang University of Technology



11/03/2023
Tunghai University

Students' experience of the visit:

Sigurd 矽格股份有限公司

企業參訪問卷調查表

填寫日期: 112年11月3日

一、您對於今日所安排的參訪流程是否感到滿意? ☒非常滿意 ☐滿意 ☐普通 ☐不滿意 ☐非常不滿意

二、您對於今日所安排的課程主題是否感到滿意? ☒非常滿意 ☐滿意 ☐普通 ☐不滿意 ☐非常不滿意

三、參觀完本公司後您對於本公司的印象: ☒非常良好 ☐良好 ☐普通 ☐普通 ☐非常差

四、您將來畢業後的計畫? ☒升學 ☐當兵 ☐就業 ☐創業 ☐其他

五、您是否考慮畢業後來本公司? ☒是 ☐否

六、如果有機會您是否會考慮本公司? ☒是 ☐否, 答"是"者請留下個人資料, 以便本公司日後與您聯絡, 並請接續下一題。

姓名: 林 電話: 電 郵: e-mail:

七、您會選擇本公司的原因? ☒知名度高 ☐印象良好 ☐工作具有吸引力 ☐其他

八、其他建議: 活動非常有趣, 能使我更了解矽格公司或工作內容, 對於生產線的過程, 也使我對於未來工作環境更加熟悉。

Sigurd 矽格股份有限公司

企業參訪問卷調查表

填寫日期: 112年11月10日

目前就讀學校: 樹德科技大學

一、您對於今日所安排的參訪流程是否感到滿意? ☒非常滿意 ☐滿意 ☐普通 ☐不滿意 ☐非常不滿意

二、您對於今日所安排的課程主題是否感到滿意? ☒非常滿意 ☐滿意 ☐普通 ☐不滿意 ☐非常不滿意

三、參觀完本公司後您對於本公司的印象: ☒非常良好 ☐良好 ☐普通 ☐普通 ☐非常差

四、您將來畢業後的計畫? ☒升學 ☐當兵 ☐就業 ☐創業 ☐其他

五、您將來進入職場後是否會考慮半導體產業? ☒是 ☐否

六、如果有機會您是否會考慮本公司? ☒是 ☐否, 答"是"者請留下個人資料, 以便本公司日後與您聯絡, 並請接續下一題。

姓名: 黃 電話: 電 郵: e-mail:

七、您會選擇本公司的原因? ☒知名度高 ☐印象良好 ☐工作具有吸引力 ☐其他

八、其他建議: 三位主持人都很好, 有清楚了解。100分。

Sigurd 矽格股份有限公司

企業參訪問卷調查表

填寫日期: 112年11月9日

一、您對於今日所安排的參訪流程是否感到滿意? ☒非常滿意 ☐滿意 ☐普通 ☐不滿意 ☐非常不滿意

二、您對於今日所安排的課程主題是否感到滿意? ☒非常滿意 ☐滿意 ☐普通 ☐不滿意 ☐非常不滿意

三、參觀完本公司後您對於本公司的印象: ☒非常良好 ☐良好 ☐普通 ☐普通 ☐非常差

四、您將來畢業後的計畫? ☒升學 ☐當兵 ☐就業 ☐創業 ☐其他

五、您是否考慮畢業後來本公司? ☒是 ☐否

六、如果有機會您是否會考慮本公司? ☒是 ☐否, 答"是"者請留下個人資料, 以便本公司日後與您聯絡, 並請接續下一題。

姓名: 郭 電話: 電 郵: e-mail:

七、您會選擇本公司的原因? ☒知名度高 ☐印象良好 ☐工作具有吸引力 ☐其他

八、其他建議: 互動良好, 活動很有趣, 也了解些測試的知識, 也得知公司的歷史與進, 這次活動對我滿滿意。100分。



5.4.3 Performance Appraisal

Performance appraisal is not only a tool used by the Company to assess employees' performance, but also serves as a platform and a timing for mutual communication of duties or contents. Therefore, we conduct performance appraisal periodically, where the performance appraisal items and weightings are set separately for the work contents, general and professional functions of employees.

Through the performance appraisal mechanism, employees and supervisors are allowed to communicate with each other, so that employees know the contents, reasons and results of the performance appraisal, and make their corresponding career plans for the Company's future management strategies, objectives and management measures. Meanwhile, supervisors are also able to understand their team members' ideas, philosophies, obstacles and needs, so that they can offer resources and advices to their team members in a timely and reasonable manner.

Given that the performance appraisal results are linked to promotion, salary adjustment and bonus distribution, Sigurd is therefore committed to building a fair, reasonable and effective performance appraisal mechanism for appraising the operating performance of individual departments and the entire Company. Performance appraisal is not based on gender or nationality. The Company supports the cultivation of talents and conducts annual recognition of outstanding employees, which in turn enhances the Company's competitiveness and organizational functioning, and is adjusted on a rolling basis in anticipation of achieving the operating performance targets of individual departments and the entire Company.

Ratios of Sigurd's employees subject to regular performance appraisals in 2023 are summarized in the following table:

Item	Gender		Position	
	Male	Female	Supervisory position	Non-supervisory position
The number of employees appraised	1,177	1,062	169	2,070
Total number of employees	1,180	1,065	170	2,075
Ratio	99.75%	99.72%	99.41%	99.76%

Note 1: The statistic figures reported in the table were obtained on December 26, 2023.

Note 2: The appraisal is for employees who have been on the job for 3 months.

The distribution of seniority and gender of the excellent employees in 2023:

Seniority	Female	Male	Total
0-5 Years	4	5	9
5-10 Years	1	2	3
10 years or more	8	3	11
Total	13	10	23



// 6. Corporate Social Responsibility //

Management Policy

Working with Commitments for Social Common Prosperity and Common Good

Sigurd responds to the United Nations' Sustainable Development Goals (SDGs) and continues to invest in education, healthcare, the environment and charitable organizations as part of its corporate social responsibility.

No.	Item	Year 2023	
		Goal	Performance
1	Bringing common prosperity and common Good to local community	2 events/year	2 events/year
2	Medical public benefit support series	1 case/year	1 case/year
3	Sustainability of public benefit	1 event/year	2 events/year



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6.1 Working Together for Common Good

6.1.1 Working Together for the Common Good

Sigurd Group upholds the spirit of "Working with Commitments for Social Common Prosperity and Common Good," our original intent towards sustainable development, combining the Company's internal and external resources and employees' love and good deeds, and has spared no effort to continuously devote itself to public welfare in all aspects of society ever since 2009. In addition to long-term sponsorship of medical research projects, donations to disadvantaged organizations and other charitable causes, Sigurd has also gradually incorporated environmental public welfare issues such as energy saving, carbon reduction and circular economy in response to the trend of environmental change. By calling on all colleagues to participate in public welfare activities, Sigurd has brought the concepts of environmental friendliness and resource conservation into the work and family life of its employees. Sigurd also combines the concepts of employee relations and corporate social care by organizing family days and one-day trips every year to promote employee care to the physical, mental and spiritual health of employees' families, as well as to promote sightseeing in the local community, thereby facilitating local cultural exchanges and economic activities, and making efforts to deeply cultivate the local community and create social common prosperity.

Bringing common prosperity and common Good to local community

High School Student Sports Competition

After 47 years, Hsinchu County once again hosts the National High School Games, a comprehensive sports competition in 2023. With the slogan of "The Wind Rises in Hsinchu County, Winning Toward the Future", this year's National High School Games in Hsinchu County attracted more than 10,000 high school students to participate in the event. In order to help the athletes achieve better results and make the event a success, Sigurd, as a local company that emphasizes on education development, also joined as a corporate sponsor and participated in the promotion of sports events and physical and mental health of young people, contributing to the enhancement of the athletic skills of high school students in Taiwan as part of its corporate responsibility.

Christmas Charity Concert

"Blue Sky Home" is a halfway house set up by the Catholic Church in Hsinchu to place and help at-risk youths under 18 years old. In order to rebuild the children's self-confidence and to help them return to society and become self-supporting, the center not only emphasizes on regular education, but also on cultivating the children's skills, and most of the funding comes from the community's love and assistance. At the end of 2023, at the invitation of our customers, Sigurd initiated all employees to participate in the Christmas Concert activity, "For every person who attends the concert, the Company will donate NT\$100 to Blue Sky Home". In the joyful/hopeful Christmas melodies, together we echoed the message of "A little more compassion can make the world a little less indifferent and a little more righteous", and used the power of a star to light up the children's way home.





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Medical public benefit support series

National Taiwan University's "Analysis of Genetic Tests for Rare Heart Diseases": Every year, about 100-150 children and adults in Taiwan die suddenly due to genetic arrhythmia, and by the end of 2023, 1,733 patients with SADS (Sudden Arrhythmic Death Syndromes) have been diagnosed and treated in the whole of Taiwan. According to the cause of death statistics, the age of heart disease patients in Taiwan is decreasing year by year. However, due to the current healthcare system, it is not yet possible to provide comprehensive preventive treatments to patients with family history or at-risk groups through genetic screening. Therefore, in order to fill this gap, Sigurd has been sponsoring National Taiwan University's "Analysis of Genetic Tests for Rare Heart Diseases" research program for two consecutive years starting from 2022. Sigurd has provided research funding to the cardiology research team led by Professor Chuang Chi-Ming of NTU Hospital to screen high-risk patients as early as possible through genetic test analysis, give them appropriate preventive medical treatment, and effectively prevent the occurrence of the disease and reduce the severity of its onset. By the end of 2023, more than 85 cardiologists have participated in the study and 220 SADS patients have been tracked.

● Sustainability of public benefit

Used Clothes Donation: As global warming is getting more and more serious, in order to respond to the energy saving and carbon reduction as well as to take into account the sustainable life and circular economy, Sigurd invites all employees to participate in the **【Year-end Used Clothes Donation, Easy to Live Sustainably】** public welfare clothing donation activity, and collects a total of 500 pieces of winter clothes to help physically challenged people at the [Hsinchu City Physically and Mentally Handicapped People's Employment Association] to get through the cold winter. Converted into greenhouse gas carbon emissions, it reduces carbon emissions by 2,100 kgCO₂e, which is also equivalent to saving a person's water consumption for 4,355 days. Being charitable and caring for the earth at the same time. Due to the enthusiastic response to the questionnaire, the event will be organized as a regular public welfare activity in the future.

Note 1: The equivalent carbon emissions of recycled clothing Source: Department of Environmental Protection, Taipei City Government, 2022/7/6 Press Release [Each recycled piece of clothing is equivalent to a reduction of 4.2 kilograms of carbon emissions, and recycling one T-shirt is equivalent to saving 2,500 liters of water].

Note 2: Daily water consumption per person Source: Public Services Statistics Report on Tap Water Consumption by Water Resources Agency, Ministry of Economic Affairs: Daily water consumption per person in 2023 is 287 liters.

Instrument Restoration for the Taipei First Girls High School Marching Band, Honor Guards and Color Guards: Known as "world-renowned and skilled", the 66-year-old Taipei First Girls High School Marching Band, Honor Guards and Color Guards, as one of the oldest and top high school marching bands in Taiwan, has been invited to perform at major celebrations both at home and abroad. In order to let the world see Taiwan, while carrying the heavy pressure of schoolwork, the team members practice as hard as they can in their spare time, yet the musical instruments they use have not been replaced in nearly 30 to 40 years. Based on the idea of "To do a good job, an artisan first needs the best instruments", in order for the band to perform well, Sigurd donates money to help the band to repair and replace their instruments, so as to help the talented students to have a brighter performance on the international stage, and to win the honor for Taiwan.



With a total investment of NT\$1.93 million in public welfare support in 2023, Sigurd expects to deepen the connection of local communities with the concept of community care from its own industry, and continue to drive the sustainable development of the society for the common prosperity and good through each transmission of resources investment and the combination of good operation activities and community participation.



”



//7. Healthy and Friendly Workplace//

Management Policy

Healthy Workplace, Friendly Workplace

Actively promoting the awareness of workplace health and safety, and upholding the spirit of continuous improvement, Sigurd regularly and appropriately enforces comprehensive assessment measures to ensure the Company's implementation of occupational safety and labor health as a strategy for identifying and responding to impacts.

No.	Item	2023	
		Goal	Performance
1	Frequency-Severity Indicator (FSI)	Below 0.36	0.17

Note: The "Frequency-Severity Indicator (FSI)," which can better reflect the overall occupational accident and injury situation, and is less likely to be affected by the excessive single indicator of FR&SR; the goal is based on the Frequency-Severity Indicator of all industries in 2022 announced by the Occupational Safety and Health Administration of the Ministry of Labor.

Sigurd has established a number of management measures to protect and care for employees and long-term contractors in terms of occupational safety and health.

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7.1 New Life in the Post-Pandemic Era

In 2023, the Covid-19 pandemic in Taiwan was gradually lifted, and in the post-pandemic era, Sigurd still follows the guidelines and prevention strategies published by the Centers for Disease Control (CDC) and makes timely corrections and adjustments, as well as publicizing disease prevention related measures and information through internal announcements.

Target	Control Measures during Post-Pandemic Period
Employee	<p>[No isolation for mild cases]</p> <ul style="list-style-type: none"> Independent health management is recommended. When symptoms occur, it is recommended to rest at home and avoid unnecessary outdoor activities. Follow up with independent health management until the rapid test is negative or the onset/positive test is at least for 5 days. For those with risk factors for severe cases, please seek medical advice as soon as possible for timely prescription of oral antiviral medication. Independent health management is advisory in nature and is not penalized. <p>[Notification for moderate to severe cases]</p> <ul style="list-style-type: none"> Changed from "Notification of all confirmed cases" to "Notification only of complications (moderate to severe)" If the employee tests positive for Covid-19 and develops pneumonia requiring oxygen treatment or other Covid-19-related complications, resulting in hospitalization (including

As the pandemic gradually eases, most of Sigurd's employees have already returned to their original work patterns. However, the Sigurd Disease Prevention Team is still monitoring the changes in the pandemic and adjusting the workplace disease prevention policy on a rolling basis so that employees can go to work with peace of mind, as well as expanding the health promotion for infectious disease programs, so that employees can learn about the types of infectious diseases that are currently prevalent through the Company's promotional programs, and maintain and manage their health accordingly.

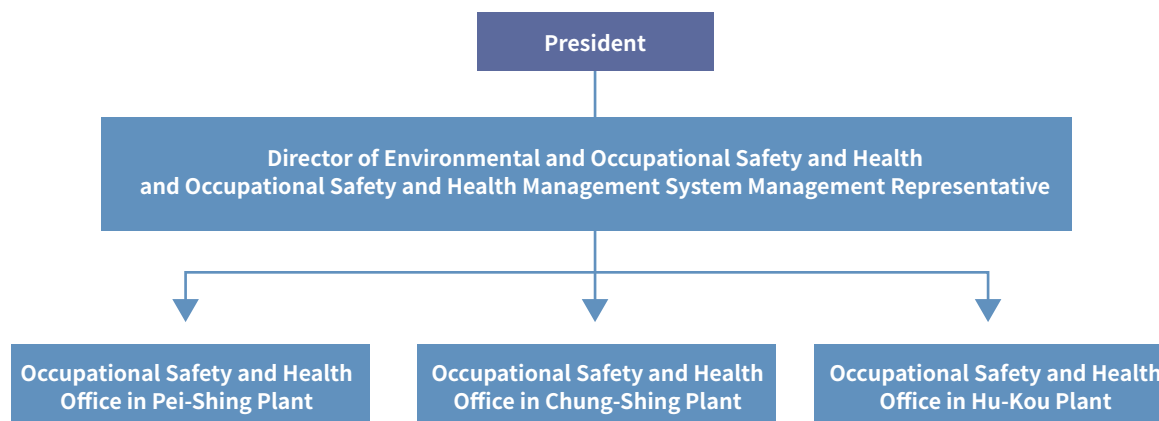




7.2 Occupational Safety and Health System

Sigurd complies with local laws and regulations, international standards and the Responsible Business Alliance (RBA) Code of Conduct, and has introduced ISO 45001 "Occupational Safety and Health Management System" into all production operations in Taiwan, and consistently implemented the P-D-C-A philosophy of continuous improvement to build a comprehensive occupational safety and health management system. This occupational safety and health management system protects the safety and health of workers entering the Sigurd site, and ensures that we can successfully pass the rigorous verification by third-party independent certification agencies and maintain the effectiveness.

Organizational Chart of Occupational Safety and Health Management System



Sigurd has set up an occupational safety and health management unit with full-time, dedicated personnel who have obtained relevant licenses in accordance with the law and regularly attend training or seminars. The Occupational Safety and Health Committee has been established to respond to the local occupational safety and health laws and regulations. It aims to implement, supervise and direct the safety and health management matters according to its authority, and to coordinate and guide the employees to implement them.

The Occupational Safety and Health Committee has established management representatives to give rulings and instructions on issues related to occupational safety and health, and holds quarterly meetings to discuss occupational safety and health issues. Therefore, the quarterly meeting covers: occupational safety and health policy, occupational safety and health management plan, safety and health education and training, operation environment monitoring plan, monitoring results, health promotion, safety and health proposal, automatic inspection and safety and health audit, preventive measures for hazards in operation area, machinery and equipment, occupational disaster investigation report, on-site safety and health management performance, contracted business safety and health management, and occupational safety and health management law review, etc.

Also, the Occupational Safety and Health Committee has labor representatives who are elected by all employees every two years. These labor representatives can convey information to the safety and health managers of relevant units to prevent or reduce the occurrence of occupational safety incidents and protect the safety and health of employees through various improvement and preventive measures.

In summary, Sigurd follows the internal occupational safety and health related regulations and performs hazard identification and risk assessment on a regular or nonscheduled basis (e.g., changes in operating activities or abnormal occurrences). If the risk assessment result exceeds the acceptable risk level of the Company, we shall carry out risk management measures such as transferring, offsetting or strengthening the management of the negative impact, and continuously seek the best improvement solution to protect the working environment and safety and health of our employees.

7.3 Safe and Secure Workplace Environment

In order to implement a safe and secure workplace environment for our employees, Sigurd provides a bright and clean working environment and conducts regular inspections of the working environment, including temperature, humidity, lighting, noise, toxic and hazardous substances, etc., to comply with national standards and within allowable concentrations, and continues to analyze and improve according to the records kept.

In addition to the provision of protective gears, dedicated personnel also visit the site from time to time to inspect the equipment and management measures to prevent employees from being exposed to dangerous labor conditions or working environments.

Sigurd also takes an encouraging and non-punitive attitude and actively promotes the idea that if employees or suppliers find any hazards or dangers, they can first notify the unit manager or contact person, and then the unit manager or contact person shall notify the relevant units for handling, or through the labor representatives of the Occupational Safety and Health Committee, to bring up the issue for discussion. In case of an immediate hazard or danger, the employee or supplier will not be adversely affected if they leave the workplace or state and follow the aforementioned notification or disaster handling procedures.

Aspect	Content
Working environment control	<ul style="list-style-type: none"> ● We provide a bright and clean working environment. ● We conduct regular environmental inspections, such as temperature, humidity, lighting, noise, and toxicity measurements, to comply with local laws and standards. ● From time to time, dedicated personnel will conduct on-site inspections, including all fire-fighting equipment and measures. ● The working environment is adjusted according to the recommendations of the on-site doctors and plant nurses.
Protective and immediate first aid	<ul style="list-style-type: none"> ● We continuously provide the necessary protective equipment for employees. ● We regularly replace old with new protective equipment. ● We seek new equipment or better protective kits in a timely manner. ● We have oxygen cylinders, first aid bags, stretcher, wheelchair, and four AEDs (Automated External Defibrillator) in the whole plant.
Continuous Review Mechanism	<ul style="list-style-type: none"> ● ISO 45001 "The Occupational Safety and health Management System" has been introduced and verified, and is continuously and regularly verified by third-party verification organizations. ● Based on the results of environmental inspection reports and historical records, we conduct reviews and improvements in accordance with the principle of P-D-C-A continuous improvement.



Renovation of 4F Office at Pei-Shing Plant



Improvement of the toilet sink on 1F of Pei-Shing Plant



Outdoor ladder handrails and anti-slip safety facilities at Chung-Shing Plant

Key Achievements

In 2023, Sigurd has improved the hardware facilities in each plant to provide a safer, more comfortable and convenient workplace for employees.



7.4 Occupational Safety and Health Effectiveness

In the event that a safety accident unfortunately occurs within the Company, in addition to registering the relevant hours on the website designated by the Ministry of Labor on a monthly basis in accordance with regulations, an internal accident investigation mechanism has been established to investigate and analyze the direct, indirect, and basic causes of such accidents, and to draw up an improvement plan for implementation and continuous tracking. Furthermore, the Health Promotion Team conducts follow-up care and health education, and expands the scope of the target group when necessary, in order to avoid the recurrence of similar accidents and to achieve effective control through the development and examination of points, lines, and surfaces.

At the same time, the Company prepares safety and health promotion materials from time to time and promotes them to all employees through the internal website, E-mail and bulletin boards in order to enhance the concept of safety and health for employees.

For employees who suffer from occupational injuries, the Company provides sick leave for work-related injuries in accordance with the provisions of the law and the actual situation, and arranges for consultation with on-site physicians, follow-up care for return to work, and assistance in applying for occupational accident compensation under labor insurance, so that workers injured on the job can recover from their injuries with peace of mind and regain their original functions in their lives as soon as possible.

In addition, to extend the attention to labor rights and occupational safety and health to our partners, when long-term contractors are injured in the line of duty, the on-site nurses assist in arranging for medical treatment, follow-up care, and recovery tracking depending on the condition of the injury. This extends the scope of health care to contractors who have cooperated with us for a long period of time with good performance, and creates a positive cycle that encourages the contractors to respect the rights and interests of their employees.

Moreover, the management of construction contractors is divided into general operations, special operations, and holiday construction. Each plant has the Occupational Safety and Health Office in charge of construction application, supervision, and inspection, and regularly evaluates vendors based on inspection items, which serves as an important evaluation factor for continued cooperation between contractors and the Company in the future.

Meanwhile, in order to manage contractors more effectively, immediately and environmentally friendly, and to further protect the safety of workers, we have started to implement a digital system for contractor management in 2023, and it is expected to be formally operated in 2024.

There were no serious occupational injuries in Sigurd in 2023. As for the recognized occupational injuries, they were mainly due to fallen objects, falls, poor posture, crushed injuries, cuts, and jammed injuries, as shown in the table below, and there were no occupational diseases.

Category	Year	Total hours of experience	Total number of occupational injuries	Total number of occupational injuries	Total number of lost days	Disability Injuries Frequency Rate (FR)	Disability Injuries Severity Rate (SR)	Frequency-Severity Indicator (FSI)	Occupational disease rate	Mortality rate
Employees	2021	5,389,112	577,633	7	17	1.29	3	0.06	0	0
	2022	4,951,116	535,2830	11	553	2.22	111	0.49	0	0
	2023	4,388,532	477,322	8	71	1.82	16	0.17	0	0
Non-staff workers	2021	175,664	19,867	0	0	0.00	0	0	0	0
	2022	172,500	22,916	0	0	0.00	0	0	0	0
	2023	178,912	22,364	0	0	0.00	0	0	0	0

Note 1: Disabling Injury Frequency Rate (FR) = Actual disabling injuries * million man-hours worked/Total man-hours experienced (rounded to the second decimal place, with the third place being unconditionally rounded off).

Note 2: Disability Injury Severity Rate (SR) = Total number of lost days * million man-hours worked/Total man-hours experienced. (Below the decimal point is not counted)

Note 3: Frequency-Severity Indicator (FSI) = $\sqrt{FR * SR/1000}$ (rounded to the second decimal place, with the third place being unconditionally rounded off).

Note 4: Actual disabling injuries Disability Injuries: The number of cases in which workers were unable to reinstate the job for more than one day (inclusive) due to occupational injuries.

Note 5: Total number of lost days: The number of days the worker cannot reinstate the job after the occurrence of occupational injury is more than one day (inclusive), and the total number of lost days does not include the calendar days on the date of injury and the date of reinstatement.

Note 6: The number of commuting occupational accidents in 2023 is 21.

7.5 Sound Medical System

As Sigurd is aware that employees are one of the most important elements of the Company's sustainable operation, the Company's philosophy of a happy enterprise is to create a physically and mentally healthy workplace environment and aims to maintain and even promote the physical and mental health of its employees. For example, we have set up a sound medical room, with on-site doctors and professional nurses to offer professional health management, simple trauma treatment, medical services, health care consultation, and employee assignment and reinstatement evaluations, etc. We also provide regular health checkups and occasional health care information for employees, so that they can obtain accurate and effective health and safety information; and we also offer personalized consultation and counseling services according to their physical and mental conditions, so as to enhance the concept of all-around health for our employees.

Key Achievements

In 2023, Sigurd's Pei-Shing/Chung-Shing/Hu-Kou Plants have obtained the "Badge of Accredited Healthy Workplaces".



In addition, Sigurd provides comprehensive personal health resources, overall assessment to improve the physical and psychosocial working environment, and extends the corporate social participation to the employees' families and the community to fulfill the corporate social responsibility. Together, Sigurd is working to create a healthy workplace, establish a healthy and supportive working environment, implement a new healthy life, and jointly build a healthy and happy workplace.

Key Achievements

In response to "Donate a bag of blood, save a life", our employees have donated a total of 107 bags of fresh blood in 2023, hoping that it can be provided to the patients in need in a timely manner.

Special Report

Employee Assistance and Mental Health Support

In order to help employees maintain work-life balance, the Company not only regularly arranges for employee care by professional nurses, on-site doctors and psychologists, but also provides professional medical advice to relieve employees' negative emotions in a timely manner.

We have also established Employee Assistance Programs (EAPs), cooperated with the external Lifeline Association, and integrated external social resources and company club activities. The EAPs include the provision of professional counselors and free consultation services in English and Chinese languages. Through on-site psychologist services, consultation lines, mailboxes, and one-on-one meetings, the EAPs assist employees in solving problems related to career and work, family, parenthood, gender, emotions, physical and mental stress, and legal advice, in order to build a friendly and healthy workplace, promote employees' physical and mental health, and enhance their work efficiency.

In addition, for risky cases, the Health Management Unit provides the Company's cooperative medical unit and external support to employees in a subtle manner, so as to prevent employees from missing the opportunity to seek support due to the desire to minimize or not to arouse the Company's concern.

In 2023, there have been 10 employees using on-site psychologist services.



Health Checkups

- We subsidize the cost of medical checkups for new employees upon their arrival.
- We regularly arrange health checkups for our employees, including physical examination, blood test, vision test, hearing test, liver function test, blood lipid test, urine test, chest X-ray, etc.
- For employees over 45 years of age, we have added colorectal cancer screening (fecal occult blood test, blood sampling for colorectal cancer indicators) not required by law/diabetes screening (blood sampling for glycated blood pigments)/electrocardiogram not required by law.
- Health checkups for supervisors.
- We provide professional doctors to give employees and long-term contractors health knowledge talks and health education.
- Going beyond regulations, we regularly arrange health checkups and special health checkups for employees and long-term contractors, and also incorporate the management of abnormal results for employees and long-term contractors into individual health

Moreover, in view of the literature pointing out that night shifts and other abnormal workload patterns have a certain degree of impact on the health of workers, therefore, in addition to arranging on-site doctors services for day-shift workers, Sigurd has further arranged for special time slots to be available for night-shift workers, with a total of 273 consultations with on-site doctors for night consultation services in 2023.

For the health of employees, in addition to the general physical examination and supervisor's health examination, Sigurd also arranges physical examination for special operations (including ionizing radiation operations) for employees who have a high incidence of occupational diseases and high risk of occupational diseases. Superior to the regulations, Sigurd conducts regular full-frequency hearing examinations for factory and environmental safety employees. Furthermore, superior to the regulations, Sigurd provides health examinations for middle-aged and senior employees. Sigurd conducts tracking and management for those employees with abnormal test values, and provides necessary individual health consultation care and guidance, so as to enable the employees to understand their own health conditions.

In order to create a safe, secure, and healthy workplace for employees, each unit has done its best to plan and implement all actions and activities that can promote the physical and mental well-being of employees. With the support of the Company, the implementation of the units, and the efforts of the employees, not only do we build a good atmosphere in the workplace and make the employees more concerned about their health in the workplace, but we also make them bring the correct concepts and life style back to their families and friends in their own life circle. Starting from the "self" and expanding the positive influence on the "surrounding" people, this is exactly the result that Sigurd hopes to achieve.

7.6 Health Promotion and Training

Our health promotion covers the four major aspects of "physical work environment", "psychosocial work environment", "personal health resources" and "corporate community participation". In order to take care of the health and safety of our employees and long-term contractors in the workplace, we regularly/occasionally collect information or practical cases from domestic and abroad, the industry, and the competent authorities to analyze and review them internally to avoid the occurrence of similar situations.

Additionally, the dedicated department conducts regular inspections and risk assessments every year, and sets higher-risk industrial safety items as improvement targets for continuous tracking and refinement.

Moreover, we organize various health promotion activities, including various health lectures, stress relief courses, blood donation activities, visually impaired therapist massage and stress relief activities, aerobics and yoga courses, health passbook activities, and four-cancer screening activities.

Promotion and Training

- Safety and health related courses are held on a regular basis.
- Hazardous operations and preventive measures re-training mechanism.
- Combining the training system with AED+CPR videos in both English and Chinese, so that all employees can watch the first aid training videos online repeatedly, in order to achieve first aid education and training for all.
- Publicizing prevention and control information based on current epidemiology or diseases with a high rate of abnormalities among employees, so that Sigurd employees can be aware of and take precautions against them.
- Publicizing and providing employees with health knowledge.
- The medical room provides employees with health care and epidemic prevention information from time to time, so that employees can obtain accurate and effective health and safety information.





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2023 Health Promotion Seminars and Activities

Month	Topics	Number of Participants
February	Online Seminar on Hypertension, Hyperlipidemia and Hyperglycemia	42
April	Maternity Seminar - Frameless Body	48
April	Four Cancers Screening	43
June	Dementia Friendly Workplace Seminar	102
July	Healthy Diet Seminar	90
July	Aerobic Boxing	39
August	Yoga & Stretching	4
August	Visually Impaired Therapist Massage	11
September	Stress Relief DIY Workshop	134
September	Blood Donation Activity	79
October	Ergonomics Seminar	80

Key Achievements

Health Passbook: Sigurd aims to promote the health of its employees in a variety of ways, not only to develop a regular exercise habit, but also to cultivate a healthy lifestyle, which in turn improves the abnormal values of the body. A total of 65 participants from 13 groups participated in the program, with a satisfaction rate of over 95%.

1. Establishing good health habits - developing regular exercise and healthy lifestyles to improve abnormal values.
2. Encouraging employees to participate in health self-monitoring and sports events such as health seminars, sports competitions, and four-cancer screenings inside and outside the plant.
3. A total of 120 million steps and 72,224 kilometers have been accumulated, which is equivalent to 60 laps around the island and 1.8 laps around the world.
4. A total of 17,093 kilograms of carbon emissions have been reduced.

According to the Ministry of Health and Welfare, every 10,000 steps of 6 kilometers can reduce carbon emissions by 1.42 kilograms.

→ Total cumulative steps of the event: 120,373,509 = 120,037.4 thousand steps.

→ Steps converted to kilometers: 12,037.4 * 6 = 72,224 kilometers

→ Reduced carbon emissions: 12,037 * 1.42 = 17,093.



Key Achievements Maternity Protection

- In compliance with laws and regulations related to the protection of maternity, we arrange for pregnant employees and mothers within one year of giving birth to meet with the on-site doctor, and assist female employees in their childbearing years to consult with the doctor to provide them with medical advice on preparing for their pregnancies.
- We provide pregnant employees in the clean room with pregnancy armbands for easy identification and to enhance the safe environment.
- We encourage pregnant employees to take the initiative to notify us of their pregnancy and prepare [mom's bag] gifts for them.
- We have set up a number of breastfeeding (collection) rooms in the plant.



7.7 Continuous Operation of Natural Disasters and Accidental Injuries

For emergencies caused by natural disasters or accidental injuries, such as fires, explosions, power failures, floods, typhoons, and toxic chemicals, Sigurd, by following the provisions of the AEO (Authorized Economic Operator) and BCP's Business Continuity Plan to implement the risk assessment annually, has not only established emergency management prevention categories, emergency management level categories and emergency response plans, but also holds emergency response education drills at least once a year, with adequate representatives from each unit to participate.

Furthermore, from time to time, professional instructors from fire-fighting agencies visit the Company to teach classes, including fire-fighting personnel training, first-aid personnel training, notification and contact personnel training, safety protection personnel training, and evacuation guidance personnel training...etc. We also cooperate with the local fire-fighting agencies to conduct drills to maintain the overall safety of the Company and prevent the occurrence of hazards or accidents.

In summary, Sigurd continues to educate and train employees on various hazard prevention measures, such as strengthening their awareness of high-risk chemicals and conducting emergency response drills. In doing so, employees are allowed to become more skillful, avoid panic and reduce the error rate and personal injury or death, and even perform hazard controls at the very beginning, thereby effectively limiting the scope of damage.

In 2023, Sigurd held a series of contingency drills, including "Emergency response and evacuation drill," "Self-defense fire fighting drill (including dormitory)," and "Disaster drill (including earthquakes/typhoons)."

Statistics on the Number of Participants Involved in Various Contingency Drills				
Plant	Item	2023	2022	2021
Pei-Shing Plant	Number of participants	571	593	546
	Number of drills	7	7	7
Chung-Shing Plant	Number of participants	539	580	598
	Number of drills	5	5	5
Hu-Kou Plant	Number of participants	1,183	1,914	1,577
	Number of drills	13	13	13

Note: The date of calculation is December 31, 2023.

// 8. Innovation Management and Service Quality //

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Improving Production Efficiency with Automation Systems and Innovative Technologies

Thanks to the introduction of automation equipment and innovative technologies in the smart factory, Sigurd is able to save manpower, reduce the injury rate, and improve production efficiency.

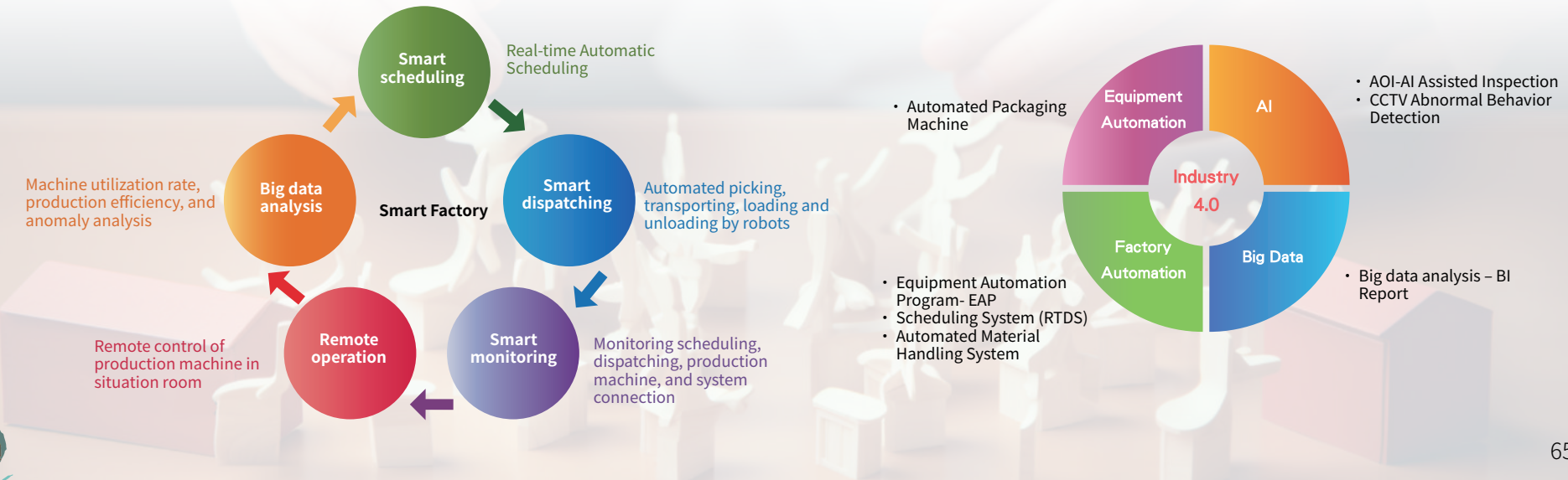
Creating Service Quality and Promoting Customer Satisfaction

In pursuit of product sustainability and customer satisfaction promotion to identify and respond to impacts

No	Item	2023 Goal	2023 Performance
1	Reducing manpower demands by introducing the automated material handling system	20% reduction	23% reduction
2	Average Customer Satisfaction Score of the Company's Top 10 Customers	8.3	9.1

With the future goal of moving towards a smart factory, Sigurd continues to aggressively apply new technologies and promote automated equipment, such as 5G, artificial intelligence, robots, Internet, big data and cloud computing, to build a good, friendly, intelligent, efficient and high-quality working environment.

To achieve the goal of smart factory, Sigurd has formulated three action strategies: First, use automated production to improve the quality and productivity of production; second, use artificial intelligence, big data or robot collaboration to reduce the demand for manpower for routine and repetitive work, and reduce the physical effort of employees and the risk of occupational disasters; third, use the Industry 4.0 framework as the implementation methodology and as the basis for implementing the smart factory to improve production efficiency, enhance yield rate and reduce personnel errors, and provide customers with high quality products. Finally, through the above three action strategies, employees can have more fun learning new technologies and techniques in their work.





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8.1 Smart Factory with Innovation Management Builds Sigurd's Competitiveness

(I) Automated packaging machine

Customers' products are manufactured in the low-volume-high-mix model, and the packaging and labeling requirements are complicated, resulting in a large amount of manpower. Due to the high-quality standards, the work pressure is heavy and the turnover rate is high.

For this reason, Sigurd has introduced an automated packaging system, which can automatically complete all the actions of packing boxes, humidity cards, static bags, labeling, vacuuming, packing, etc., by machinery. Employees are mainly responsible for replenishing materials, so the work efficiency is improved, the work pressure is reduced, and the productivity is enhanced greatly. In 2024, we focus on new products, increase of equipment utilization and workforce efficiency. We also work with suppliers to jointly develop tray + reel packaging process, scheduled to rollout in the third quarter.

(II) Equipment Automation Program (EAP)

By communicating data with machine equipment using SECS/GEM, Sigurd ensures the validity of data and improves overall equipment efficiency (OEE). As of December 31, 2023, Sigurd has designed and completed the following equipment: (1) Automatic packaging machine; (2) DPS full process equipment; (3) Related equipment for CP (Chip Probe) operations.

(III) Automatic Scheduling System

In order to integrate business orders, MES3 (Manufacturing Execution System), finished goods production management, machine real-time information, and shipment and distribution information, Sigurd has built an automatic scheduling system based on artificial intelligence and big data analysis software to achieve Real Time Dispatching and solve the tedious manual planning and scheduling operations. In addition, Sigurd can meet the needs of customers for rush orders, short-term orders and inserted rush orders, which helps to improve customer satisfaction.

In addition, the system provides real-time signage for the manufacturing site, which enables the warehouse to deliver goods immediately and efficiently, avoiding delays in batch loading. The expected benefit is to reduce the supply delay time of the machine by about 2%, which in turn improves the order fulfillment rate, equipment utilization rate and production efficiency, and helps the production planning engineers to reduce the frequency of updating complicated planning.

In 2023, Sigurd continued to promote its automatic scheduling system by adding one new system to the site of Chung-Shing Plant, increasing the scheduling functions (2 in 1), and expanding the scope of automatic scheduling to cover the stations at the back-end and package shipment sectors. In doing so, the application of automatic scheduling system becomes wider and the overall efficiency is therefore improved.

(IV) Automated Material Handling System

Automated Material Handling System can pick up the goods from the electronic shelves by unmanned carriers according to the automatic scheduling instructions, and then transport them to the designated machine equipment, followed by automatic loading and unloading by robotic arms.

For example, a wafer cassette filled with 12-inch wafers weighs about 8 to 9 kg, which is a heavy burden for the employees who are engaged in handling work, especially for female employees. In addition to injuries to employees, wafer breakage can also occur when mistakes are made. Therefore, Sigurd uses robots to handle the high load and repetitive transport work, which enables employees to concentrate on the machine operation and promote efficiency and quality.

Furthermore, Sigurd has equipped a situation room for the automated material handling system, which connects and displays all machine conditions in real time, so that employees can not only troubleshoot machine abnormalities remotely, but also remotely control the closing of batches and test the new batches, which saves a lot of time and effort for employees to go back and forth along the production line.

In view of this, Sigurd has introduced the automated material handling system that not only significantly improves productivity and quality, but also lowers the demand for manpower by approximately 30%.





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(V) BI (Business Intelligence) Dashboard

Smart Factory integrates factory-related system data, machine, product and production data through a common platform of big data, artificial intelligence software and hardware, and presents analysis results graphically and visually. Through data analysis and AI model prediction, engineers and managers can identify data abnormalities and correlations, reveal the information represented by the data, and synthesize and analyze the past and present of the production line to predict the future and improve the immediacy of decision making.

In 2023, the BI Dashboard was verified to save engineering staff about 70 hours per month in organizing data and 232 hours per month in holding daily meetings, which greatly enhanced the efficiency of engineering and management staff.

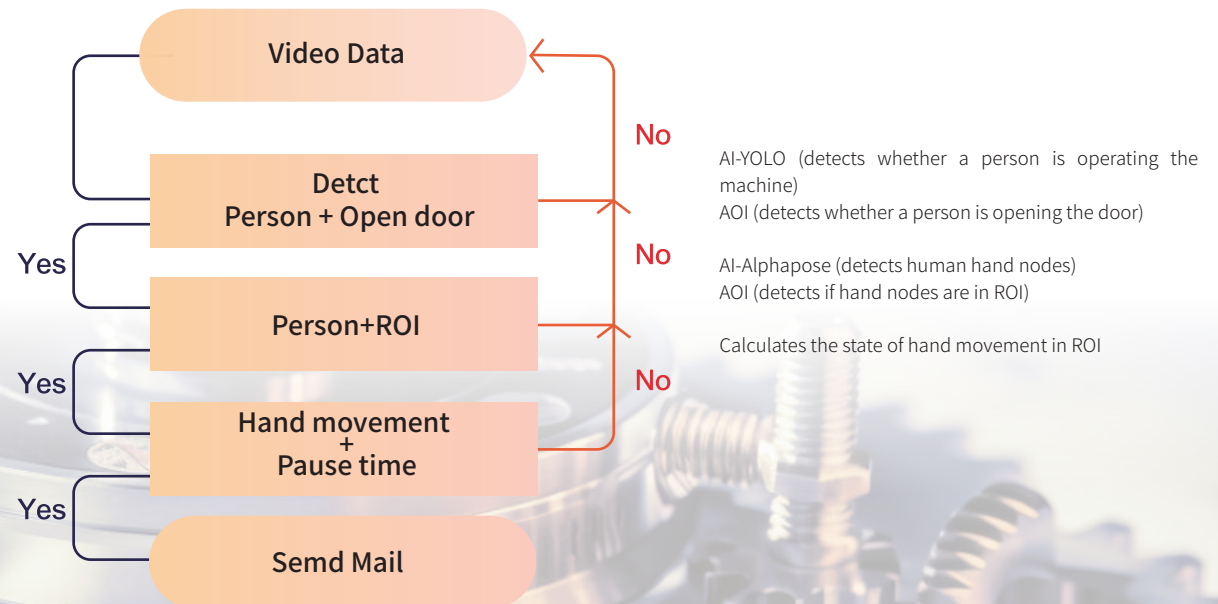
(VI) AOI-AI assisted inspection

In traditional operation process, the IC defect images generated by AOI are reassessed by operators, depending on factors such as the naked eye, experience, operation flow and reassessment level...etc. It costs 2.7 labor units on average to perform this operation. However, when Sigurd implemented the AI-assisted inspection system to assist the operators to reassess, it can reduce 0.81 labor unit and save 1.89 labor unit (72.3%), which can decrease the number of reassessment and the frequency and risk of error, so that the employees can focus more on the assessment of IC defects.

(VII) CCTV Abnormal Behavior Detection

Sigurd also utilizes CCTV images on the production line and combines them with AI system analysis to detect the false behaviors of employees on the production line, which not only reduces the time for supervisors to check the images, but also improves the quality of the operation and prevents people from moving the mixes manually, thus realizing the goal of Zero Defect by preventing it beforehand. The validation in 2023 shows that the effect of preventing the same incident from happening again beforehand can be achieved.

CCTV abnormal behavior detection successfully obtained a patent in 2024. In the future, we will continue to invest in operational applications, to detect abnormal behaviors on production lines and promptly correct errors to ensure production quality. Examples include color control of trays on equipment, tray sealing conditions, improper IC movement, failure to cover anti-static box lids, and work area restrictions.



(VIII) Automatic Warehousing System for Probe Cards

To cope with the increase in production demand, the increasing number of Direct docking Probe Cards, and the old method of storing them in nitrogen cabinets being no longer sufficient, Sigurd introduced an automatic warehousing system with additional storage space for Direct docking Probe cards and integrated the existing accessory system to our inbound and outbound logistics in 2023. In doing so, not only do we increase storage space and effectively utilize space to increase storage capacity, simplify the parts management, lower personnel errors, reduce personnel moving and searching for parts, and curtail occupational injuries.

Tooling System
Tooling check-in and Check-in and
Check out



Stoker move the probe card to access position

Stoker

After move in/out probe card , stoker feedback the
position to tooling system.



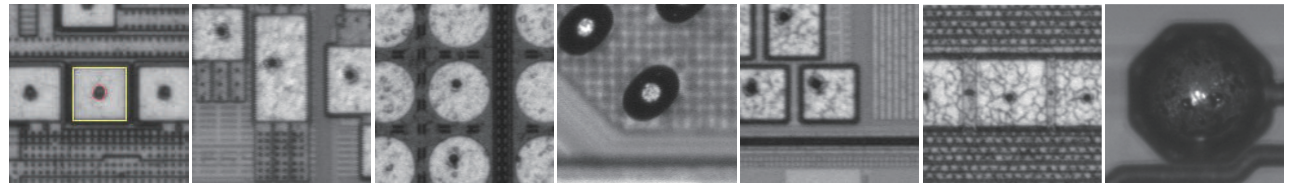
● Figure of automatic warehousing system for Probe Cards

9. Smart PMI

Since the PMI (Probe Mark Inspection) that comes with the Prober is not very accurate, any misjudgment made by PMI requires re-inspection by the OP. As a result, Sigurd uses AI (Artificial Intelligence) technology to check the misjudged probe mark photos inspected by PMI in real time to replace the OP re-inspection, and the new method has already been practically applied in the DX production line, and the data performance is very good, which relieves the staff's workload. In 2023, we continued investing in new equipment and products, to enhance production efficacy. In 2024, the smart PMI system is scheduled to be introduced into TEL probers. The verification results have confirmed its ability to accurately detect probe marks. It is expected to be officially implemented in TEL probers by Q4 2024.

- Using AI to re-inspect the misjudged probe mark photos inspected by PMI
- Where the AI finds an abnormal probe mark, it will trigger the prober's shutdown.
- AI inspection items

- Probe misalignment
- No probe mark
- Oversize probe mark area



Implemented

Under POC

Planned



Receiving/Stoker/IQC

Automation Solution
- Material Flow



Shipment



Stoker



AMHS



Production line stoker



AMR
Interbay



SLT Test



Baking
Scan
Tape/Reel



Auto Packing

● "Sigurd Smart Blueprint"



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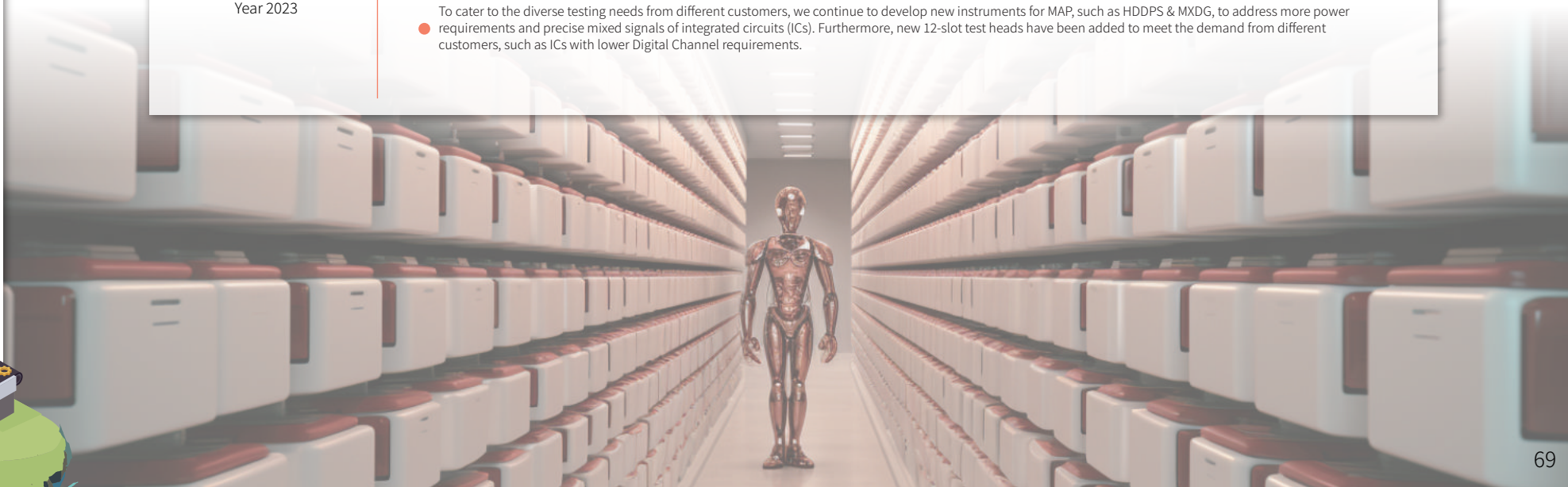


8.2 Creating Sustainable Manufacturing Power by Self-developing Our Own Machines

Unlike the standard automatic test equipment (ATE) on the market, Sigurd, with its accumulated knowledge and experience in the field of high-frequency testing, participated in the “Industrial Technology Foresight Research Program for High-tech Equipment—High Performance General Purpose RFIC Test System” sponsored by National Science and Technology Council. By integrating various instruments with the self-developed RF Subsystem, Sigurd successfully developed SG9000, the first indigenous RFIC test machine in Taiwan, capable of test those RFICs operating at 3G, 4G, 5G, WiFi, BT, and the like. Additionally, on the basis of the sub 6GHz instrument architecture platform, SG9000 can be extended to test RFICs operating at higher frequency bands (such as mmWave) and more test ports with the Sigurd modules (such as 5G RFIC test modules). Sigurd has successively put into mass production more than a hundred SG9000 RFIC test machines without purchasing outsourced software packages. SG9000 allows integrating specific test requirements at will, being customized to meet the needs of different customers, and providing customers with a wide range of choices and more competitive solutions. Thanks to SG9000, Sigurd was also awarded the Outstand Manufacturer of “Industrial Technology Foresight Research Program for High-tech Equipment” by the Ministry of Science and Technology.

R&D Achievements

Year 2019	The customer recognized Sigurd's experience and capability in high-frequency testing and commissioned Sigurd to develop a 24 GHz Radar IC test solution with its own machine, SG9000, which has been successfully put into mass production.
Year 2020- Year 2021	In response to the new trend of 5G mobile communication system application and testing requirements, Sigurd' s R&D team successfully developed the 5G RFIC test module for its self-developed SG9000 to meet the IC testing requirements for 5G cell phone and base station.
Year 2022	In response to the new trend of 5G mobile communication system application and testing requirements, Sigurd' s R&D team successfully developed the 5G RFIC test module for its self-developed SG9000 to meet the IC testing requirements for 5G cell phone and base station.
Year 2023	<ul style="list-style-type: none">At SEMICON Taiwan, Sigurd's Test Research and Development Center showcased a variety of highly flexible testing solutions through live demonstrations: SG9000, a highly competitive testing architecture for 5G and Satcom ICs; and the highly integrated MAP interface to meet RFSoc testing requirements.To cater to the diverse testing needs from different customers, we continue to develop new instruments for MAP, such as HDDPS & MXDG, to address more power requirements and precise mixed signals of integrated circuits (ICs). Furthermore, new 12-slot test heads have been added to meet the demand from different customers, such as ICs with lower Digital Channel requirements.





#	Patent Title	Taiwan Patent	China Patent
1	RF parameter measurement device	Awarded Patent No.: M637744	Awarded Patent No.: 19135116
2	RF S parameter measurement device	Awarded Patent No.: M642232	Awarded Patent No.: 19137903
3	Time Domain Interleaved Parameter Measurement System	Awarded Patent No.: M644069	Awarded Patent No.: 19782361
4	Multi-point RF parameter measurement device	Awarded Patent No.: M644070	Awarded Patent No.: 19768063



With the ever-changing technology and the future trend of net-zero carbon emission by 2050, the demand for electric vehicles, high-speed computing, and AI (Artificial Intelligence) chipsets continues to grow, and the requirements for advanced process innovation and R&D are becoming more and more stringent. In the face of the aforesaid unprecedented opportunities and challenges, Sigurd's R&D team will continue to center on customers' needs and focus on the market to persistently improve its R&D and innovation capabilities, thereby maintaining Sigurd's unique competitive edge to create unlimited business opportunities.



● Figure: SG9000

● MAP

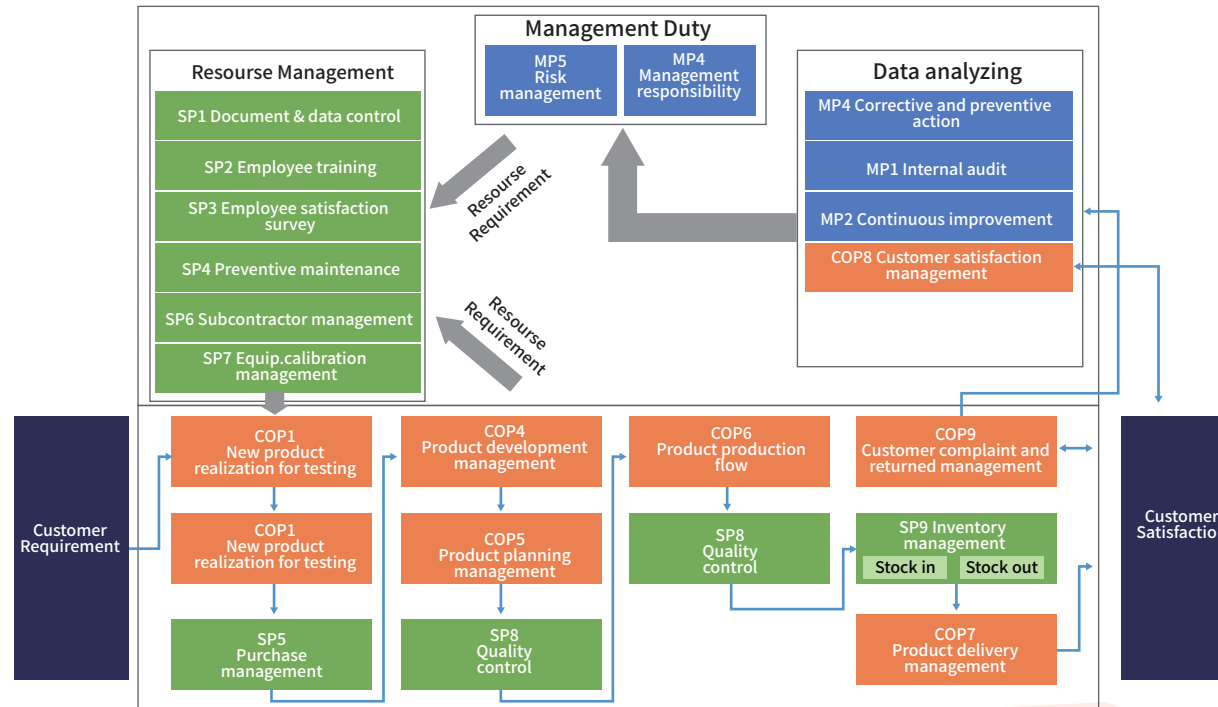


8.3 Service Quality and Increased Customer Satisfaction

8.3 Service Quality and Increased Customer Satisfaction

Sigurd develops quality management interconnected procedures (as shown in the table below) to meet international standards and customer requirements. Management of each procedure is supported with resources committed by senior management. Data is collected from each procedure for analysis and as a basis for continued internal improvement (in 2023, a total of 22 procedures and 72 performance indicators were established).

During this process, multiple contact points have been created so that customers can easily provide comments. Sigurd refers to customers' feedback as important directions for improvement and optimization. We endeavor to provide the best services and products and to become a trustworthy supply chain partner for customers.



In terms of product quality and service, Sigurd has established appropriate quality contact points at each plant to conduct regular meetings and quality reports with customers, ensuring customers' product quality and striving to achieve zero customer complaints.

To maintain customers' product quality, AI technology has been introduced in multiple projects during recent years to optimize operational management, increase productivity, and strengthen the systematic mechanisms of quality management.

For quality issues reported by customers, operations are carried out according to standardized regulations. Root cause analysis (RCA) and verification are conducted to address the problems, followed by effective corrective actions and improvements. A parallel expansion system is built to share experiences across all plants and production lines to prevent recurrence of issues.

In 2023, Sigurd achieved the goal of zero complaints among key customers and earned [Best Supplier Award] and [Outstanding Quality Award] for the year. This is a testimony of quality management by all Sigurd's employees.





8.3.2 Hazardous Substance Management

Bite sized knowledge

RoHS 2.0

A directive established by the European Union to effectively control hazardous substances used in electrical and electronic products by restricting the allowable concentration of ten substances, i.e., lead (Pb), cadmium (Cd), mercury (Hg), hexavalent chromium (Cr6+), polybrominated biphenyls (PBB), polybrominated diphenyl ethers (PBDE), Bis(2-ethylhexyl) phthalate (DEHP), butyl benzyl phthalate (BBP), dibutyl phthalate (DBP), and diisobutyl phthalate (DIBP).

Conflict minerals

Minerals mined under conditions of armed conflict and human rights abuses. These include tantalum (Ta), tin (Sn), tungsten (W), gold (Au), cobalt (Co), and Mica, as well as other minerals from conflict-affected and high-risk areas.

1. Policies, commitments and goals

In response to environmental regulations worldwide, Sigurd has established restrictions on substances used in raw materials during production. These are properly controlled to prevent violations of international or customer requirements, in order to comply with regulations, reduce impact on ecosystems, and protect the global environment. Sigurd commissions independent third parties to conduct annual audits to ensure the effectiveness of its hazardous substance management mechanism and to implement green supply chain management and enhance green competitiveness. We commit to the following:

- Implement a green supply chain, comply with environmental laws, regulations, and customer requirements, and provide green products that meet environmental management substance requirements.
- Construct a comprehensive environmental protection system and enhance awareness among employees in environmental protection.
- No use of conflict minerals, in support of the RBA requirement.

2. IECQ QC080000 third party verification

The materials, products, and packaging produced by Sigurd's suppliers and contractors comply with international regulations on hazardous substances in products, such as the RoHS Directive, Sigurd's hazardous substance prohibition, restriction specifications, and customer requirements. We are committed to continuously monitoring the updates of international regulations on hazardous substances in products to ensure ongoing compliance with international or customer requirements.

All of our plants in Taiwan have obtained valid system certifications by third-party verification bodies based on the IECQ QC080000:2017 management system standard. Annual audits are conducted by independent third-party organizations as we continue to strive for global environmental sustainability and continuous improvement.

3. GPM (Green Product Management System)

To ensure that the products provided to customers comply with relevant green product laws, regulations, and customer requirements, Sigurd places great emphasis on the source management of raw materials. To implement green supply chain management, Sigurd introduced "GPM (Green Product Management System) LIGHT" in 2020, by establishing a standard green management process between Sigurd and its supply chain system to control green product information. Meanwhile, an information exchange channel was created with the implementation of the GPM LIGHT Green Supply Chain Management System. This allows the supply chain system to submit test reports, commitment letters, and product composition tables, to enable connectivity and real-time sharing of green information and synchronization of operations. This helps to reduce the rate of non-compliance with environmental specifications and ensures that raw materials not in adherence to green product regulations are not purchased.



4. Green product management



Sigurd defines the control list of prohibited and restricted hazardous substances in accordance with international environmental laws and regulations and customer requirements for hazardous substances. This is followed with hazardous substance compliance control in accordance with Advanced Product Quality Planning (APQP) for new product introduction, process/material changes, relevant legal or regulatory changes, or amended customer requirements. In addition to signing the Company's hazardous substances free statements annually, suppliers are subject to due diligence by Sigurd as part of its green supply chain management to ensure compliance with relevant requirements when there are changes to international environmental laws and stipulations or customer hazardous substance regulations.

5. Control effectiveness - due diligence

Sigurd also has a regular green product control mechanism, including internal audits, third-party verification audits, and outsourced sampling inspections using X-ray fluorescence (XRF) spectrometers by qualified third-party laboratories. Effective green product management is implemented in the manufacturing process to ensure no risk of cross-contamination of materials.

International regulations/Customer requirements	No. of suppliers surveyed	Compliance rate
REACH SVHC 29th	65	100%
Sony SS-00259 v21	65	100%
EMRT v1.2	65	100%
CMRT v6.31	65	100%
REACH SVHC 30th	65	100%





8.3.3 Continued Increase of Customer Satisfaction

Through the Smart Factory, Sigurd has been aggressively and continuously improving its service quality to satisfy customers' needs and reliability, which in turn has enabled Sigurd to expand its brand awareness and market share. In terms of service quality and customer satisfaction, Sigurd has implemented regular surveys to provide feedback on the performance of Smart Factory.

Sigurd's sales department prepares the relevant information and evaluations, and conducts customer surveys through the "Customer Satisfaction/Expectation Survey Form". For customer satisfaction survey projects, Smart Factory can help to improve the components of "cooperation", "commitment fulfillment", "customer demand fulfillment", "quality", "yield", and "timely response to demand". Satisfaction surveys are monitored by setting satisfaction indicators and targets, understanding customer needs in a timely manner to serve as a line of defense in protecting customer rights and interests as well as in filing complaints, from which the customer rights and interests are adjusted on a rolling basis, review countermeasures are proposed, and the implementation progress is tracked to make appropriate and effective responses as the direction for continuous optimization of the Company's business operations.

If one of the following two situations occurs: (1) there is a downward trend in the evaluation and the total satisfaction score is below the acceptable level in two consecutive surveys; or (2) the single score or the total satisfaction score is below the acceptable level. If customers request further improvement reports, they will be submitted together with the evidence to the management review meeting of senior management for consideration, and the progress of implementation will be tracked in order to ensure that appropriate and effective responses are made.

In order to achieve the goal of exceeding customer expectations and enhancing customer value in terms of price, quality, delivery time, and service, Sigurd adheres to the following business continuous improvement guidelines: customer feedback, customer satisfaction surveys, and business response handling mechanisms.

First, Sigurd attaches great importance to customer feedback, and regards customer opinions and feedback as extremely valuable information. By actively collecting customer feedback, we can deeply understand customer needs, expectations, and dissatisfaction, and turn this information into practical improvement measures.

Second, conducting customer satisfaction surveys regularly is one of Sigurd's important processes. By using questionnaires, we can evaluate customer satisfaction with the smart factory, and understand customer ratings on cooperation, commitment fulfillment, customer demand fulfillment, quality, yield, and demand responsiveness. The setting of these indicators and goals allows us to continuously monitor satisfaction levels and propose improvement measures for situations below the acceptable level.

Finally, the business response handling mechanism plays an important role in Sigurd's operations. When customers make further improvement requests, we will conduct corresponding investigations and analyses, and provide customers with specific improvement reports, including specific evidence and solutions. These reports will be reviewed by senior management, and ensure that the progress of improvement measures is tracked to ensure that customer feedback is responded to and improvement measures are implemented. In summary, Sigurd is committed to continuously optimizing its business guidelines, with customer rights as the top priority, customer satisfaction surveys, and business response handling mechanisms as the foundation. Our goal is to exceed customer expectations and become the best strategic partner for customers in terms of price, quality, delivery time, and service.

Key Achievements

In 2023, Sigurd achieved the goal of zero complaints among key customers and earned [Best Supplier Award] and [Outstanding Quality Award] for the year. This is a testimony of quality management by all Sigurd's employees.



//9. Corporate Governance //

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Corporate Sustainability

Through a sound governance structure, Sigurd identifies and manages risks and promotes integrity management. We also proactively respond to various challenges to ensure the Company's sustainable operation, steadily pursue operational performance and growth, and meet the expectations of all stakeholders. (Corporate Governance and Integrity Management, Risk Management, and Business Continuity)

Legal Compliance and Information

Sigurd is committed to complying with regulatory requirements and safeguarding the security of the Company's information to identify and respond to challenges.

No.	Item	2023 Goal	2023 Performance
1	Operating profit maintains positive earnings	Positive earnings	Positive earnings
2	Number of cases in which the local government imposed fines exceeding NT\$1 million for violation of laws and regulation	0 case	0 case
3	Completing the training program related to integrity management by employees	100%	100%
4	Formulating risk management policies and procedures	Completed	Completed
5	Maintaining ISO 27001 certificate validity through verification	Passed	Passed



9.1 Legal Compliance

In executing its business activities, Sigurd also strives to pay attention to and comply with relevant laws and regulations to ensure that all operational activities are in compliance with the law and proper. In addition to the internal review of each business department, Sigurd's legal department also conducts compliance reviews to ensure operational control and compliance with the law.

Aspect	Legal compliance	Violation of law		
		2023	2022	2021
Business Operation and Marketing	Criminal Code, Fair Trade Act, Patent Act, Trademark Act, Copyright Act, and Antitrust Law	0 case	0 case	0 case
Financial and Organizational Planning	Company Act, Securities and Exchange Act, Money Laundering Control Act and related laws, Procedures for the Prevention of Insider Trading, Securities Investor and Futures Trader Protection Act	0 case	0 case	0 case
Protection of Internal and Customer Information	Trade Secrets Act, Personal Data Protection Act Labor Standards Act and related laws, Gender Equality in Employment Act, Employment Service Act, Sexual Harassment Prevention Act	0 case	0 case	0 case
Personnel Policies and Management	Labor Standards Act and related laws, Gender Equality in Employment Act, Employment Service Act, Sexual Harassment Prevention Act	0 case	0 case	0 case
Safety, Health and Environment	Occupational Safety and Health Act, Ionizing Radiation Protection Act, Communicable Disease Control Act and its Enforcement Rules, Act for Protecting Worker of Occupational Accidents, Fire Services Act	0 case	0 case	0 case
Environmental Protection	Air Pollution Control Act and its Enforcement Rules, Water Pollution Control Act, Waste Disposal Act, Resource Recycling Act	0 case	0 case	0 case

Note 1: There were no significant fines or non-monetary penalties for breach of laws or regulations in the current year and non-reporting periods.

Note 2: There was one environmental protection-related penalty in 2021 (failure of an employee responsible for wastewater management at the Chung Shing Plant to submit written reporting as a representative on time before departure), resulting in a fine of NT\$10,000. The improvement measures were disclosed in the 2021 Sustainability Report, and improvements have already been implemented.

9.2 Integrity Management

The Board of Directors of Sigurd shall exercise its duty of care, supervise the Company to prevent dishonest practices, and review the effectiveness of implementation for continuous improvement at any time to ensure the fulfillment of the integrity management policy. In addition, the Board of Directors shall designate the RBA Implementation Committee as a dedicated unit with sufficient resources and appropriate personnel to handle the revision, execution, explanation, consultation services, content notification, file registration and other related operations and supervise the implementation of the Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct."

(I) The Work Plan and Responsibilities of the Dedicated (Part-Time) Unit for Integrity Management of the Company

1. Assist in integrating integrity and ethical values into the Company's business strategy and formulate preventative measures to ensure integrity management in accordance with laws and regulations.
2. Regularly analyze and assess the risk of dishonest behavior within the scope of business, and accordingly, formulate programs to prevent dishonest behavior, and establish work-related standard operating procedures and behavioral guidelines within each program.
3. Plan the internal organization, establishment and duties, and place a mechanism of mutual supervision and balance on the business activities with higher risk of dishonest behavior within the business scope.
4. Promote and coordinate integrity policy guidance training.
5. Develop a whistle-blowing system to ensure effective implementation.
6. Assist the Board of Directors and management in reviewing and evaluating the effectiveness of the preventive measures established for the implementation of integrity management, and regularly evaluate and report on relevant business processes for compliance.
7. Prepare and properly maintain documented information regarding the Integrity Management Approach and its compliance statement, implementation commitments, and execution status.





(II) Implementation of Integrity Management

Having faithfully implemented the integrity management policy, no dishonest conduct occurred in Sigurd in 2023, whose implementation details are as follows:

(1) Education, training and promotion of laws and regulations

We plan a series of courses on laws and regulations, auditing, risk management, money laundering prevention, etc., to train our staff on legal knowledge, service rules and regulations. In addition, instruction and education were provided to employees on matters that they should be aware of when performing business, on the prohibition of dishonest behavior and harming the interests of stakeholders, and on the duty of confidentiality regarding the Company's intellectual property rights.

(2) Regular audits

Sigurd conducts risk assessment of corruption-related activities for all operating locations. Through semi-annual self-audits and legal compliance self-assessments, Sigurd achieves effective control and implementation to ensure the operation of the overall mechanism and joint management and prevention of dishonest behavior.

(3) Whistle-blowing system and protection of whistleblowers.

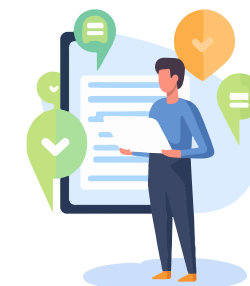
Sigurd's "Operating Procedures and Guidelines for Integrity Management" provides a specific whistle-blowing system to proactively prevent dishonest behavior and encourage internal and external personnel to report dishonest behavior or misconduct. The Human Resources Department has been designated as the dedicated unit to receive reports of dishonest behavior from employees. The "Stakeholders" section on the official website provides an effective way for employees, shareholders, stakeholders and outsiders to communicate with each other. We have also established a whistleblower protection system to ensure that the identity and content of whistleblowers are kept confidential, and we are committed to protecting whistleblowers from being improperly dealt with as a result of whistleblowing.

(4) Reporting regularly to the Board of Directors

The implementation results and related matters of integrity management shall be reported to Board of Director at least once a year, and the implementation results in 2023 were just reported to the Board of Directors at the first Board Meeting in 2024 (dated February 29, 2024).

(III) Training Course Information

Training Date	Course Title	Time Period	Number of Trainees	Trainees	Training Completion Rate	Retraining Cycle
2023/08/01~ 2023/08/31	Responsible Business Alliance (RBA) Code of Conduct (including prevention of insider trading and promotion of corporate integrity principles)	1 hour	2,220	All staff	100%	one year
2023/12/6~ 2023/12/30	Corporate Governance Best Practice Principles (including prevention of insider trading)	3 hour	27	Senior management	100%	one year



9.3 Risk Management

With frequent global business interactions, Sigurd's operations face various risk challenges, including increased operational costs due to lack of environmental and energy resources; operational disruption caused by water and power outages as a result of frequent extreme weather events and natural disasters; financial market risks caused by inflation, rising interest rates, and interest rate cuts to rescue the economy (including exchange rate risk, interest rate risk, and price risk), credit risk and liquidity risk and supply chain disruptions caused by wars and the pandemic over the past two years. In response to these risks, Sigurd's Board of Directors approved the "Risk Management Policy and Procedures" on December 20, 2022, which clearly specifies the Company's risk management policy, scope, and implementation methods. A "Risk Management Committee" was also established to oversee the implementation of risk management by all departments. The committee reports to the Board of Directors at least once a year on the implementation status of risk management and its effectiveness. The policy includes the following measures:

1. To understand the risks that may arise from the ongoing management of the Company's business activities and operations, Sigurd uses BCP (Business Continuity Plan), a comprehensive risk identification and assessment process, which identify the potential risks of business continuity management in advance and to formulate control measures to effectively minimize the risk impact of the company's various activities and operations (and necessary resources), and to serve as the basis for business continuity planning.
2. On the production side, to protect the rights and interests of customers and production safety, Sigurd's various departments, by following the provisions of the AEO Security Certification for Quality Enterprises (Authorized Economic Operator, AEO), are required to seriously implement the threat awareness and risk identification analysis on the aspects of [Physical and Site Security], [Employee Security], [Cargo Security], [Information Security], [Supply Chain Security], and the like to review existing control measures adopted. Material risks must be reported with management plans and improvement measures for tracking, and will be subject to on-site inspection and correction by the Customs every three years.
3. On the environmental side, Sigurd follows the P-D-C-A cyclical management methodology, which consists of planning (Plan), implementing (Do), checking (Check), and acting (Act). Each year, the Company conducts a systematic inventory and develops a "Risk and Opportunity Assessment and Planning Measures" table to assess and review internal and external environmental risks related to chemicals, waste, wastewater, and noise. The Company then develops planning measures and performance monitoring and measurement. Sigurd also undergoes annual supervision and inspection by a third-party certification body.

Aspect	Risk	Description
Operational risk	Purchase concentration risk	Identification of multiple highly rated suppliers, to ensure the quality of raw materials and reduce the risk of supply shortage or disruption.
	Sales concentration risk	Adjustment of the product portfolio by increasing the percentage of testing business and developing new product lines, to meet customer and market demand and boost competitive niche.
	Regulatory risk	Staying on top of changes of key policies and laws and responding accordingly, to mitigate the impact of regulatory change on corporate operations.
	Climate change risk	Signing of the renewable purchase agreement in 2023, to demonstrate Sigurd's determination for climate change actions.
Environmental risk	Wastewater discharge or waste processing problems due to work stoppage	After treatment by wastewater facilities and confirmation of compliance with effluent standards, the water is discharged into the industrial wastewater treatment station of the Touqian River/Water Collection Plant for uniform treatment. Sludge is transported and treated by qualified outsourcers.
	Greenhouse gas	Purchase of cooling towers to reduce greenhouse gas emissions. Planning to buy carbon credits.
	Water resources	Investment in recycling facilities, air handling unit (AHU) condensate recovery, and water conservation measures.
Information security risk	Information security risk	Annual server and host vulnerability scanning; penetration testing; social engineering and phishing email drills; multi-factor authentication (MFA) mechanisms; and deployment of a Security Operation Center (SOC) for outsourced monitoring of security equipment and information. Promotion of an information security management system compliant with ISO 27001 standards to enhance the overall confidentiality, availability, and integrity of information resources. This reduces the risk of information equipment being affected by worms, viruses, or malicious intrusions and strengthens the Company's ability to manage information security risks.
Safety and health management risk	Occupational safety and operational risk	Department of Environmental and Occupational Safety and Health serves as the coordinating unit for safety and health management. It formulates a safety and health management manual along with other relevant regulations and implements safety and health management to ensure personnel safety and health management comply with legal requirements. Methods for hazard identification and risk assessment in occupational safety and health are established to reduce related risks.
Financial risk	Interest rate change	The Group closely monitors interest rate trends at all times. The current domestic interest rate level is not expected to change significantly in the short term. However, we will continue to observe the interest rate movement and adjust fixed or floating loans at any time to reduce the risk of rising capital costs due to interest rate changes. Therefore, it is expected that interest rate changes will not pose a significant risk to the Company's profit and loss.
	Exchange rate change	Fair value will change along with exchange rate fluctuations. Thanks to appropriate financial operation for the assets and liabilities held and denominated in foreign currencies, no significant market risks are expected. To effectively control exchange rate risks associated with currency transactions, we adhere to the principle of natural hedging and constantly monitor exchange rate changes to minimize exchange rate risks. Despite the fluctuations of the New Taiwan Dollar exchange rate, the risk has been reduced with appropriate financial control and exchange rate fluctuations have no significant impact on the Group's profit and loss.
	Inflation	Inflation changes in 2023: The continued impact of the pandemic, the Russia-Ukraine war and the Israel-Palestine wars led to global supply chain delays, caused oil price fluctuations, and affected global monetary policies in 2023. As a result, Consumer Price Index (CPI) in Taiwan exported an annual growth rate of 2.90% at the end of November 2023, and CPI was about 106.63% (2011=100). Overall prices remained relatively stable and did not have a significant impact on our company's operations.

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By identifying the risks affecting the sustainable development of the enterprise and formulating corresponding management measures, employees' awareness of risk management is strengthened and their ability to respond to crises is enhanced, thereby achieving the reduction of risk incidence and control of risks, and minimizing the loss of the enterprise's development and operation.

In 2023, no key material events communicated to the Board of Directors (such as potential and actual negative impact of the organization on stakeholders raised through grievance mechanisms and other procedures) occurred.

AEO SECURITY POLICY

- Follow the government regulation, proceed custom and customer safety regulation properly
- Perform the risk management, provide the safety protection solution to the supplier chain
- Enhance the safety awareness, proceed the inspection management, and continuous improvement.

9.4 Information Security

Committed to protecting the confidentiality, integrity, and availability of both customers' and the Company's information assets, Sigurd takes information security management seriously, enhances the trust of stakeholders, and complies with relevant regulations to prevent information assets from being exposed to intentional or accidental threats from both internal and external sources. As a result, Sigurd has implemented a number of measures to ensure the security of data, systems, devices, and networks, including creating a reliable information environment, deploying innovative information security protection technologies, and implementing information security management processes to boost the quality of our services and provide high quality services. As a result, Sigurd introduced the ISO 27001: Information Security Management System in 2022, and continues to maintain its certificate validity, the current validity period of which is from March 15, 2023 to October 31, 2025.

(I) Information Security Policies and Targets

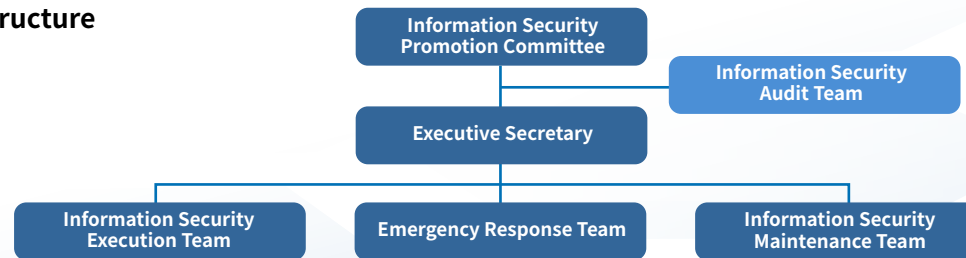
- **Hardware must be stable. Software must be suitable. Usage must be authorized and access must be logged.**
- **Backups must be executed. Failover must be feasible. Intrusions must be prevented and anomalies must be reported.**

The information security control measures of Sigurd Microelectronics Corporation's information systems aim to protect the confidentiality, integrity, and availability of important customer and company personnel data, as well as to strengthen information security management to ensure the security of data, systems, equipment, and networks. We strive to create a reliable information environment, deploy innovative information security protection technologies, and implement information security management operations. In an effort to improve the Company's service quality and provide superior services, we move towards e-services with continuous innovation and pursuit of excellence.

Sigurd will strive to achieve four objectives:

1. Secure the Company's business services and ensure that information is only accessible via authorization to protect customer rights, safeguard customer data and assure its confidentiality.
2. Protect business security from unauthorized modifications to assure correctness and integrity.
3. Establish information operations continuity plans to assure business continuity.
4. Execute business services in compliance with relevant governmental laws and regulations.

(II) Management Structure



Sigurd has established "Information Security Promotion Committee," chaired by the Chairman of the Board of Directors and with committee members appointed by the Chairman, to drive the information security policies. Department heads serve as committee members and President (Chief Information Security Officer) acts as the convener. The committee promotes, coordinates and supervises the information security policies, and to hold information security management review meetings annually to examine matters related to information security management.





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(III) Information Security Protection

Sigurd refers to the NIST Cybersecurity Framework (CSF) standard to design its cybersecurity protection with control measures for identification, protection, detection, response, recovery, and governance, including multi-factor authentication (MFA) system; regular inventory of account permissions for each system; real-time detection mechanisms for information security incidents and alerts; joining of information security intelligence sharing organizations to obtain early warnings, threat intelligence, and vulnerability information; formulation of emergency response plans and disaster recovery plans; development of standard specifications and operating procedures; adoption of the PDCA (plan-do-check-act) information security management cycle to continuously improve the information security management system; compliance with the ISO 27001 standards; and implementation of the above information security control measures to protect company and customer data.

1. The multi-factor authentication (MFA) system for identity verification requires users who connect from outside the company to provide additional identity verification to ensure internal network security while allowing employees to work conveniently. Regular inventory of account permissions of each system confirms that user accounts are all necessary for their duties, that there are no unauthorized accounts on the hosts, and that no phantom accounts have been left undeleted. Use of a file server folder to access management systems and regular cleaning of folder permissions aim to ensure permission restrictions and prevent unauthorized file access.
2. Installation of secure and robust network firewalls to restrict inbound and outbound network connections. Establishment of a security boundary to help protect internal hosts or networks from harmful traffic. Implementation of a network connection access control system to manage lateral connections of internal networks and to create network micro-segmentations. Prohibition of non-company information devices from connecting to the company network enhances network connection security and reduces the possibility or extent of damage from worm viruses or malicious intrusions.
3. Server vulnerability scans are conducted each year with automated scanning tools to detect vulnerabilities in operating systems and software systems and to prevent potential malicious exploitation of systems. Regular penetration tests are carried out to simulate hackers' thinking for flexible attacks, identify vulnerabilities in program processes and logic, verify whether company data and equipment can be stolen or damaged, and assess whether security needs further strengthening.
4. An email filtering and blocking system filters spam and prevents malicious phishing emails from entering employees' inboxes. An email proxy server is in place to enhance email system security by protect the email server from external malicious traffic.
5. Enhancement of antivirus software by including Endpoint Detection and Response (EDR) capabilities. Establishment of an internal WSUS (Windows Server Update Services) server for timely installation of critical security updates. An endpoint device management platform system is deployed to strengthen endpoint access control and increase IT personnel's control over computers and servers.
6. Sigurd outsources information security monitoring to a third-party security operations center (SOC). The SOC provides cybersecurity infrastructure and information such as Intrusion Prevention System (IPS), anti-virus software and firewalls and offers analytics and advice including pre-emptive threat intelligence, real-time threat notifications, and post-incident analysis and recommendations.
7. We continuously build, promote, and advocate awareness and literacy among employees in information security by sending information security notifications from time to time; requiring all new employees to read and implement information security awareness materials; annual social engineering and phishing email drills; and offering information security training courses.
8. Sigurd identifies key systems and develops a business continuity plan (BCP). The BCP includes data backup measures, local and remote backup mechanisms, and annual disaster recovery drills, and annually working with various system responsible persons to arrange time for the implementation of disaster recovery exercises and simulation of abnormalities in the operational process. These measures help shorten the response time of each unit and improve operating efficiency once certain event really happens.

(IV) Information Security Management Indicators and Effectiveness of Implementations

To achieve information security management objectives, we have set qualitative and quantitative information security management indicators as follows:

1. Information security policies should be regularly reviewed to ensure the implementation of the information security management system.
2. The roles and responsibilities of information security organization and personnel should be regularly reviewed to ensure the progress of information security work.
3. It is necessary to comply with regulatory requirements and provide appropriate information security-related training according to employees' duties and responsibilities.
4. The internal controls are strengthened to prevent unauthorized improper access and to ensure that information assets are properly protected.
5. Appropriate protective measures and access control mechanisms should be adopted to safeguard the environmental security of information processing facilities.
6. We ensure that all information security incidents or suspected security vulnerabilities are reported higher up the hierarchy through appropriate mechanisms, investigated, and handled properly.



Key Achievements:

#	Indicator for availability of information services	Achievement
1	Zero major incident for the year	0 major incident 100% achieved 100% achieved
2	Server rooms (infrastructure e.g., UPS and air conditioning) at least 99% operational during work hours in the year	
3	Critical business system services at least 98% operational during work hours in the year	

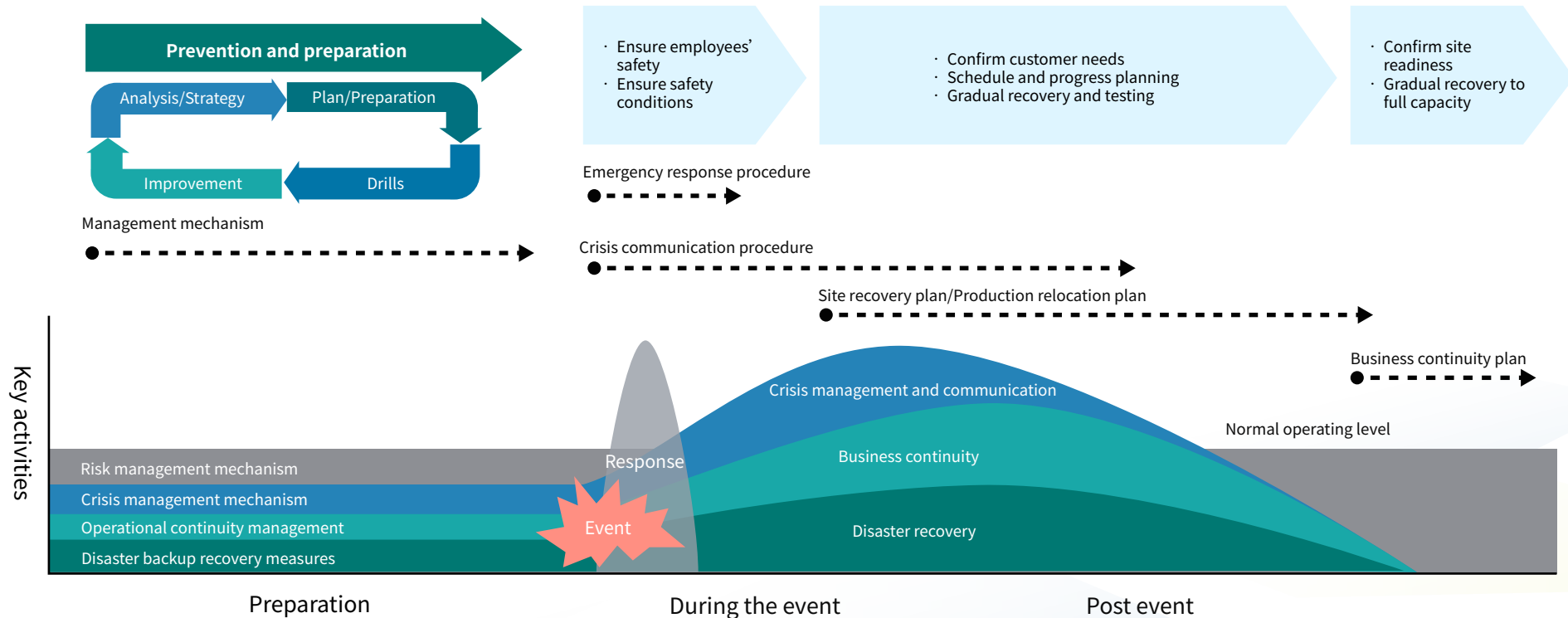
Note 1: A major incident is an event classified by the company as Level 4 Information Security Event.

Note 2: Equation: $365 \text{ days} \times 24\text{H} = 8760\text{H}$, $1\% = 87.6\text{H}$ and $8672.4/8760 = 99\%$.

9.5 Corporate Operation Continuity

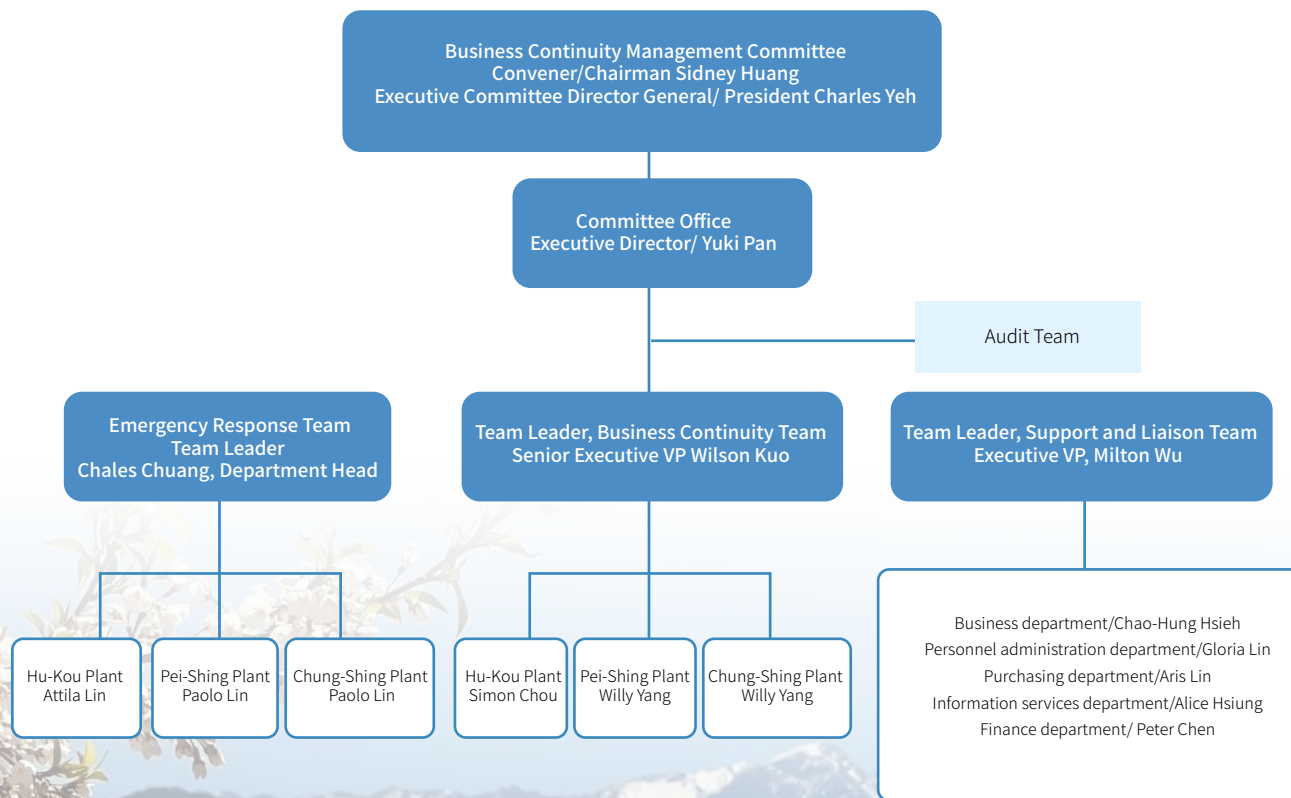
With economic globalization and close cooperation across the supply chains, any threat event affecting a link in the supply chain may destabilize the entire supply chain. Therefore, Sigurd, as part of the global supply chain, adopts Business Continuity Management (BCM) to control risk impact and protect stakeholders' interests. We develop the ability to respond to threat events through risk assessment, personnel training, resource preparation and drills. In the event of a disaster, the first priority is to ensure personnel safety, to minimize damage, and to focus resources on key business operations for rapid recovery and lower operational downtime. In recent years, climate change has become a major global issue. In face of sudden natural and man-made disasters, Sigurd has the ability to maintain and continuously improve business continuity management as this has become a prerequisite and a competitive advantage.

To ensure the sound operation of Sigurd Group and strengthen the Company's governance, with sustainable development as the Company's highest guiding principle, Sigurd's Board of Directors passed the "Risk Management Policy and Procedures" in December 2022, and established the Risk Management Committee as the highest guiding unit for Sigurd's risk management. Based on the policy and the Company defines various types of risks, establishes a risk management mechanism that identifies, measures, monitors, and controls risks early, prevents possible losses within the range of acceptable risks, and adjusts and improves best risk management practices according to changes in the internal and external environment. This is to protect the interests of employees, shareholders, partners, and customers, and to increase the Company's corporate value.



1. Protecting personnel safety is the first priority of business continuity.
2. Establishment of preventive and response measures for different disaster types based on the business impact analysis, to reduce operational impact and shorten recovery time.
3. Regular drills in compliance with the ISO 22301 management system standards to review the effectiveness of the business continuity plan and seek continued improvement by following the PDCA cycle basic principles.

The "Business Continuity Management Committee" was established in 2023, with the Group Chairman serving as the Convener and President as the Committee Director General. Created with corporate resources and involvement from senior management, the Committee consists of the "Committee Office," "Audit Team," "Emergency Response Team, Business Continuity Team," and "Support and Liaison Team." In addition to the establishment of a risk prevention mechanism and maintenance during normal operations, the Committee also cultivates disaster response awareness among team members and has formulated a real-time response system. This enables rapid response measures to be taken in event of a disaster, to ensure emergency handling, reduce risks and impacts, and minimize disaster losses. Once the disaster is brought under control, the focus is on quickly restoring normal operations.



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Business continuity management is conducted each year based on the PDCA (Plan-Do-Check-Act) approach and in accordance with the ISO 22301:2019 Business Continuity Management System (BCMS). When changes occur in the operating environment, the PDCA approach will be used to revisit the contents of the business continuity management to ensure alignment with the company's operational scope and strategic objectives.

Activities include the following:

1. Plan (planning and deployment):

Understand the needs and expectations of the organization and interested parties, determine the scope of the business continuity management system, demonstrate leadership and commitment from top management, define organizational roles and responsibilities, conduct personnel competency and awareness training, establish the organizational document structure and write content, etc.

2. Do (implementation and operation):

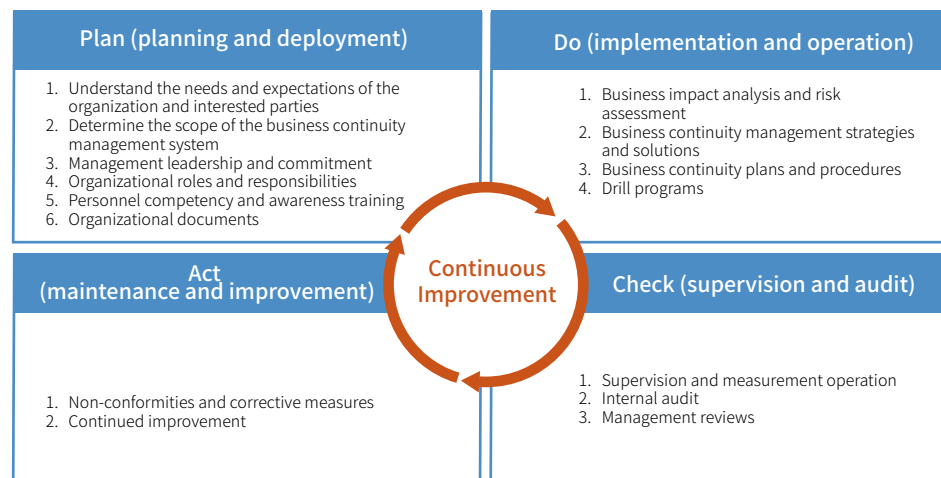
Conduct a business impact analysis and risk assessment, formulate business continuity management strategies and solutions, develop business continuity plans and procedures, and implement drill programs, etc.

3. Check (supervision and audit):

Perform monitoring and objective measurement operations, conduct internal audit activities and management review meetings, etc.

4. Act (maintenance and improvement):

Implement corrective actions to address non-conformities identified in audits, and continue with improvement measures, etc.



Internal and external issues are collated each year (e.g., post-COVID-19 era, power shortages accompanied by power outages or rolling blackouts, war-related material shortage risks, etc.) for risk assessment analyses by responsible units. Business continuity plans are formulated to address high-risk items. Backup sites are planned to facilitate the transfer of critical operations to backup production locations after a disaster, in order to reduce operational downtime.

1. Fire and personnel evacuation drills:

According to domestic fire regulations, responsible units organize their own fire defense teams. Emergency response education drills are conducted at least once a year, in cooperation with local fire departments. This cultivates employees' awareness and response capabilities for fire emergencies. It also establishes the categories of emergency handling and preventive actions, hierarchical structure of emergency responses and emergency rescue response plans. Detailed information can be found in "Continuous Operation of Natural Disasters and Accidental Injuries" section of Chapter 7.

2. Information security drills:

With the advancement of technology, information security threats have become a risk event that companies pay attention to. We have established the Information Security Promotion Committee and its emergency response team to protect Sigurd's information system security. In 2023, we obtained the ISO/IEC 27001 information security management certification. Information system drills, disaster recovery drills, server/host vulnerability scans, and employee education and advocacy are conducted each year. Meanwhile, multi-factor authentication (MFA) mechanisms have been implemented, and external information security vendors have been commissioned to set up a SOC (Security Operations Center) to reduce information security vulnerabilities and establish early warning and response mechanisms. Detailed information can be found in "Information Security" section of Chapter 9.

3. Emergency response process for climate change issues:

In recent years, the climate change issues, such as the risk of power outages due to rising temperatures, have been introduced into the TCFD guideline framework since 2021. The company has set up a climate change management mechanism to respond to the risks and opportunities arising from climate change, and has formulated strategies and action plans and established annual targets, which are monitored and adjusted on a rolling basis by the Sustainable Development Committee.



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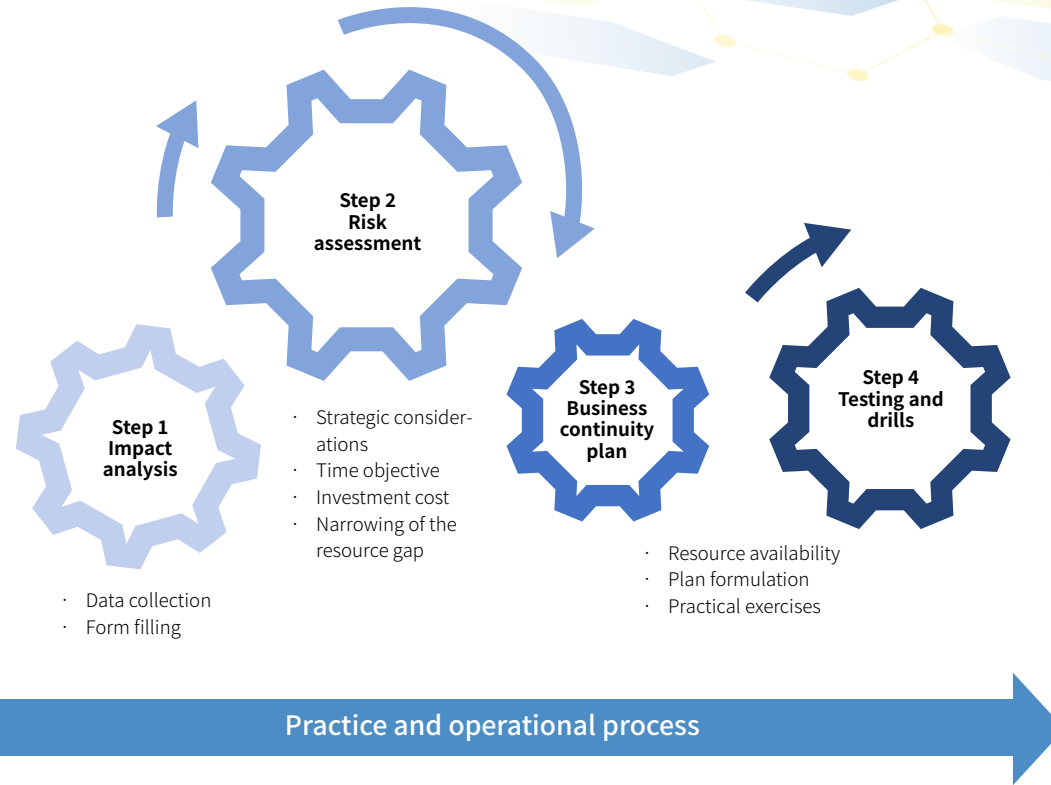


**Business Continuity
Management Committee**

**Function/department
head**

Responsible units

Company organization and hierarchy



To stay on top of international industry trends and continue to meet the expectations of key customers, Sigurd plans to undergo ISO 22301:2019 external verification by BSI in August 2024. Going forward, annual verifications are planned each year by third party validation companies, to ensure the validity of the certification. Sigurd also constantly monitors environmental changes, deploy or adjust relevant emergency response measures on a rolling basis to enhance the company's ability to respond to emergencies, maintain continuous operations, and avoid unpredictable or further losses for customers. Furthermore, through annual preventive drills, resource investment, experience accumulation, process recording of emergency events, and review and improvement, Sigurd gradually shortens disaster response and operational downtime. Our full preparedness and ability to respond to threat events has garnered trust from domestic and international stakeholders.

// 10. Supply Chain Management //

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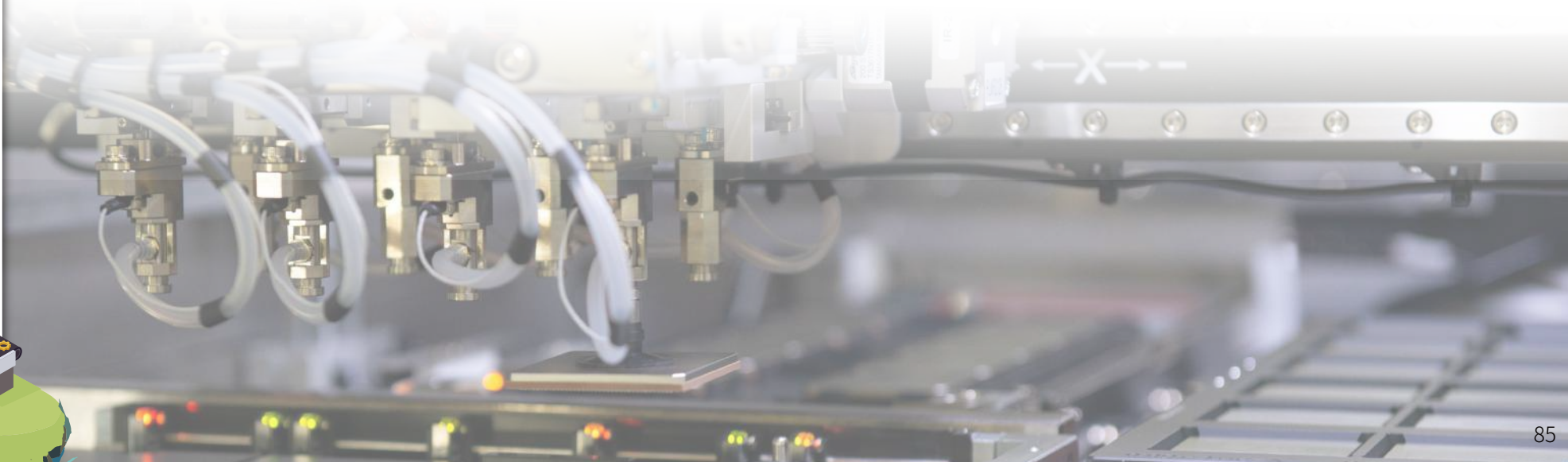


Joint Sustainable Development

Suppliers are significant partners. Our strategy is to move towards a sustainable development philosophy and to actively assist our suppliers in evaluating and addressing environmental, social and corporate governance related issues to identify and respond to challenges.

No.	Item	2023 Goal	2023 Performance
1	Asking significant suppliers to sign back the "Advocacy Letter of ESG and Corporate Sustainability to Suppliers"	100%	100%
2	At least one significant supplier each year obtaining an international certification in management systems	100%	100%

To implement green supply chain management, Sigurd not only cares about internal environmental management and related training, but also pays attention to supplier management, and promotes suppliers to jointly assume environmental and social responsibility. Therefore, Sigurd has established a supplier management procedure, and gradually requires suppliers to conduct self-examination in accordance with the Responsible Business Alliance (RBA) Code of Conduct in the short and medium term, in order to fully comply with relevant regulations, and form a certain degree of constraints on suppliers, to encourage suppliers to improve the greenness of the entire product life cycle, and to truly fulfill corporate social responsibility in the production and operation process. In addition, GPM LIGHT was introduced. In the selection of suppliers and supplier management, environmental, social and corporate governance issues are gradually incorporated.





10.1 Supplier Selection and Procurement Strategy

10.1.1 New Supplier Selection and Analysis

Based on ethics, integrity and legal compliance, Sigurd takes into account the supply chain risks and avoids centralized procurement, and has established a comprehensive procurement mechanism for selecting suppliers. Suppliers are eligible to be our cooperating suppliers if they meet the Company's requirements for qualifications, capabilities and related regulations, in order to implement fair procurement procedures.

Due to the large number of suppliers (more than 500 currently), the suppliers of direct materials, important indirect materials, and important production support materials are categorized as significant suppliers, while all the other suppliers are classified as non-significant suppliers. Based on procurement types, the significant suppliers are further divided into raw material suppliers, jigs and fixture suppliers, and outsourcers.

1.Assessment via Questionnaire Survey

All suppliers are required to complete the questionnaire survey and provide the following relevant materials (1) to (6). Significant suppliers need to provide the survey form (7) to complete the questionnaire review process. Hence, the selection of new significant supplier is 100% based on environmental and social standards:

1. Supplier/Outsourcer Questionnaire
2. Hazardous Substance Free (HSF) Declaration
3. Supplier RBA commitment letter;
4. ISO quality system related certificates;
5. Supplier occupational health and safety requirements commitment letter;
6. Advocacy Letter of ESG and Corporate Sustainability to Sigurd's Suppliers
7. Environmental Management Survey Form

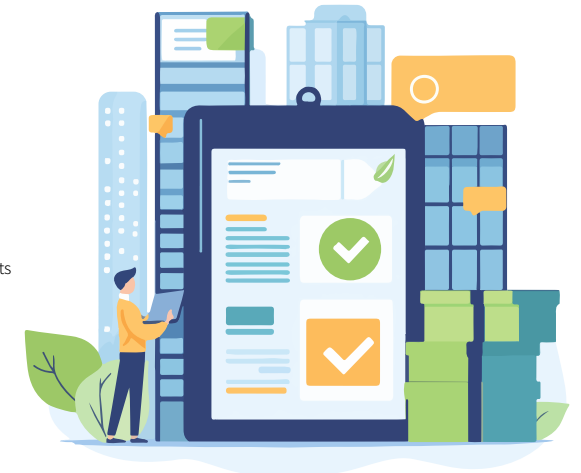
2.Significant suppliers

All suppliers are required to go through a questionnaire survey. In addition to completing the questionnaire survey, significant suppliers must also pass the on-site audits before they can be included in the "Qualified Suppliers/Outsourcers Control List." The number of suppliers is analyzed in the following table.

Significant suppliers analysis table			2023		2022	
Significant supplier types	Number	% of significant suppliers	Number	% of significant suppliers	Number	% of significant suppliers
Raw material suppliers	46	37.4%	46	40.3%		
Parts and fixtures suppliers	66	53.7%	56	49.1%		
Outsourcing suppliers	5	4%	4	3.5%		
Freight forwarders and carriers	6	4.9%	8	7.0%		
Total	123	100%	114	100%		

3.Supplier Risk Assessment

When adding a new supplier to the "Qualified Suppliers/Outsourcers Control List," Sigurd determines the risk level of the supplier based on the "Questionnaire for Suppliers and Outsourcers" and the "Environmental Management Questionnaire", and the following principles, and indicates the determined risk level in the "Qualified Suppliers/Outsourcers Control List."





Supplier risk level	Risk level descriptions
Low risk	<p>Suppliers that meet all of the following conditions are determined to be low-risk suppliers:</p> <ol style="list-style-type: none"> 1. Having passed ISO 9001 or IATF 16949 audits or accreditations; 2. Providing a business continuity management (BCP) plan (including emergency response plans, disaster recovery plans, and the like); 3. The survey results of the "Environmental Management Survey Questionnaire" falling within "non-significant environmental aspects"; 4. Meeting one of the following criteria: <ul style="list-style-type: none"> ● Annual transaction amount being less than or equal to NT\$50 million, and the quarterly rating results of the annual quarterly assessment being 90 points or higher. ● Annual transaction amount being NT\$50 million to NT\$100 million, and the quarterly rating results of the annual quarterly assessment having been 90 points or higher for more than 2 years.
Medium risk	<p>Suppliers that meet all of the following conditions are determined to be medium-risk suppliers:</p> <ol style="list-style-type: none"> 1. Having Passed ISO 9001 or IATF 16949 audits or accreditations; 2. The survey results of the "Environmental Management Survey Questionnaire" falling within "non-significant environmental aspects"; and 3. Annual transaction amount being less than or equal to NT\$100 million. 4. Suppliers not meeting the fourth condition of low-risk and the quarterly rating results of the annual quarterly assessment are 80 points or higher.
High risk	<p>Suppliers that meet any of the following conditions are determined to be high-risk suppliers:</p> <ol style="list-style-type: none"> 1. Not passing ISO 9001 audits or accreditations; 2. Being the sole supplier with no alternative manufacturers (one designated by customer is excluded); 3. Annual transaction amount being over NT\$100 million; 4. The quarterly rating results of the annual quarterly assessment being lower than 80 points (excluding 80 points). 5. The results of the "Environmental Management Survey Questionnaire" falling within "significant environmental aspects"; 6. That fact that Sigurd's relevant units have identified that the supplier is a high-risk supplier for special reasons; and 7. Suppliers not meeting all of the low-risk or medium-risk conditions.



In the future, we expect to take on the awareness of sustainable development, and have the determination to implement it, so that we can make sustainable development our management goal. Sigurd will gradually incorporate the following issues in the supplier management through questionnaire evaluation and on-site audits.

- The supplier's goods or services are certificated to international/national green or environmental standards.
- The supplier has energy management and greenhouse gases response mechanisms in place.
- The supplier is committed to and promotes the Company's human rights policy.
- The supplier has an occupational safety and health management system and no major occupational safety incidents in the past.
- The supplier has an integrity management mechanism and no past cases of corruption or bribery.
- The supplier has the ability to address risks.
- The supplier has a risk control mechanism.
- The supplier has a comprehensive audit mechanism.





10.1.2 Procurement Strategy

<Green Procurement>

The company practices green thinking through procurement activities. The raw material procurement starts from the source management. In addition to banning harmful substances, we also expand the procurement of environmental protection products and prohibit the use of products from conflict mining areas to reduce the environmental impact of raw materials.

Sigurd upholds the spirit of green procurement and gives priority to products or services certified by international/national green or environmental standards in the procurement stage. In addition to signing contracts with suppliers at the procurement stage, Sigurd will also continue to request suppliers to implement the Responsible Business Alliance (RBA) Code of Conduct regular self-reviews as well as incorporate environmental, social and corporate governance into the contract, so that suppliers can share the concept of sustainable development and move towards a common goal.

The following aspects will be included in the future as an implementation basis for suppliers to follow, to ensure products or services meet Sigurd's requirements and adhere to the spirit of environmental, social and corporate governance. In the event of a non-compliance or deficiency, Sigurd will work with the supplier to improve within a specified timeframe, in the hope that suppliers can collaborate with Sigurd to pursue sustainable development.

- The supplier's goods or services are consistently certificated to international/national green or environmental standards.
- The supplier continues to maintain energy management and greenhouse gases response mechanisms in place.
- The supplier continues to promote the Company's human rights policy.
- The supplier maintains the occupational safety and health management systems on an ongoing basis.
- The supplier consistently maintains an integrity management mechanism.
- The supplier implements the continuous operations mechanism to address risks.
- The supplier implements the risk control mechanism.
- The supplier follows the requirements of the law.
- The supplier implements the audit mechanism.
- The supplier complies with Sigurd's regulations on environmental protection, human rights policy, social responsibility, and corporate governance.
- The supplier accepts advocacy, training, and audits, as well as subsequent corrective and preventive measures.



10.2 Supplier Management and Objectives

10.2.1 Supplier Management Objectives

In principle, Sigurd is based on the Responsible Business Alliance (RBA) to formulate its management procedure and supply chain management principles. However, recognizing that the importance of environmental, social, and corporate governance (ESG) issues is increasing, Sigurd especially prioritizes to consider partnership with those suppliers with the following system certifications, of which the significant suppliers of raw materials, parts and fixtures, as well as outsourcers are required to undergo regular or nonscheduled audits in accordance with the Company's Audit Program to ensure that the corporate sustainability requirements are met and that supervision of the supply chain is effectively performed.

Sigurd requires significant suppliers having not yet obtained the relevant certifications to target at obtaining ESG-related system certifications. It is scheduled that from 2024 on, at least one supplier will obtain relevant system certification every year to enhance the fulfillment of sustainability requirements by Sigurd's cooperating suppliers. We look forward to collaborating with our suppliers to achieve the foregoing Company's objective, thereby jointly creating great operational performance.

The following table shows the status of management system certifications for Sigurd's significant suppliers, as well as the scheduled target of adding at least one supplier obtaining relevant system certification every year:

Significant Supplier Management System Certification						
Management Measures and System Certification	2023 (123 suppliers)		2022 (114 suppliers)		2021 (112 suppliers)	
	Performance (Number of surveyed suppliers)	Performance (%)	Performance (Number of surveyed suppliers)	Performance (%)	Performance (Number of surveyed suppliers)	Performance (%)
ISO 9001 Quality Management System	107	87%	100	87.7%	99	88.4%
ISO 14001 Environmental Management System	52	42.3%	45	39.5%	44	39.3%
ISO 45001 Occupational Safety and Health Management System	10	8%	9	7.9%	5	4.5%
ISO 17025 General requirements for the competence of testing and calibration laboratories	2	1.6%	2	1.8%	0	0%
Sustainability Report assured/verified by a third party	5	4%	4	3.5%	1	0.9%

10.2.2 Supplier management -- Audits and Rating

Sigurd has established a comprehensive evaluation and audit team, with professional employees assigned by relevant internal organizations and units to form a specialized, fair and independent evaluation team. Quality assurance, engineering, production planning, and procurement units form the evaluation and auditing team for raw material suppliers/parts & fixtures suppliers/outsourcers, and participate in audits according to work relevance.

1. Audit plan

In each December, the Qualified Suppliers/Outsourcers Control List is examined, the risk levels of suppliers are reassessed according to the risk assessment criteria, and the plan for the next year is formulated for regular audits on suppliers. In event of a significant quality abnormality with a supplier, the Quality Division may immediately convene an audit team to conduct an unscheduled site audit on the supplier. After assessment of the supplier's risk level, audit plans for different risk levels must be adopted for management purposes as follows:

- (1) Low risk: Audit every three years.
- (2) Medium risk: Audit every two years.
- (3) High risk: Audit every year.

2023 Risk Analysis on Significant Suppliers		
Risk level	No. of suppliers	Audit and management plan
High	32	Audit once a year
Medium	14	Audit every two years
Low	71	Audit every three years

2. Auditing operations

The audit team will notify the material supplier/accessory fixture supplier/outsourcer to conduct an audit. The audit team will fill out the "Supplier and Outsourcer Audit Scorecard" and "Supplier RBA Self-Assessment Form" according to the scoring standards. Where there are non-conformities, the audit team will detailly list them and their statuses in the audit report against the "Supplier and Outsourcer Audit Scorecard" and notify the supplier to improve them. It is necessary to respond to the improvement report to address deficiencies within five business days after the issuance of the audit report. Where the audit result indicates any non-conformity, the audit team will conduct another audit at a later date, and if there is still no improvement, the supplier will be classified as an unqualified supplier.

Results of Onsite Audits on Significant Suppliers			
Year	No. of suppliers audited	No. of suppliers that passed the audit	No. of suppliers that failed to pass the audit
2022	63	63	0
2023	53	53	0

3. Audit scoring criteria

If no transactions have been conducted with a supplier, the supplier does not need to be included in the annual audit plan. However, this must be noted in the audit plan for the following year.

In 2023, the audit mechanism identified some deficiencies with suppliers. However, these suppliers implemented corrective and preventive measures before time limits.

- (1) Commercial suppliers/outsourcers: A score of 80 or higher is considered qualified.
- (2) Automotive suppliers: A score of 90 or higher is considered qualified.





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4. Purpose of performing quarterly rating

To facilitate understanding of the quality (HSF) and delivery time of each supplier and outsourcer, and the fairness of competition among each supplier and outsourcer, the principles of Quality (Q), Cost (C), Delivery (D), Service (S), and Technical (T) are adopted as the basis for performance monitor for assessment and order quantity.

5. Time for performing quarterly rating

Quarterly rating is performed against material and accessory fixture suppliers and outsourcers. Where there are no transactions or no incoming goods in the current quarter, performing quarterly rating in the current quarter is not necessary.

6. Dispositions according to rating results

Suppliers are categorized as automotive and non-automotive suppliers, various supply dispositions of which are determined according their score rating results.

1. Automotive suppliers: Where one supplier is rated below 80, the supplier is deemed "Fail." Not improving within the specified time limit, the supplier shall stop its supply of goods.
2. Non-automotive suppliers: Where one supplier is rated below 60, the supplier is deemed "Fail." Not improving within the specified time limit, the supplier shall stop its supply of goods.

Quarterly Performance Assessment on Significant Suppliers (Quarterly supplier ratings)			
Category of significant suppliers	Year	Average number of suppliers	Achievement
90% of automotive suppliers reaching the score of ≥ 90	2022	27.5	100%
90% of non-automotive suppliers reaching the score of ≥ 80		31.8	100%
90% of automotive suppliers reaching the score of ≥ 90	2023	31.3	99.25%
90% of non-automotive suppliers reaching the score of ≥ 80		33.5	100%

10.2.3 Supplier Management – Advocacy of ESG and Corporate Sustainability to Sigurd's Suppliers

To promote the sustainable development of suppliers, Sigurd has been periodically emailing or proactively communicating our business philosophy, management measures and mechanisms, future strategies and action plans to our suppliers each year. Recently, Sigurd has been emphasizing sustainable development management principles in environmental, social and corporate governance. Through advocacy and questionnaire surveys, we confirm that our suppliers' performance meets the requirements of Sigurd's policies, management mechanisms and measures.

1. ESG and Sustainability Advocacy Letter signed by significant suppliers:

ESG and Sustainability Advocacy Letter Signed by Significant Suppliers			
Year	Number of significant suppliers	Number of suppliers signing back	Signing back ratio
2023	123	123	100%
2022	114	110	96.5%
2021	112	95	84.8%

2. Significant supplier management measure – Signing of RBA Commitment Letter

Significant Supplier Management Measure - Signing of RBA Committee Letter			
Year	Number of significant suppliers	Number of suppliers signing back	Signing back ratio
2023	123	123	100%
2022	114	110	96.5%
2021	112	95	84.8%

In the future, Sigurd will focus on the supplier's green management. In addition to customer requirements, we also ask suppliers to gradually adopt measures to conserve electricity and water, reduce carbon emissions, and regularly assess environmental risks. Although the environmental, social and corporate governance aspects have been incorporated in the selection and procurement phases, the implementation and continuous improvement mechanisms are the key. This includes how to respond to the mainstream trend of climate change and environmental protection, changes in legal requirements, diversified customer requirements, increasingly stringent human rights policies and social responsibility, and the expansion of corporate governance and evaluation over time. Sigurd aims to develop mutual learning with its suppliers and to communicate and work together on environmental, social and corporate governance relevant issues. At the end of 2023, we established Supply Chain Sustainability Management Taskforce, a cross-functional team. Starting from 2024, the focus will be on the strengthening of supplier management in environmental and social aspects. Therefore, the 2024 annual supplier audit plan will incorporate a more comprehensive environmental and social self-assessment form and an on-site audit process. We hope to disclose the results of environmental and social audits for significant suppliers in 2024.



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// 11. Appendix //

11.1 GRI Content Index

Sigurd has reported the information cited in this GRI content index for the period year of 2023 (01/01/2023-12/31/2023) with reference to the GRI Standards. The following indicators have been verified externally, and the verification results are detailed in the independent assurance opinion statement.

GRI1: Foundation 2021 in use Applicable GRI Industry Standards: None

GRI 2: General Disclosures 2021

GRI Standards	Disclosure	Chapter, Section and Content Overview	Page number
The organization and its reporting practices			
2-1	Organizational details	About This Report 2. Corporate Profile	1 12
2-2	Entities included in the organization's sustainability reporting	About This Report 2. Corporate Profile	1 12
2-3	Reporting period, frequency and contact point	About This Report	1
2-4	Restatements of information	4. Environmental Protection	28
2-5	External assurance	11.1 Independent Assurance Opinion	102
Activities and workers			
2-6	Activities, value chain and other business relationships	2. Corporate Profile 10. Supply Chain Management	12 85
2-7	Employees	5.4 Complete Talent Cultivation	46
2-8	Workers who are not employees	5.4 Complete Talent Cultivation	46



GRI Standards	Disclosure	Chapter, Section and Content Overview	Page number
Governance			
2-9	Governance structure and composition	2.3 Governance Framework of the Board of Directors	15
2-10	Nomination and selection of the highest governance body	2.3 Governance Framework of the Board of Directors	15
2-11	Chair of the highest governance body	2.3 Governance Framework of the Board of Directors	15
2-12	Role of the highest governance body in overseeing the management of impacts	2.3 Governance Framework of the Board of Directors	15
2-13	Delegation of responsibility for managing impacts	2.3 Governance Framework of the Board of Directors	15
2-14	Role of the highest governance body in sustainability reporting	2.3 Governance Framework of the Board of Directors	15
2-15	Conflicts of interest	2.3 Governance Framework of the Board of Directors 9.2 Integrity Management	15 76
2-16	Communication of critical concerns	9.3 Risk Management	77
2-17	Collective knowledge of the highest governance body	2.3 Governance Framework of the Board of Directors	15
2-18	Evaluation of the performance of the highest governance body	2.3 Governance Framework of the Board of Directors	15
2-19	Remuneration policies	2.3 Governance Framework of the Board of Directors Please refer to page 23 of the Company's 2023 Annual Report.	15 -
2-20	Process to determine remuneration	2.3 Governance Framework of the Board of Directors 5.2 Remuneration Policy and System Please refer to page 23 of the Company's 2023 Annual Report.	15 42 -
2-21	Annual total compensation ratio	Remuneration information is confidential and will not be disclosed.	-





GRI Standards	Disclosure	Chapter, Section and Content Overview	Page number
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	Letter from the Chairman	3
		Letter from the President and Sustainable Development Committee Director General	4
2-23	Policy commitments	3. Climate Change	20
		4. Environmental Protection	28
		5. Recruitment of Diversity	39
		6. Corporate Social Responsibility	53
		7. Healthy and Friendly Workplace	56
		8. Innovation Management and Service Quality	65
		9. Corporate Governance	75
		10. Supply Chain Management	85
2-24	Embedding policy commitments	3. Climate Change	20
		4. Environmental Protection	28
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		9. Corporate Governance	75
		10. Supply Chain Management	85
2-25	Processes to remediate negative impacts	4. Environmental Protection	28
		9. Corporate Governance	75
		10. Supply Chain Management	85
2-26	Mechanisms for seeking advice and raising concerns	4. Environmental Protection	28
		5. Recruitment of Diversity	39
		7. Healthy and Friendly Workplace	56
		8. Innovation Management and Service Quality	65
		9. Corporate Governance	85
2-27	Compliance with laws and regulations	9.1 Legal Compliance	76
2-28	Membership associations	2.6 Public Associations	19
Stakeholder engagement			
2-29	Approach to stakeholder engagement	1.2 Selection and Prioritization of Material Topics	6
2-30	Collective bargaining agreements	Despite not having a labor union and no collective bargaining agreement executed, the Company holds regular labor-management meetings and has transparent communication channels.	-

Material Topics

GRI Standards	Disclosure	Chapter, Section and Content Overview	Page number
GRI 3:Material Topics 2021			
3-1	Process to determine material topics	1.2 Selection and Prioritization of Material Topics	6
3-2	List of material topics	1.2 Selection and Prioritization of Material Topics	6

GRI 200:Economic

GRI Standards	Disclosure	Chapter, Section and Content Overview	Page number
GRI 201:Economic Performance 2016			
201-1	Direct economic value generated and distributed	2.5 Operational Performance	19
201-3	Defined benefit plan obligations and other retirement plans	5.3 Comprehensive Employee Care and Welfare	43
GRI 205:Anti-Corruption 2016			
205-2	Communication and training about anti-corruption policies and procedures	9.2 Integrity Management 10.1 Supplier selection and procurement strategy	76 86
205-3	Confirmed incidents of corruption and actions taken	There is no such matter in this year.	-

GRI 300:Environmental

GRI Standards	Disclosure	Chapter, Section and Content Overview	Page number
GRI 302:Energy 2016			
302-1	Energy consumption within the organization	4.2 Energy Management	30
302-3	Energy intensity	4.2 Energy Management	30
302-4	Reduction of energy consumption	4.4 Low Carbon Strategies and Action Plans	33





GRI Standards	Disclosure	Chapter, Section and Content Overview	Page number
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	4.3 GHG Emissions	31
305-2	Energy indirect (Scope 2) GHG emissions	4.3 GHG Emissions	31
305-4	GHG emissions intensity	4.3 GHG Emissions	31
305-5	Reduction of GHG emissions	4.4 Low Carbon Strategies and Action Plans	33
GRI 308: Supplier Environmental			
308-1	New suppliers that were screened using environmental criteria	10. Supply Chain Management	85

GRI 400: Social

GRI Standards	Disclosure	Chapter, Section and Content Overview	Page number
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	5.4 Complete Talent Cultivation	46
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.3 Comprehensive Employee Care and Welfare	43
401-3	Parental leave	5.3 Comprehensive Employee Care and Welfare	43
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	7. Healthy and Friendly Workplace	56
403-2	Hazard identification, risk assessment, and incident investigation	7. Healthy and Friendly Workplace	56
403-3	Occupational health services	7. Healthy and Friendly Workplace	56



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GRI Standards	Disclosure	Chapter, Section and Content Overview	Page number
GRI 403: Occupational Health and Safety 2018			
403-4	Worker participation, consultation, and communication on occupational health and safety	7. Healthy and Friendly Workplace	56
403-5	Worker training on occupational health and safety	7. Healthy and Friendly Workplace	56
403-6	Promotion of worker health	7. Healthy and Friendly Workplace	56
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	7. Healthy and Friendly Workplace	56
403-9	Work-related injuries	7. Healthy and Friendly Workplace	56
403-10	Work-related ill health	7. Healthy and Friendly Workplace	56
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	5.4 Complete Talent Cultivation	46
404-2	Programs for upgrading employee skills and transition assistance programs	5.4 Complete Talent Cultivation	46
404-3	Percentage of employees receiving regular performance and career development reviews	5.4 Complete Talent Cultivation	46
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	10. Supply Chain Management	85

Custom Topics

GRI Standards	Disclosure	Chapter, Section and Content Overview	Page number
GRI 3:Material Topics 2021			
3-3	Management of material topics	1. Sustainability Strategy	5
		8. Innovation Management and Service Quality	65
Customer services and quality management (including hazardous substances)			
Self-defined	Customer services and quality management (including hazardous substances)	8. Innovation Management and Service Quality	65
GRI 3:Material Topics 2021			
3-3	Management of material topics	1. Sustainability Strategy	5
		9.5 Corporate Operation Continuity	81
Business continuity			
Self-defined	Business continuity	9.5 Corporate Operation Continuity	81
GRI 3:Material Topics 2021			
3-3	Management of material topics	1. Sustainability Strategy	5
		9.4 Information Security	79
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Self-defined	Information security	9.4 Information Security	79
GRI 3:Material Topics 2021			
3-3	Management of material topics	1. Sustainability Strategy	5
		8. Innovation Management and Service Quality	65
Innovative technologies and services			
Self-defined	Innovative technologies and services	8. Innovation Management and Service Quality	65



11.2 Appendix of the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies"

Item No.	Disclosure Indicator	Disclosure Content	Chapter/ Page No.
1	Explain the oversight and governance of climate-related risks and opportunities by the board of directors and management.	3.1 Sigurd' s Climate Governance	21
2	Explain how the identified climate risks and opportunities impact the company's business, strategy, and financial performance (short-term, medium-term, long-term).	3.2 Sigurd' s Climate Strategies and Risk Management	22
3	Explain the financial impact of extreme weather events and transition actions.	3.2 Sigurd' s Climate Strategies and Risk Management	22
4	Explain how the identification, assessment, and management processes of climate risks are integrated into the overall risk management system.	3.2 Sigurd' s Climate Strategies and Risk Management	22
5	If scenario analysis is used to assess resilience to climate change risks, explain the scenarios, parameters, assumptions, analysis factors, and key financial impacts used.	3.2 Sigurd' s Climate Strategies and Risk Management	22
6	If there are transition plans to manage climate-related risks, explain the content of these plans and the indicators and targets used to identify and manage physical and transition risks.	3.2 Sigurd' s Climate Strategies and Risk Management	22
7	If internal carbon pricing is used as a planning tool, explain the basis for price setting.	Internal carbon pricing tools not introduced yet during the year. Assessments to be continued going forward.	-
8	If climate-related targets are set, explain the covered activities, scope of greenhouse gas emissions, planning periods, and annual progress; if carbon offsets or Renewable Energy Certificates (RECs) are used to achieve the targets, explain the sources and quantities of carbon offsets or RECs.	3.3 Sigurd' s Climate Metrics and Targets	26
9	Greenhouse Gas Inventory and Assurance Status.	3.3 Sigurd' s Climate Metrics and Targets 11.5 Independent Assurance Statement	26 102

The above information can also be found in the Company's 2023 Annual Report on pages 47 to 50.



11.3 Sustainability Disclosure Indicators

The following items are the required disclosure according to Table 1-8 Sustainability Disclosure Indicators for Semiconductor Industry in Article 4 of Operational Procedure for Sustainability Report Preparation and Filing by TWSE-Listed Companies issue.

No.	Indicator	Type	2023 disclosure	Unit
一	Total energy consumption, percentage of purchased electricity, and usage percentage of renewable energy	Quantitative	4.2 Energy Management 1. Total energy consumption: 129,363.9285GJ 2. Percentage of purchased electricity: 99.7% 3. Use of renewable energy: 0.3 %	Gigajoule (GJ); percentage (%)
二	Total volume of water withdrawals and consumption	Quantitative	4.5.2 Wastewater management 1. Total water withdrawals: 334,710m3 2. Total water consumption: 293,150m3	1,000 m ³
三	Weight of hazardous waste generated; and recycled percentage	Quantitative	4.5.3 Waste management 1. Weight of hazardous waste generated: 6.84t 2. Recycled percentage: 0%	Metric ton (t); percentage (%)
四	Occupational disaster types, number of persons and percentage	Quantitative	7.4 Occupational Safety and Health Effectiveness 1. Occupational injury: 8 people in total, or 27.6% 2. Occupational disease: 0 person, or 0% 3. Commuting injuries: 21 people, or 72.4%	Percentage (%), number
五	Disclosure of product lifecycle management: weight of scraps and electronic waste; and recycled percentage (Note 1)	Quantitative	4.5.3 Waste management 1. Waste volume: 542.68t 2. Recycled/reused rate: 58.56%	Metric ton (t); percentage (%)
六	Description of risk management in relation to use of critical materials	Qualitative	Chapter 10 Supply Chain Management	Not applicable
七	Monetary losses due to litigation associated with laws governing anti-competitive behavior	Quantitative	Zero violation in 2023; and NT\$0 in related financial losses	Reporting currency
八	Weight of main products by product category	Qualitative	Please refer to the Company's 2023 Annual Report for the table of production volumes and values tables during the most recent two years.	Various, depending on product categories



11.4 Sustainability Disclosure Topics & Accounting Metrics

Code	Accounting Metric	2023 Disclosures	Page number
Greenhouse Gas Emissions			
TC-SC-110a.1	1.Gross global Scope 1 emissions 2.Gross global Scope 1 emissions	1. 4.3 GHG Emissions 2. None	31 -
TC-SC-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	3. Climate Change 4.3 GHG Emissions 4.4 Low Carbon Strategies and Action Plans	20 31 33
Energy Management in Manufacturing			
TC-SC-130a.1	1.Total energy consumed 2.Percentage grid electricity 3.Percentage renewable	4.2 Energy Management	30
Water Management			
TC-SC-140a.1	1.Total water withdrawn 2.Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	4.5 Other Environmental Protection Measures	35
Waste Management			
TC-SC-150a.1	1.Amount of hazardous waste from manufacturing 2.Percentage recycled	4.5 Other Environmental Protection Measures	35
Employee Health & Safety			
TC-SC-320a.1	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards	7. Healthy and Friendly Workplace	56
TC-SC-320a.1	Total amount of monetary losses as a result of legal proceedings associated with employee safety and health violations	There were no fines incurred in 2023 for employee health and safety or monetary losses incurred as a result of judicial proceedings.	-
Recruiting & Managing a Global & Skilled Workforce			
TC-SC-330a.1	Percentage of employees that require a work visa	5.4.1 Sigurd's Employee Structure	46





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Code	Accounting Metric	2023 Disclosures	Page number
Product Lifecycle Management			
TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474-declarable substances	The percentage of non-compliance with IEC 62474 is 0% based on the total sales amount of the product. Sigurd fully complies with the requirements of international regulations as listed in the IEC 62474 material declaration.	-
TC-SC-410a.2	Processor energy efficiency at a system level for: (1) servers, (2) desktops, and (3) laptops	The products and services are for wafer packaging and testing, not for end-use products and have no corresponding content.	-
Materials Sourcing			
TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	Sigurd does not use products from conflict mining areas for product packaging and testing. Conflict minerals investigations are conducted across the supply chain to ensure that none of our products uses output from conflict mining areas.	-
Intellectual Property Protection & Competitive Behavior			
TC-SC-520a.1	Total monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	There were no violations in 2023, and the total related monetary loss was NT\$0.	-
Alignment index			
TR-SC-000.A	Total production	Please refer to the Company's 2023 Annual Report, Table of Production Value for the last two years	-
TR-SC-000.B	Percentage of production from owned facilities	In 2023, all Sigurd's products have been manufactured from owned facilities.	-

Note: Based on the SASB indicators for semiconductors within the technology and communication sector, the 2023-12 version.





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11.5 Independent Assurance Statement

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INDEPENDENT ASSURANCE OPINION STATEMENT

Sigurd 2023 Sustainability Report

The British Standards Institution is independent to SIGURD MICROELECTRONICS CORPORATION (hereafter referred to as Sigurd in this statement) and has no financial interest in the operation of Sigurd other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of Sigurd only for the purpose of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Sigurd. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Sigurd only.

Scope

The scope of engagement agreed upon with Sigurd includes the following:

1. The assurance scope is consistent with the description of Sigurd 2023 Sustainability Report.
2. The evaluation of the nature and extent of the Sigurd's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the Sigurd 2023 Sustainability Report provides a fair view of the Sigurd sustainability programmes and performances during 2023. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the Sigurd and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate Sigurd's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Sigurd's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a top review of issues raised by external parties that could be relevant to Sigurd's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 20 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness, and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness, and Impact of AA1000AP (2018) and GRI Standards is set out below.

Inclusivity

This report has reflected a fact that Sigurd has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Sigurd's inclusivity issues.

Materiality

Sigurd publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of Sigurd and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the Sigurd's management and performance. In our professional opinion the report covers the Sigurd's material issues.

Responsiveness

Sigurd has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for Sigurd is developed and continually provides the opportunity to further enhance Sigurd's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the Sigurd's responsiveness issues.

Impact

Sigurd has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. Sigurd has established processes to monitor, measure, evaluate, and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the Sigurd's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

Sigurd provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported, or omitted. In our professional opinion the self-declaration covers the Sigurd's sustainability topics. However, the future report will be improved by the following areas:

- It is encouraged to consider referring to international peers' practices to meet the requirements of the standards for disclosing the GRI 2-21 annual total compensation ratio, thus enhancing the credibility and transparency of the sustainability report.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

The sustainability report is the responsibility of the Sigurd's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064, and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Peter Pu, Managing Director BSI Taiwan



Statement No: SRA-TW-809496
2024-07-01

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11.6 International Validation Certificates

