

## chapter

## 5

## Friendly Workplace

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## 5.1 Talents as Cornerstones

FocalTech values its employees and considers them to be the most important assets of the Company by upholding the “people-oriented” concept. FocalTech is committed to creating a friendly and comfortable office environment, building a comprehensive human resource management system, a sound compensation and benefit system, and providing rich and diversified educational resources for the cultivation and development of talents, thereby enabling employees to continuously improve their strength and competitiveness. Additionally, FocalTech also attaches importance to employee rights and interests, labor-management relations, and establishing a good and transparent communication channel to listen to employees’ voices. In terms of workplace safety and employee health, the plant nurses and related staffs regularly organize educational training and health promotion activities to ensure a healthy and safe workplace environment for FocalTech employees. FocalTech will continue to fulfill its commitment to a happy workplace and create a better work life for its employees. By providing a good working environment, FocalTech will enable the Company’s talents to cooperate and grow together, innovate and develop products, and bring their personal value into play, thereby achieving the goal of sustainable management.

Talent is an important asset of a company. Therefore, FocalTech provides competitive and fair compensation, and numerous benefit programs and activities to attract talented personnel to join through multiple recruitment channels. In 2021, a total of 219 employees were recruited by maintaining a diverse workforce consisting of different age groups and genders. Furthermore, FocalTech actively expands its talent recruitment methods and formulates manpower plans in accordance with its annual operational strategy. Other than recruiting talents through human resource website, participating in large scale recruitment activities in various universities, and employee referrals, FocalTech actively cooperates with key schools in industry-academia collaboration and summer internship programs. Additionally, FocalTech also created a fan page on social media platform in 2021 to include the company introduction, news, and recruitment activities, with an aim to increase the exposure of the Company by the interaction between employees and external talents. To optimize the human resources structure, FocalTech not only pays attention to the indicators on new hires and resigned employees, but also values the development and retention of talents through newcomer care and employee resignation interviews, in the hope of continuously attracting outstanding talents in the talent market.

- Commitment and implementation

FocalTech is committed to providing a friendly and equal environment for employees to learn, work and grow, and to protecting them from unequal discrimination or treatment in the workplace. In response to this, FocalTech has established strict regulations such as “Diversity of Employment and Non-Discrimination”, “Regulations on the Prevention and Control of Sexual Harassment”, “Prohibition of Child Labor”, and “Regulations on the Management of Recruitment Operations” to protect the rights and interests of each employee working at FocalTech.

FocalTech attaches great importance to labor rights and interests by recognizing and supporting the standards disclosed in the international human rights conventions such as the International Labor Organization Convention, the United Nations Global Compact, and the United Nations Universal Declaration of Human Rights, with reference to which FocalTech formulates relevant labor policies. Additionally, FocalTech holds labor-management meetings and Employee Welfare Committee meetings on a regular basis. Through such good communication channels, FocalTech communicates and exchanges opinions with each other to coordinate and improve the deficiencies of the policies, promote labor-management cooperation, make the labor conditions better, and plan the related welfares. In the event of significant operational changes affecting employees' rights and interests, the Company will give advance notice in accordance with labor-related laws and regulations, and provide explanation to employees in a timely manner.

- Employee structure

FocalTech has a stable manpower structure. In 2021, FocalTech had a total of 848 employees (including fixed-term), with 352 male employees, 79 female employees, and 3 contract employees in Taiwan and overseas regions; 333 male employees and 81 female employees in mainland China. In regards to the characteristics of the technology industry and the employment market, although most of the FocalTech employees are male, 100% of the regular employees are directly hired by the Company, while the non-regular employees are dispatched workers. The recruitment of talent is conducted in line with the principle of meritocracy and thus there was no situation where gender affects the Company's hiring decisions.

- Statistics on the number of FocalTech employees in 2021

By gender, age and education level				Taiwan and overseas		Mainland China	
				Number of People	Percentage	Number of People	Percentage
Employee	General staff	Gender	Male	250	58%	270	65%
			Female	67	15%	68	16%
		Age	Below 30 years old	82	19%	99	24%
			30~50 years old	225	52%	235	57%
			Above 50 years old	10	2%	4	1%
		Education level	MA/MS/PHD	234	54%	65	16%
			Bachelor	81	19%	267	64%
			Senior High School	2	0%	5	1%
	Executive	Gender	Male	104	24%	63	15%
			Female	13	3%	13	3%
		Age	Below 30 years old	1	0%	0	0%
			30~50 years old	98	23%	71	17%
			Above 50 years old	18	4%	5	1%
		Education level	MA/MS/PHD	81	19%	19	5%
			Bachelor	36	8%	56	14%
			Senior High School	0	0%	1	0%
Total number of employees				434	100%	414	100%

- Statistics on the number of full-time and part-time employees in 2021

Year		Taiwan and overseas		Mainland China	
Total number of employees		434		414	
Employment contract (Note 1)		Non-fixed term	Fixed term	Non-fixed term	Fixed term
Gender	Male	352	2	333	0
	Female	79	1	81	0

Note 1: Employment contract is divided into non-fixed-term employees (full-time positions) and fixed-term employees (temporary, short-term, seasonal, dispatched, foreign workers, technical students, and interns).

• New hires and resigned employees

In 2021, FocalTech recruited a total of 219 new employees (including 128 in Taiwan and overseas regions and 91 in mainland China), in the hope that by recruiting new employees and professional talents they will bring in new energy for the Company. In 2021, 133 employees resigned (including 88 employees in Taiwan and overseas regions and 45 employees in mainland China). In order to provide a better workplace environment in the future, each department head will first understand the reasons for the employees' resignation, which is followed by a resignation interview with each resigned employee. Such an interview is conducted by recruiting personnel to further understand their resignation reasons. These data will be analyzed and used as a basis for talent retention improvement.

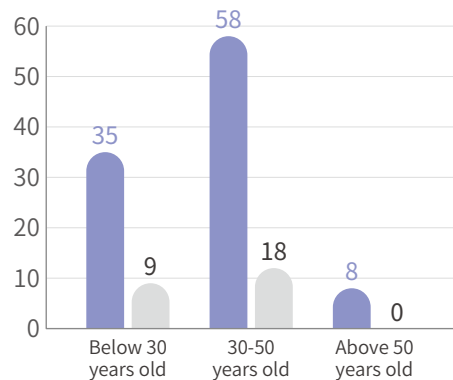
Statistics on new hires and resigned employees in 2021

As of December 31, 2021

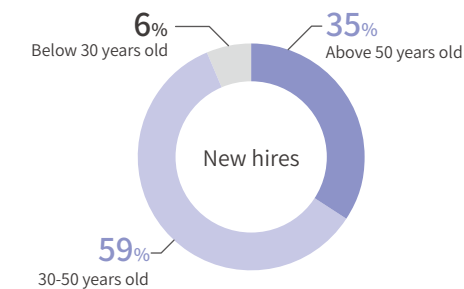
Taiwan and overseas

Mainland China

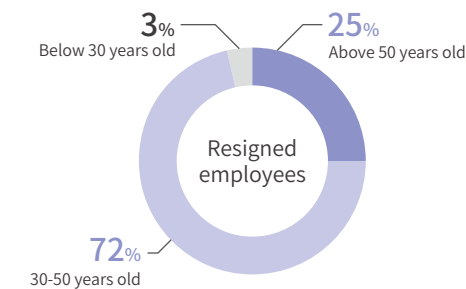
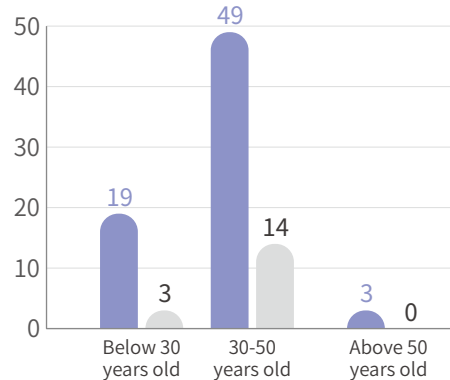
New hires



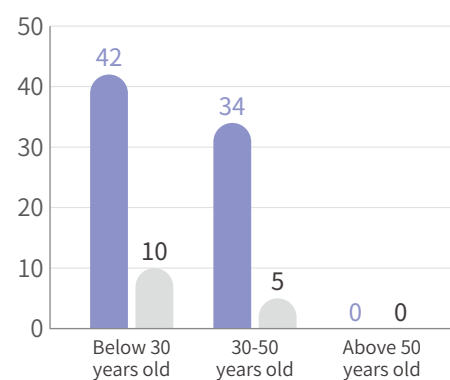
Male Female



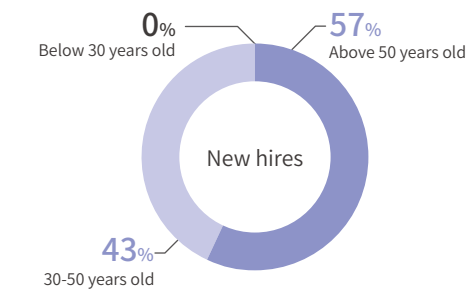
Resigned employees



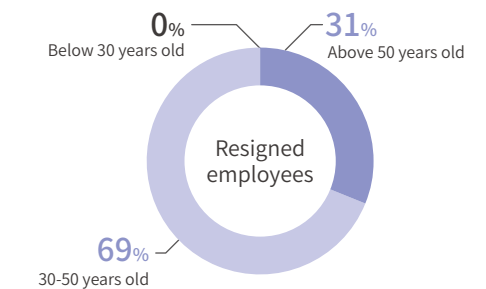
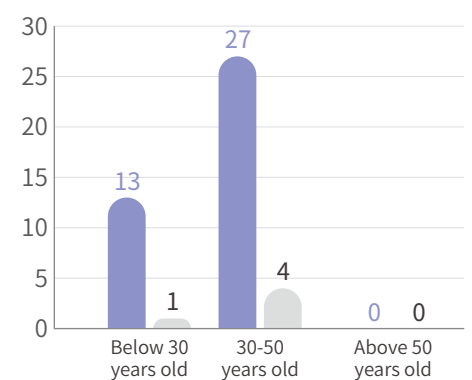
New hires



Male Female



Resigned employees



Note: The percentages in the above table are based on the denominator of the total number of new hires and the total number of resigned employees, and the percentages are calculated by age, gender, and region respectively.

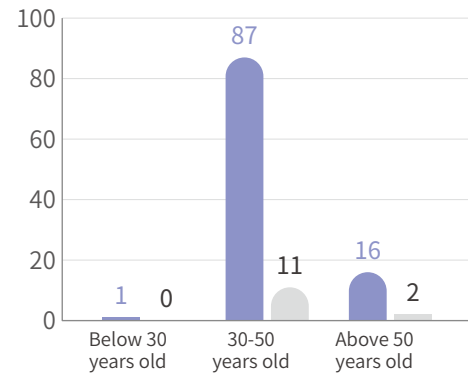
Statistics on management level and general employees in 2021

As of December 31, 2021

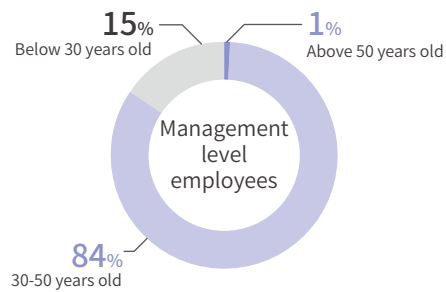
Taiwan and overseas

Mainland China

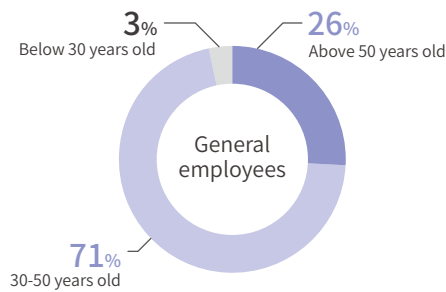
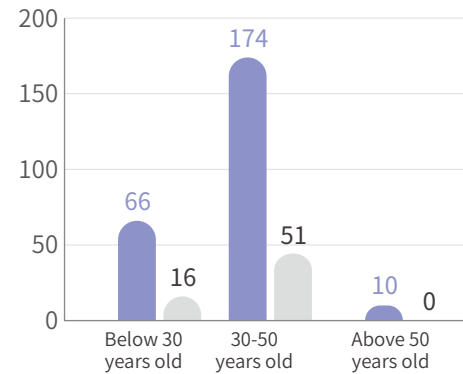
Management level employees



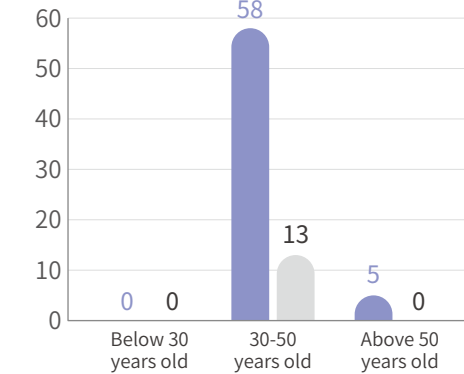
Male Female



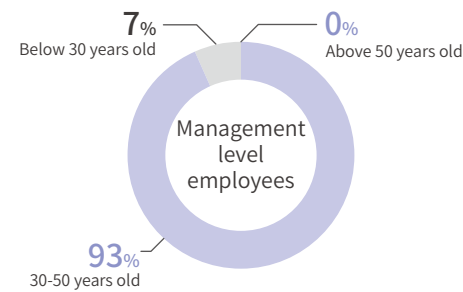
General employees



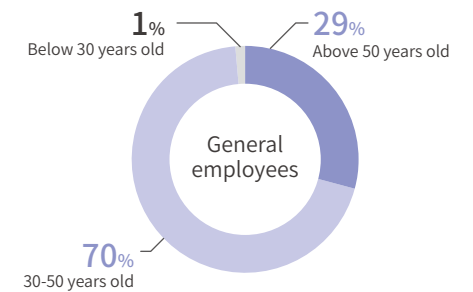
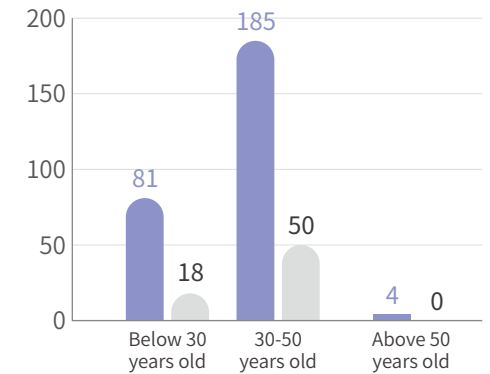
Management level employees



Male Female



General employees



[Note] The calculation for the Taiwan region is based on the number of insured people, and those who are not insured under FocalTech (e.g., dispatched employees, consultant, employees stationed outside Taiwan) are not included.

- Percentage of local residents serving as senior executives in 2021

Percentage of senior executives to employees in the respective region

Region	Number of senior executives	Total number of employees	Percentage
Taiwan and overseas	7	434	1.6%
Mainland China	3	410	0.7%

Percentage of local residents serving as senior executives

Region	Number of senior executives in the respective region	Total number of senior executives	Percentage
Taiwan and overseas	7	7	100%
Mainland China	3	3	100%

[Note] Definition of senior executive: Vice President or those who hold a higher ranked position (including Executive Assistant and Chief Financial Officer)

- Human Rights Policy

In order to fulfill the Company's corporate social responsibility and to comply with international conventions as its utmost principle, FocalTech has formulated the FocalTech CSR Policy with reference to international human rights conventions to protect the basic human rights of all its employees, customers and stakeholders. Furthermore, FocalTech respects the basic human rights that are internationally recognized by following the principles disclosed in international conventions such as the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the International Labor Organization Convention, and the United Nations Global Compact. Apart from that, FocalTech has also implemented the principle of non-discrimination, non-employment of child labor, and non-forced labor; no incidents of discrimination, child labor, or forced labor occurred in 2021, with no related complaints made or occurrence of major incidents. In addition to the employee suggestion box and complaint hotline for employees to voice their opinions on human rights-related issues, FocalTech also takes the initiative to conduct hazard identification and risk assessment related to human rights issues every year. Also, Social Responsibility Management Review Meetings are held regularly in the hope of identifying major risk items early through regular reviews and take immediate measures to reduce the risk that may cause serious damage to the Company. In the review meetings, higher risk items and specific control strategies and measures are reported to senior executives, enabling them to monitor the risks related to social responsibility and adjust the practices in a timely manner to fulfill the corporate responsibility.

## 5.2 Compensation and Benefits

### Management Policy

Major issue	Compensation and employee benefits
Policy direction	FocalTech sees its employees as the Company's assets and provides them with a stable working environment as well as good compensation and benefits, enabling them to enjoy their work and enjoy the benefits at Focaltech.
Core goals	FocalTech is committed to providing its employees with good quality working conditions and competitive compensation, benefits and welfare measures to attract and retain its talents.
Achievements	<p>Welfare subsidies and activities of the Employee Welfare Committee:</p> <ul style="list-style-type: none"> <li>Welfare subsidy (marriage, childbirth, hospitalization and funeral expenses), birthday gift, festive cash gift, travel subsidy, club activities</li> <li>Company activities, appointed store cooperation</li> <li>Subsidy amount: <ul style="list-style-type: none"> <li>✓ The total amount of welfare subsidies in Taiwan was NT\$17,845,707 (including wedding and funeral subsidies, club expenses, lunch or dinner gathering, and festive events)</li> <li>✓ The total amount of welfare subsidies in mainland China was NT\$9,223,476 (approximately RMB 2,305,869)</li> </ul> </li> </ul>
Action plans	<ul style="list-style-type: none"> <li>Remuneration and compensation policy</li> <li>Group insurance / Labor health checkups</li> <li>Subsidies and activities of Employee Welfare Committee</li> </ul>

### How to manage

Devoting resources	Employee Welfare Committee and all employees
Feedback mechanism	Employee Demand Survey, Industrial Employee Compensation Survey
Evaluation mechanism	Satisfaction survey

### Future plans

Goals for 2022	FocalTech will continue to conduct employee-related welfare activities to enable employees to feel the care of the Company, with the satisfaction survey scoring above 70% continuously.
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#### • Salary structure ratio

The importance that FocalTech attaches to talents is fully reflected in the workplace environment and various welfare systems provided. FocalTech upholds a people-oriented management philosophy, which is demonstrated through the foundation of integrity management in the workplace. In addition to high salary and benefits and the diversified and meaningful welfare programs planned, the Company also fully discusses and communicates with its employees through multiple channels to understand their needs and opinions in actual, with the aim to retain talents and realize sustainable development of the Company. With the intention to attract and retain outstanding talents, the FocalTech team rewards employees for their continuous performance. Furthermore, the Company measures the salary level and structure of other enterprises in the industry through the industry salary survey every year, and closely monitors the local economic development and price index for appropriate adjustments. Additionally, the percentage of fixed salary in its annual salary structure is strategically adjusted to attract and retain relevant talents by making it more competitive. FocalTech offers a minimum wage that is higher than the amount stipulated by local laws and regulations, which is 1.35 times higher in Taiwan and 2.84 times higher in mainland China. The Company's compensation and benefits are measured in accordance with local laws and regulations by maintaining a fair and objective attitude, without regard to gender, age, religion, race, marriage, or political orientation. All FocalTech employees are hired appropriately with the principle of "right person in the right place" and are treated equally.

#### • Ratio of minimum wage plus compensation between female and male employees in 2021

Rank	Taiwan		Mainland China	
	Male	Female	Male	Female
Management level employees	1	0.69	1	0.83
General employees	1	0.76	1	0.85

The differences are explained as follows:

1. The calculation is based on the statistics of male employees.
2. The statistics in Taiwan do not include the local employees in the United States, Germany and Korea.
3. FocalTech is an IC design company, thus its employees are mainly R&D staff members with a science and technology background, and most of them who have a science and technology background are men.

- Full-time non-executive employee salary information in 2021

Unit: NT\$ thousand	
Item	Taiwan
Number of full-time non-executive employees (Unit: person)	362
Annual salary of full-time non-executive employees (Unit: NT\$ thousand)	Average 2,679
	Median 1,963

[Note] The statistics in Taiwan do not include the local employees in the United States, Germany and Korea; the statistics are consistent with the statistics of the Taiwan region disclosed on the Market Observation Post System (MOPS).





- Employee benefits

Other than the pursuit of sustainable economic development, another issue that FocalTech attaches great importance to is whether its employees can achieve a balance between work and life and develop in all aspects. In response to this, FocalTech provides employees with both a happy and friendly working environment and cares for their physical and mental health and quality of life. Furthermore, FocalTech offers salary and benefits and plans a wide range of welfare programs to provide comprehensive care to employees. The FocalTech's Employee Welfare Committee, which is composed of representatives from each department, is tasked with coordinating, planning and implementing the Company's various welfare benefit programs. In addition to high salary and benefits and the diversified and meaningful welfare programs planned, the Company also fully discusses and communicates with its employees through multiple channels to understand their needs and opinions in actual, with the aim to retain talents and realize sustainable development of the Company. In accordance with the Employee Welfare Fund Act, FocalTech has established an Employee Welfare Committee, which holds regular meetings to discuss on the methods of improving the Company's welfare measures to further enhance the benefits of its employees. The welfare measures coordinated and managed by the FocalTech's Employee Welfare Committee, Administration Department and Human Resources Department are as follows:

Welfare type	Welfare programs (Taiwan and mainland China)	Supplementary notes
Statutory welfare	Labor Insurance and National Health Insurance (Five social insurances and one housing fund)	Employees are insured on the day they come on board as required by law.
	Pension contribution	All employees are required to contribute 6% of their monthly wages to their pension account from the day they come on board.
	Annual leave (extra annual leave)	In accordance with the Labor Standards Act, those who have served the Company for a certain period of time are entitled to a specific number of annual paid leaves, which can be used in advance. The number of annual paid leaves granted to the employees in mainland China are in accordance with the Regulation on Paid Annual Leave for Employees.
	Parental leave and maternity leave	The number of leaves is in accordance with local laws and regulations.
	Pregnancy checkup leave, pregnancy checkup accompaniment leave, and paternity leave	The number of leaves is in accordance with local laws and regulations.
	Regular health checkup	A company-wide employee health checkup is held annually.
Company benefit (including those from Employee Welfare Committee)	Bridge holiday (Taiwan)	Additional leaves provided by the Company in addition to statutory leaves.
	Year-end bonus	The Company provides employees with a year-end bonus for two months depending on the operating condition.
	Festive gift certificate	Employees who have served the Company for at least three months receive gift certificates for Lunar New Year, Labor Day, Dragon Boat Festival and Mid-Autumn Festival.
	Wedding, celebration, funeral and hospitalization subsidies	Include childbirth gift money, wedding gift money, funeral subsidy, hospitalization fund, and birthday gift certificate.
	Company trip	A company trip to a domestic/overseas location annually.
	Club activities	Various club activities and the gym for use.
	Festive activities	Festive events (e.g., Mid-Autumn Festival barbecue, Engineer's Day, and Family Day) are held in accordance with the annual planning.
	Lunch or dinner gathering subsidy	Two lunch or dinner gatherings per year to enhance the relationship and the exchange between colleagues within the department.
	Employee stock ownership	Employees who have served the Company for at least three months are allowed to purchase the Company's stock with a fixed percentage of their salary, and the Company will also allocate the same amount as the employees to their respective account for the additional purchase of stock.
	Group insurance	Group insurance includes term life insurance / accident insurance / critical illness insurance




## 5.3 Parental Leave

At FocalTech, employees who have the need to take care of their children are free to apply for parental leave, which enables employees to work with no worry and achieve a balance between work and life. In 2021, fifteen employees (12 males and 3 females) were eligible for unpaid parental leave for raising children, and the actual number of employees applying for such parental leave was 3 (3 females). Two employees reinstated in 2021, with a reinstatement rate of 67%. The retention rate of employees applying for such parental leave was 50% in 2021.

Item	Gender	2021
 Number of employees eligible for unpaid parental leave for raising children	Male	12
	Female	3
	Total	15
 Actual number of employees applying for unpaid parental leave for raising children	Male	0
	Female	3
	Total	3
 Number of employees supposed to reinstate	Male	0
	Female	3
	Total	3
 Actual number of employees who reinstate	Male	0
	Female	2
	Total	2

Statistics on family care-related leaves for employees in Taiwan in 2021

Item	Family Care Leave/person-times	Maternity (Paternity) Leave/person-times	Menstruation leave/person-times
Male	4	19	0
Female	0	3	7

Item	Gender	2021
 Reinstatement rate	Male	-
	Female	67%
	Total	67%
 Number of employees who have reinstated and worked for a year as of the current year	Male	0
	Female	1
	Total	1
 Retention rate	Male	-
	Female	50%
	Total	50%

[Note] There is no leave related to children raising in mainland China, so the statistics only include employees in Taiwan. The reason that the employees did not reinstate and continue to work at FocalTech is due to personal career planning.

Statistics on family care-related leaves for employees in mainland China in 2021

Item	Family Care Leave/person-times	Maternity (Paternity) Leave/person-times	Menstruation leave/person-times
Male	-	17	-
Female	-	3	-



## 5.4 Retirement Plan

### • Retirement system and implementation status

FocalTech has a comprehensive pension system for its employees, including a benefit plan in accordance with the Labor Standards Act and a contribution plan in accordance with the newly enacted Labor Pension Act on July 1, 2005. In addition to the pension contribution as required by law, FocalTech also performs actuarial calculations annually on the pension reserve by appointing professional actuarial consultants, in order to protect the rights and interests of its employees to claim their pensions in the future and to ensure an accurate calculation of the pension contribution. The calculation criteria can be distinguished as follows:

1. In accordance with the Labor Standards Act, FocalTech formulated the retirement plan for its employees, stipulating that monthly contributions will be deducted based on the total amount of their salary and made to a special account.
2. The Labor Pension Act stipulates that for the employee subject to the Act, the Company shall, every month, contribute 6% of their reported contribution amount to their individual pension accounts established by the Bureau of Labor Insurance.
3. The Company retains the original insurance seniority of its employees. Upon employees attaining the eligibility for retirement, their pensions are calculated based on their old and new insurance seniority.

## 5.5 Occupational Safety

### Management Policy

Major issue	Occupational safety and health
Policy direction	A happy enterprise with no occupational accident.
Core goals	Actively and continuously strive to create a safe and secure working environment for all workers.
Achievements	<ol style="list-style-type: none"> <li>1. Annual occupational safety training hours: 2 hours of occupational safety and health education training every year + occasional training for new employees + refresher training according to the laws and regulations.</li> <li>2. The number of occupational injury incidents in 2021 was 0, SR=0, FR=0</li> </ol>

### Management Policy

Action plans	1. Continue to maintain the ISO 45001 management system.
	2. Implement the occupational safety and health management system.
	3. Conduct risk assessment for hazard identification within the plant.
	4. Develop operational control standards.
	5. Formulate a target plan on occupational safety and health.

### How to manage

Devoting resources	<ol style="list-style-type: none"> <li>1. Internal and external audits are regularly conducted every year to achieve systematic and effective management.</li> <li>2. 13 members of the Occupational Safety and Health Committee (5 ex-officio members and 8 labor representatives).</li> </ol>
Feedback mechanism	<ol style="list-style-type: none"> <li>1. Provide channels for worker consultation and participation, such as physical suggestion boxes and e-mail complaint on the Company's internal website.</li> <li>2. Hold quarterly Occupational Safety and Health Committee meetings.</li> </ol>
Evaluation mechanism	<ol style="list-style-type: none"> <li>1. Form an internal audit team to perform self-assessment on ISO 45001.</li> <li>2. Commission an independent third-party unit to conduct ISO 45001 audits.</li> </ol>

### Future plans

Goals for 2022	1. Fully implement the items stipulated in the laws and regulations.
	2. Strengthen various emergency response drills to enhance employees' response ability.
	3. Increase the number of health promotion seminars to maintain the physical and mental health of employees.
	4. Strengthen on-site environmental management to maintain zero occupational accident.
	5. Increase the number of people/times receiving service of occupational physicians on site.
	6. Increase the proportion of health checkups.

FocalTech attaches great importance to workplace safety and has established Environmental and Occupational Safety and Health Policy. In addition, FocalTech is committed to meeting and complying with government and related regulatory requirements, making continuous improvements to prevent consecutive pollution incidents and achieving the goal of zero occupational accident, in order to meet the environmental safety and health performance set out by the Company. Furthermore, the Company regularly identifies the occupational safety and health risks of its employees, commissions a third-party verification organization to conduct on-site audits, and provides audit reports to its customers in a transparent manner. The Company's plant in the Hsinchu Science Park established a management system and obtained the ISO 45001 certification through TUV NORD Taiwan in 2020. External audits are also carried out annually, benefiting 100% of employees and outsourced contract workers in Taiwan to review the effectiveness of the Company's management system.

With the purpose of creating a safe workplace environment, FocalTech has been putting their efforts into occupational safety and health related issues. Embracing a belief that safety and health are equally important issues as economic development in order to sustain the vitality of a company, FocalTech has established a professional and dedicated unit to implement its safety and health management with an institutionalized, systematic, and top-down safety and health management mechanism. FocalTech conducts annual health checkups (which are better than those stipulated by the laws and regulations) for all employees. The information on employees' age, work and living habits, and operating environment characteristics are collected. Additionally, the information is further compiled together with employees' health checkup results to analyze the correlation between their health risks and work. Regarding employees who are identified as high-risk group, healthcare practitioners will visit the plant every two months to conduct health assessments on them, offer advices, and provide counseling on abnormal workload, maternity health protection, ergonomic hazard prevention program, and communicable disease control, and unlawful infringement, etc. The company employs full-time and dedicated plant nursing staff to regularly follow up and care for employees to reduce the risk of employees developing major diseases and to assess the potential risk of occupational diseases. Besides, occupational practitioners are also arranged on site to provide individual guidance and health education for employees with abnormal health checkup results. Occupational practitioners will provide assistance in arranging medical treatment for employees when deemed necessary.

In accordance with Article 23 of the Occupational Safety and Health Act, FocalTech has established an Occupational Safety and Health Committee consisting of 13 members to regularly review occupational safety issues on a quarterly basis. FocalTech is an IC design company with no manufacturing operations, although none of the Company's employees is engaged in high-risk operations, still FocalTech follows the Company's Environment and Occupational Safety and Health Policy to actively build a safe environment and workplace by complying with the relevant provisions of the Occupational Safety and Health Act. Apart from that, FocalTech also makes continuous improvement on the occupational safety and health management system to achieve the goal of zero occupational accident.

- The gradual improving occupational safety and health program

#### Occupational safety and health policies

Make continuous improvement, involve participation of all employees, and comply with laws and regulations, with employee safety and health as the core.

#### Occupational safety and health practices

1. A commitment to providing safe and healthy working conditions to prevent work-related injuries and ill health; such a commitment shall be appropriate to the purpose, size, and context of the organization, and to the specific nature of the organization's occupational safety and health risks and opportunities.
2. Provide a framework for the formulation of occupational safety and health goals.
3. A commitment to meet regulatory and other requirements.
4. Eliminate risks and reduce occupational safety and health risks.
5. A commitment to make continuous improvement of the occupational safety and health management system.
6. A commitment to consultation and participation of workers and worker representatives.

#### Occupational Safety and Health Committee

FocalTech has established an Occupational Safety and Health Committee which is responsible for planning and coordinating occupational safety and health related matters, as well as reviewing and deciding on the implementation status of occupational safety and health in the plant. The Committee holds meetings regularly every year to discuss various safety and health issues such as safety and health management, education and training implementation plans, environmental monitoring, health management, occupational disease prevention and health promotion. Additionally, employees can give feedback to labor representatives on relevant occupational safety and health issues or suggestions, or attend the committee meetings for communication. Furthermore, a good communication channel is provided at FocalTech to enable employees to report, at any time, any emergency incidents they encounter as well as potential risks and abnormalities they discover. FocalTech ensures that no employee will suffer retaliation or punishment for making a complaint or appeal.

#### Occupational hazard identification

In order to eliminate potential hazards in the workplace, FocalTech regularly implements hazard identification and risk assessment activities. This activity is conducted by training qualified personnel to identify possible safety and health risks in the Company, weighting them according to hazard factors, and finally determining their risk levels. After the assessment, the medium and high hazard risks are included as the control items, and measures for target improvement are formulated and managed with regular tracking.

## Occupational safety and health policies

Make continuous improvement, involve participation of all employees, and comply with laws and regulations, with employee safety and health as the core.

In accordance with the Occupational Safety and Health Education and Training Rules and related regulations, FocalTech provides occupational safety and health education and training to new employees when they are hired, with an aim to make them understand the occupational safety rules and regulations of the Company as well as the countermeasures in case of accidents. In addition, the Company also regularly holds related safety and health education training courses, fire drills, first aid courses, etc. FocalTech enhances employees' awareness of safety and health through safety and health education training, hoping to reduce the chance of workplace accidents to zero hour of occupational disaster.

Training type	Number of classes	Number of participants	Training hours	Total training hours
Safety and Health Training	3	3	54	162
Safety and Health On-the-job Training	4	4	18	72



## Education and training



## Occupational accident statistics

- In 2021, there was 0 FocalTech employee injured at work. In case of an emergency, the incident investigation process will be activated.

## 5.6 Health Promotion

### • Promotion plan

The Company has acquired the Badge of Accredited Healthy Workplace from the Health Promotion Administration of the Ministry of Health and Welfare (valid from January 2020 to December 2022) and the Taiwan I Sports certification (valid from 2020 to 2022) from the Sports Administration of the Ministry of Education. Health promotion activities are themed according to the analysis on employees' annual health checkup. These activities include healthy weight loss activities, walking and pedometer competitions, vision care activities, and four cancer screenings.

In addition, the Company also provides practical support and encourages employees to participate in various club activities. There are eight sports clubs, including yoga club, basketball club, badminton club, light aerobics club, pop dance club, soft ball club, bicycle & road running club, and qigong club, as well as guitar club, photography club, and meridian club. Also, a gymnasium is available for employees to use freely. These different choices are provided for employees to choose from in order to help them achieve physical and mental balance after work.



▲ Badge of Accredited Healthy Workplace



▲ Taiwan I Sports Certification

### • Smoking prevention campaign

Smoking prevention: Smoking is prohibited in all indoor workplaces; no-smoking signs are posted at all entrances; ashtrays and other smoking-related items are not provided inside the Company; a booklet regarding quit smoking is provided by the Administration Department for free collection; and the smoking regulations are specified in the newcomer orientation manual.

### • Health Promotion Activities – Practice “MyPlate”

1. Health promotion seminar: Eat Healthy with “MyPlate”!
2. Announcement of “MyPlate” health education series activities.
3. Self-assessment using “Eating Behavior Evaluation Questionnaire”, with suggestions provided.
4. 228 employees from the Taiwan plant participated in the contest with prize, with a participation rate of 56.4%.
  - (1) 93% of the colleagues answered the dietary knowledge correctly.
  - (2) 99.6% of colleagues agreed to try to practice the “MyPlate” principle in their daily lives.
  - (3) 96.1% of employees answered the Company’s healthy eating-out resources correctly.





- Stress Relief Seminar: Soft Skills at Work - Workplace Stress Relief Alchemy

- [Stress Relief through Handicraft] Meet Forever Dried Flowers with Glass Vase DIY.
- [Stress Relief through Exercise] A type of yoga that all office workers should learn.
- [Stress Relief through Exercise] How to quickly and effectively eliminate stress: A health secrets seminar
- [Stress Relief through Handicraft] Stroke by Stroke: The heart entwined with the painting
- [Experiencing Stress Relief] Head and meridian massage with therapy oil for relaxation



- Onsite healthcare practitioner: Provide health consultation service every two months, with altogether 26 person-times of services provided in 2021. In addition, they inspect the plant every December and offer advice to employees as well as on-site guidance on ergonomic hazard prevention.
- An inspection on the operating environment is conducted every six months, the figures on CO2 and illumination of the Company are within the normal range; office temperature can be adjusted according to the area.

- Related club activities

In order to enable employees to achieve a balance between work and life, a number of club activities are held in the Company, among which yoga, aerobics and MV pop dance are the activities easiest to take place indoors. For that reason, these activities have become the most popular sports club activities for employees in many companies. These activities can relax the doers in a short period of time, and allow them to achieve physical and mental balance and release stress through simple exercise during their break time at work. As a result, employees are able to experience a more diversified and creative living space in addition to the rational work requirements of the Company.



▲ Yoga classes are held every Thursday night



▲ Light aerobics classes are held every Tuesday afternoon



▲ MV Pop Dance Club activities are held every Monday night

## 5.7 Employee Communication

### Management Policy

Major issue	Employee communication
Policy direction	Establish good labor relations and allow employees to express their opinions in a friendly environment without suffering retaliation.
Core goals	Goal: Establish a good culture of organizational communication, enabling employees' opinions to be effectively heard and handled in a timely manner, with no occurrence of labor disputes or re-appeal cases. Target: Four labor-management meetings and communication meetings with the Chairman every year.
Achievements	Held four labor-management meetings and five meetings with the Chairman annually.
Action plans	Hold communication meetings with the Chairman, labor-management meetings, gender equality meetings, and interdepartmental communication meetings, and address colleagues' concerns in a fair, confidential, and prompt manner, regardless of whether the feedbacks are named or made anonymous.

### How to manage

Devoting resources	All employees
Feedback mechanism	Employee grievance channels, employee suggestion boxes, labor-management meetings
Evaluation mechanism	Number of meetings, completion rate of feedback surveys

### Future plans

Goals for 2022	<ol style="list-style-type: none"> <li>1. Hold labor-management meetings regularly.</li> <li>2. The Chairman informs employees of the Company's recent development and financial reports through birthday celebrations, so as to eliminate the concern of employees on the Company's operation and welfare development.</li> <li>3. Set up a Chairman's mailbox and assign a dedicated personnel to gather colleagues' questions every week, as well as a dedicated personnel to conduct preliminary communication within one week upon receiving the questions.</li> </ol>
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#### • Labor-management dialogue

FocalTech believes that every employee is an important asset of the Company, and therefore, it values every employee's viewpoint and opinion; FocalTech hopes that every employee's voice is heard and valued. In order to create a harmonious relationship between employers and management, the FocalTech family fully discusses and communicates with each other through multiple channels, such as labor-management meetings, Employee Welfare Committee meetings, newcomers' care and Life Exchange channel to create the possibility and space for a dialogue between the two sides. Hence, FocalTech holds a labor-management meeting quarterly. Furthermore, an extraordinary meeting is held when deemed necessary, in which labor representatives can put forward proposals on topics such as labor-management relations, labor conditions, and labor welfare. Labor-management meetings are considered a platform where labor representatives can fully express their opinions on the relevant topics. In the labor-management meetings, labor representatives can communicate with management representatives and participate in the resolution of labor rights issues. All employees are protected by the labor-management meeting agreement to express their opinions, and records are kept to track the implementation and improvement of the labor-management agreement. Under the environment of a diversified and smooth communication, the labor-management relations of FocalTech are trustful and harmonious, with no occurrence of labor disputes in recent years.

#### • Minimum notice period for operational changes

In the future, FocalTech will continue to uphold the attitude of fully complying with labor laws and regulations and strengthening welfare measures. Additionally, labor representatives will be invited for discussions on important changes in labor conditions and matters related to employees' rights and interests. Together they will jointly discuss solutions to address the rights and interests of both parties, so as to enhance mutual trust and form a good culture of communication based on mutual trust. Apart from that, both parties will also communicate and coordinate to improve the deficiencies of the Company's employee policies and on the promotion of labor-management cooperation, labor-management relations coordination, labor condition improvement, and labor welfare planning issues.

FocalTech is in compliance with local labor laws and regulations. When major operational changes occur that affect employees' rights and interests, FocalTech will give advance notice in accordance with labor-related laws and regulations, and provide timely explanation to employees. In the event that the labor rights of employees are affected or their employment conditions are changed, FocalTech will certainly follow the Labor Standards Act and the Act for Worker Protection of Mass Redundancy in giving advance notice before terminating the employment contract. To enable employees to fully express the issues they encountered at the Company and their work, as well as any grievances and undesirable circumstances they may experience, the Company provides multiple channels of communication and grievances, and ensures the protection of their personal information.

## 5.8 Talent Cultivation

Management Policy	
Major issue	Talent cultivation and training
Policy direction	Provide appropriate training for different target groups to nurture professional talents and strengthen the Company's competitiveness.
Core goals	An average of 10 training hours per person.
Achievements	Taiwan and overseas: <ol style="list-style-type: none"> <li>1. Due to the pandemic, some courses were cancelled, thus only 33.48% of the employees had attained more than 10 hours of training.</li> <li>2. Four training sessions were held for junior executives, with 151 participants in total.</li> <li>3. One training session was held for middle-level and senior executives, with 31 participants in total.</li> </ol> Mainland China: <ol style="list-style-type: none"> <li>1. Although there were less person-times trained than that of 2020 due to the pandemic, the total number of training sessions did not decrease and the number of training hours per person reached 11.35.</li> <li>2. Two team building activities were held for middle-level and senior executives to promote consensus building on company values and corporate culture, as well as to build trust and cohesion.</li> <li>3. Innovation was demonstrated in the training outcome; a post-training retrospective meeting was held after the course to improve the conversion of training effectiveness.</li> </ol>
	<ol style="list-style-type: none"> <li>1. The 2021 annual education and training plan is compiled and produced based on the questionnaire survey of employees and the needs of unit executives. The training units conduct course planning, make arrangement, and invite employees to participate in learning to improve the knowledge and skills related to their works.</li> <li>2. Conduct annual education and training for executives (junior, middle-level and senior executive training).</li> <li>3. Improve the construction of training system from multi-dimensional aspects such as level management, course management and instructor management.</li> </ol>

How to manage	
Devoting resources	All employees, education and training platform, introduction of external training resources
Feedback mechanism	Education and training opinion survey and interview with executives
Evaluation mechanism	Produce statistics and calculate personnel training hours / executive training acceptance testing / online system acceptance testing
Future plans	
Goals for 2022	In order to increase the training hours of employees, FocalTech will enhance the training platform to enable employees to learn proactively regardless of location and time. It is expected that each person will attain 10 hours of training on average.

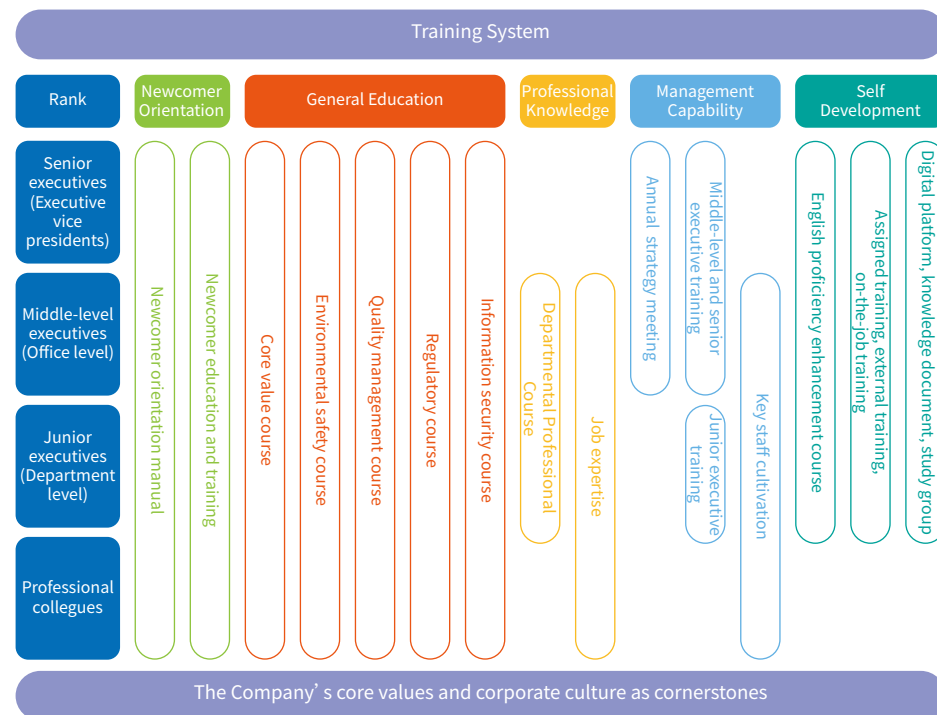
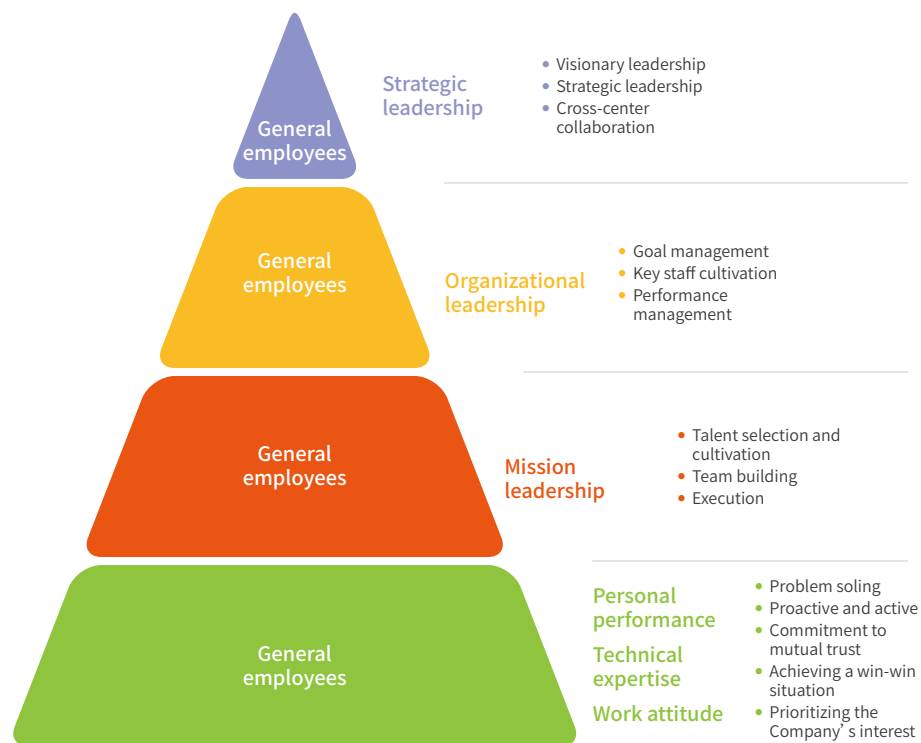
### • Taiwan and Overseas Talent Cultivation and Training Actions

FocalTech has spared no effort in the cultivation and development of talents, and is committed to providing an open and diversified learning environment for employees. A comprehensive training system for new employees and existing employees is planned to continuously enhance their professional capability and maximize their satisfaction. Additionally, employees get to continuously challenge themselves to grow upward by attending internal/external training, obtaining professional guidance from executives/colleagues, or proactively borrowing company books to stimulate their minds every month. The training framework is designed to meet the core values and strategic development needs of the Company, which is divided into training for senior management, middle-level management, junior management and general employees. Furthermore, the training blueprint is designed according to the characteristics of each unit to provide complete training programs targeting professional competencies and management capability. The training of different capabilities not only shortens the time needed for new employees to get familiarized with the work content and become integrated into the corporate culture, but it also enhances the cohesion among employees. Apart from that, it is also necessary for the Company's senior employees to pass on practical experience to the next-generation of new employees. Also, FocalTech encourages senior employees to step out of their comfort zone and learn new skills to enhance their competitiveness, so that the experience can be passed on from generation to generation.

The Company has established the Education and Training Management Procedures for the arrangement of annual education and training. Additionally, four major types of training courses are planned according to the functions and skills of employees required for the development of the Company, which are described as follows:

The talent cultivation system is shown in the figure below:

Talent Cultivation and Development Framework



Through the [Online Learning Platform], all FocalTech employees can choose courses from the options of “Newcomer Training”, “General Education”, “Operations Management”, and “Professional Knowledge”. In addition, the Company also recorded physical courses and made them into online courses to allow employees to learn new knowledge anytime and anywhere, regardless of time and location. The platform is established to enable employees to better understand and systematically manage all their learning process and records, with an aim to provide them with more complete on-the-job training and resources. With a complete training platform, all kinds of information and knowledge can be transferred in real time, which can help knowledge transfer within the Company and provide a channel for instant interdepartmental discussion or cooperation. The above courses keep pace with the times, which not only enhance the professional knowledge and competencies of employees and improve their overall quality, but also expect to make a breakthrough in the business performance of FocalTech by implementing talent cultivation.

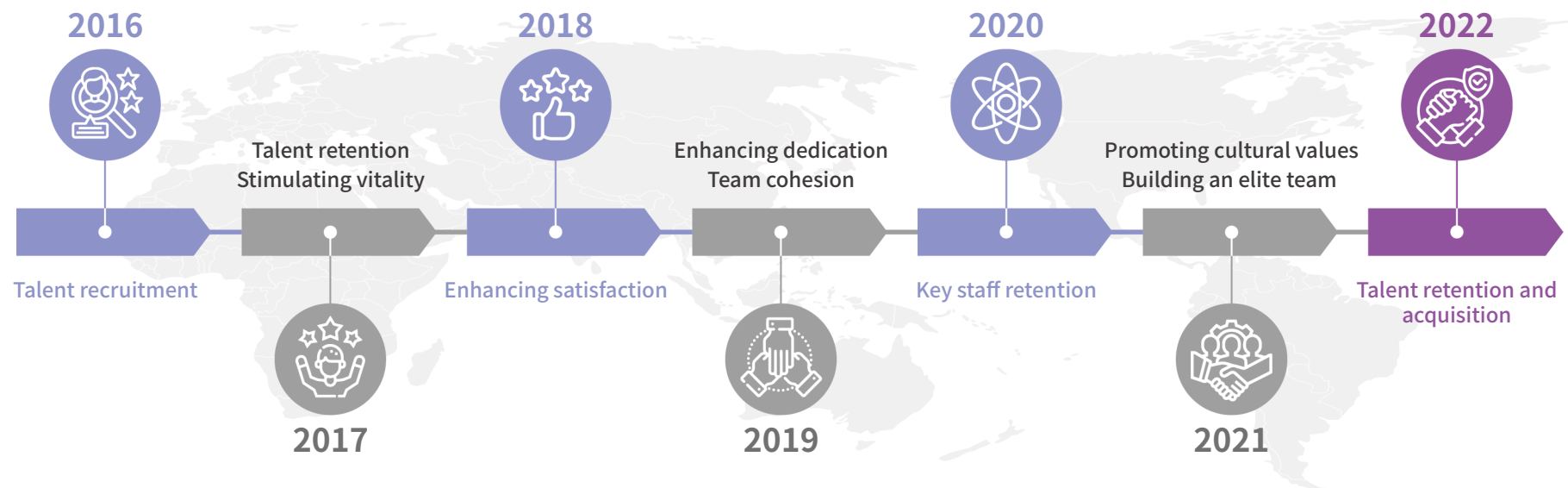


- Training hours of personnel at all levels in Taiwan and overseas in 2021





Rank	Number of male participants	Hours	Average number of hours	Number of female participants	Hours	Average number of hours
Senior executives	13	183	14.07	0	0	0
Middle executives	85	659.5	7.75	4	40	10
Junior executives	171	1238	7.23	27	230	8.51
Professionals	505	4048	8.01	125	1250	10
Total	774	6128.5	7.92	156	1520	9.74

## Mainland China Talent Cultivation and Training Actions

- Highlights of HR duties over the years



The strategy of the Human Resources Department in mainland China for 2021 was “Promoting cultural values and building an elite team”. The strategy was employed as the Company’s guidelines for the Human Resources work in four aspects:

Talent cultivation guidelines	Corresponding actions
 <p>Talent recruitment</p>	<ol style="list-style-type: none"> <li>1. Through the campus talent recruitment program, FocalTech recruits graduating senior / master’s degree and PhD students for a one-year internship program at the Company before they graduate. The internship program provides more outstanding talents with the opportunity to secure their position at the workplace at an earlier time.</li> <li>2. Campus cooperation projects: Including the FocalTech Scholarship Project and FocalTech Cup University Master and Doctorate Thesis Competition Project.</li> <li>3. Strengthen the promotion of internal talent recommendation system.</li> <li>4. Select outstanding key staff for succession training project in each operating unit.</li> </ol>
 <p>Talent cultivation and training</p>	<ol style="list-style-type: none"> <li>1. Fresh graduate: One-to-one mentorship system.</li> <li>2. New employees: Training SOP, keep track of the entire process of training and counseling of new employees within three months of starting work.</li> <li>3. Junior and middle-level executives: MTP (Management Training Project): The whole project lasts for 9 months, with 85 participants, 6 training sessions and 6 activities taking place.</li> <li>4. Senior executives: Team building and consensus training workshop.</li> <li>5. All employees: Ten internal staff training sessions based on “FocalTech Forum”, including product knowledge, professional skills, psychological counseling, teamwork, and the improvement of overall individual’s capabilities.</li> <li>6. Key staff: Personalized support for training resources.</li> <li>7. Employees with special needs: Special job certification training.</li> </ol>
 <p>Motivating employee</p>	<ol style="list-style-type: none"> <li>1. Key Staff Individual Development Plan (IDP): Cooperate with executives for the selection of key staff, including screening, auxiliary interview, assisting in the formulation of development plan and follow-up, and offering training and development support.</li> <li>2. Closed-loop management of performance: Follow up on goal setting, coaching feedback, evaluating interviews and training development throughout the process.</li> <li>3. Implement individual and organizational outstanding talent projects related to corporate values and corporate culture (2021 Outstanding FocalTech Employee Award)</li> </ol>
 <p>Strengthening relationships</p>	<ol style="list-style-type: none"> <li>1. Human Resources Department develops improvement programs and plans for specific directions and assists in the implementation of the improvement plans.</li> <li>2. Employee Welfare Committee organizes contentful and diversified activities for employees.</li> <li>3. Repeatedly reinforce and promote corporate culture and corporate values.</li> </ol>

- Training hours of the training activities of all categories in Mainland China in 2021

Categories		
New employee training	Person-times	87
	Hours	7
	Sum	609
Professional skill training	Person-times	409
	Hours	3
	Sum	1227
Regulatory training	Person-times	87
	Hours	1
	Sum	87
Promotion to executives training	Person-times	232
	Hours	8
	Sum	1856

- Training hours of personnel at all levels in mainland China in 2021

Rank	Number of male participants	Hours	Average number of hours	Number of female participants	Hours	Average number of hours
Senior executives	3	108	36	0	0	0
Middle-level executives	36	1069	29.69	6	216	36
Junior executives	50	636	12.72	12	170	14.17
Professionals	165	1769	10.72	36	386	10.72

## 5.9 Performance Evaluation

FocalTech provides a stage for employees to showcase their talents, and expects the team to bring its professional competencies into full play while implementing the Company's strategies and goals. FocalTech's Human Resources Department, in accordance with the Performance Management Regulations, regularly reviews the degree of employee performance achievement every year through setting performance targets and evaluation, in addition to performance interviews and evaluations. In doing so, FocalTech is able to assess the individual performance of employees and assist them in enhancing their personal career development, and to further improve organizational and their individual performance. Additionally, an Employee Performance Improvement Plan will be carried out for employees who fail to meet the performance requirements. The plan includes a communication between the executive and the employees based on the performance evaluation results, in order to enable them to understand their poorly performed parts of work. Furthermore, improvement targets and methods will be formulated to help them improve their work capability and performance.

The performance evaluation of FocalTech is performed in accordance with the Performance Management Regulations by upholding the transparent and fair principle in treating all employees, without regard to gender, age, religion, and other non-work performance factors. The evaluation mechanism not only enables employees and executives at all levels fully understand their own work goals and the Company's future development blueprint, but it also ensures that every employee is treated fairly and everyone has equal opportunities for promotion.

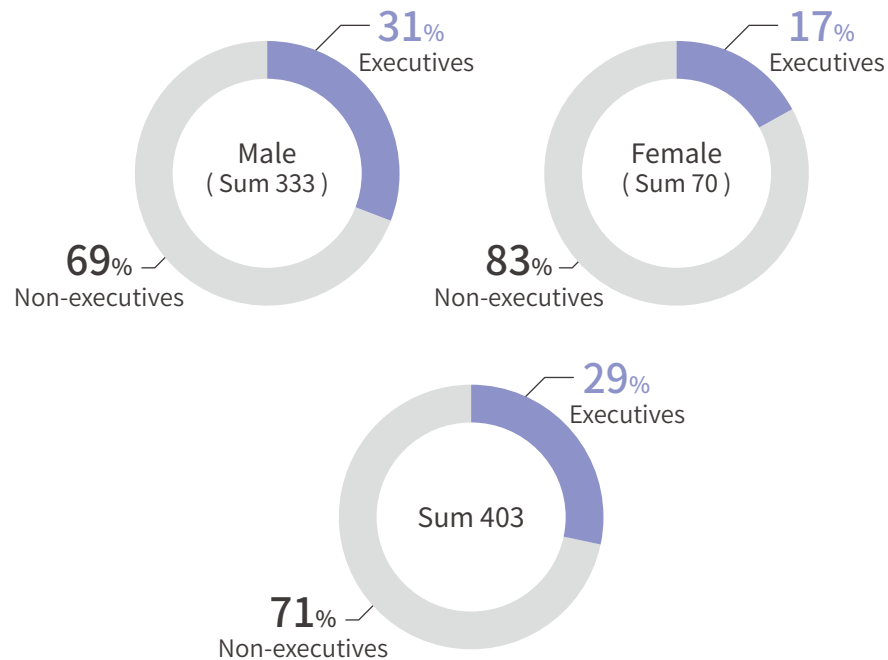
At FocalTech, the evaluation is divided into a mid-year evaluation (to review whether the progress made in the first half of the year is consistent with the project goals set at the beginning of the year) and a year-end evaluation (to evaluate the annual work performance of colleagues). In 2021, 100% of FocalTech employees received a regular evaluation on their performance and career development. Employees who serve the Company for less than three months are not qualified for the performance evaluation and thus do not participate in such evaluation.

- Performance evaluation mechanism

Mid-year Evaluation	Year-end Evaluation
Review and evaluate the completion progress made in the first half of the year based on the project completion goals set at the beginning of the year, and adjust or start the work plan and formulate goals for the second half of the year through one-to-one communications.	Conduct one-to-one feedback on the current year's work performance and evaluate the colleague performance. During the process, feedbacks are given on their performance, strengths and opportunities for continuous development, in order to achieve the goal of improving individual performance and organizational goals.

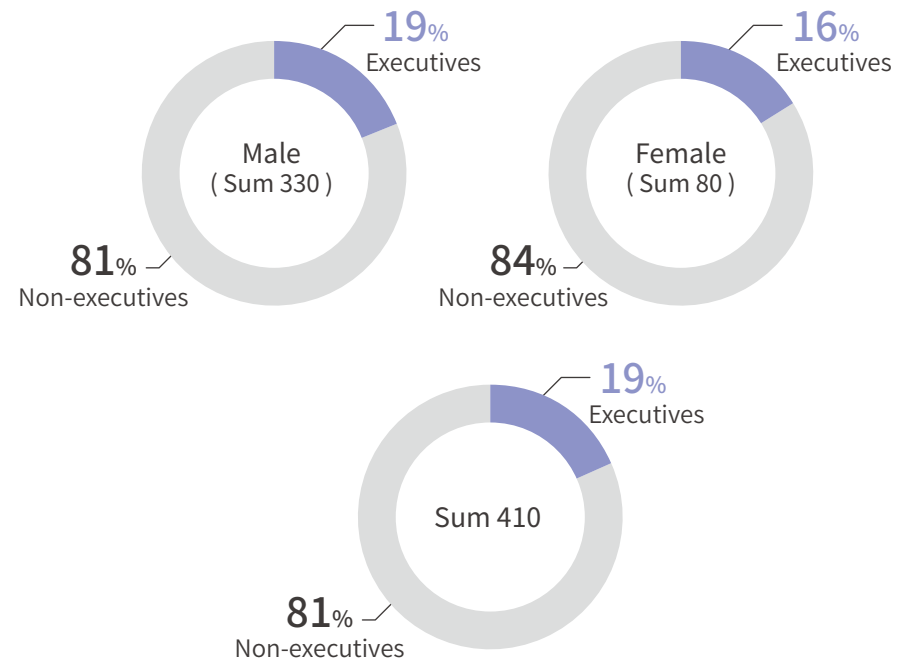
- Percentage of employees receiving regular performance and career development evaluation in Taiwan

Item	Male		Female		Total	
	Number of people receiving the evaluation	Percentage	Number of people receiving the evaluation	Percentage	Number of people receiving the evaluation	Percentage
Executives	103	31%	12	17%	115	29%
Non-executives	230	69%	58	83%	288	71%
Sum	333	100%	70	100%	403	100%



- Percentage of employees receiving regular performance and career development evaluation in mainland China

Item	Male		Female		Total	
	Number of people receiving the evaluation	Percentage	Number of people receiving the evaluation	Percentage	Number of people receiving the evaluation	Percentage
Executives	63	19%	13	16%	76	19%
Non-executives	267	81%	67	84%	334	81%
Sum	330	100%	80	100%	410	100%



Note:

- The calculation is based on the total number of employees as of December 31, 2021.
- A total of 405 employees received the evaluation this time, and the total number of employees who were not required to receive the performance evaluation was 29 (including those who serves the Company for less than three months, those with fixed contracts, and those who expected to leave).