

The FocalTech logo is located in the top left corner. It features the company name in a stylized, italicized font with a multi-colored underline. The background of the cover is a vibrant yellow with a subtle dot pattern. A large, dark blue shape with rounded corners overlaps the yellow background, serving as a backdrop for the title. The right side of the cover features a green circuit board pattern with glowing orange and yellow lines and nodes, symbolizing technology and innovation. The overall design is modern and tech-oriented.

FocalTech

2024 FocalTech

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Sustainability Report

Table of Contents

About this Report.....	1
Message from the Chairman	2
Sustainability Achievement Awards.....	7
ESG Performance	9
Sustainable Management Strategies.....	10
Stakeholder Communication and Material Topic Analysis	12
Stakeholder Identification and Communication Channels	12
Material Issue Identification and Impact Boundaries.....	15
The Sustainable Development Goals (SDGs)	23
Corporate Sustainability and Robust Governance	26
1.1 Company Overview	26
1.2 Business Performance	32
1.3 Board of Directors Operations	34
1.4 Ethical Management.....	44
1.5 Risk Control and Management.....	46
1.6 Information Security Protection	49
Innovative Value Breakthrough	52
2.1 Technological Leadership.....	52
2.2 Intellectual Property Security.....	54
Sustainable Prosperity with Partners.....	55
3.1 Firm Foundation.....	55
3.2 Sustainable Supply Chain	58
Green Environmental Protection.....	64
4.1 Climate Change Risks and Mitigation Strategies	64
4.2 Greenhouse Gas Emissions and Energy Management	68
Friendly Workplace.....	73
5.1 Talent Foundation.....	73
5.2 Remuneration and Benefits	74
5.3 Parental Leave.....	77
5.4 Retirement Plan.....	78
5.5 Workplace Safety	79
5.6 Health Promotion	81
5.7 Employee Communication.....	85
5.8 Talent Cultivation.....	86
5.9 Performance Evaluation	89

Giving Back to Society	91
Appendix 1: GRI Content Index	93
Appendix 2: SASB Index.....	98
Appendix 3: Climate-related Information for TWSE/TPEX Listed Company	100
Appendix 4: Sustainable Disclosure Indicators for Semiconductor Industry.....	102
Appendix 5: Additional Data and Statistics	103
Appendix 6: Third-party Assurance Statement	107

About this Report

The 2024 Sustainability Report for FocalTech Systems Co., Ltd. (below, “FocalTech” or the “Company”; TWSE stock code: 3545) has been compiled based on the principles of openness, transparency and ethical management, to honestly present the Company’s economic, environmental, and social performance in 2024. The report has comprehensively disclosed the Company’s performance and specific actions in terms of Robust Governance, Prosperity with Partners, Green Environmental Protection, Friendly Workplace, Social Care, and Innovative Value Breakthrough, to communicate FocalTech’s efforts and achievements in sustainable development with all stakeholders.

Scope and Boundaries

The timeframe of this report is January 1, 2024 to December 31, 2024. The report largely deals with FocalTech Taiwan and covers some performance information of its overseas subsidiaries. The financial data is derived from CPA-attested financial statements and is consistent with related financial reports. The report details the Company’s practices and performance related to environment, society, and corporate governance. To present complete accomplishments of project and activity performance, some data from the past three years had been presented. Additional explanations shall be given in corresponding chapters for special instances.

Basis of Reporting

This report was compiled based on the 2021 GRI Standards published by the Global Reporting Initiative. The information is disclosed in accordance with the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, and with reference to the Sustainability Accounting Standards Board (SASB) standards and the Task Force on Climate-related Financial Disclosures (TCFD) framework, as well as the UN Sustainable Development Goals (SDGs) and other related principles. The 2024 report does not include any restatements of information compared with the previous report.

Report Preparation and Internal Control

To strengthen this report’s completeness and credibility, the Company has established a sustainability report preparation process and procedures for internal audits or external verification in accordance with the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.

This report was completed under the coordination of the Company’s Sustainable Development Team to disclose data/information, strategic objectives, and performance metrics provided by the Company’s responsible departments. After the Team compiled, checked, and modified this report, it was further reviewed by the Company’s department heads to confirm the completeness and correctness of its contents. To ensure the credibility of disclosed information, the report has been assured by DQS Taiwan Inc., an independent third-party verification body, confirming that it complies with the AA1000 Assurance Standard v3 and meets the Type 1 moderate level assurance requirements. The report was released and published after the finalized version was reviewed and approved by the board of directors.

Publication Cycle

FocalTech issues our Sustainability Report every year, and makes it available for download on the corporate website (<http://www.focaltech-electronics.com>). This is the fifth Sustainability Report published by FocalTech. The Company will continue the report publication on a yearly basis in the future.

Previous release: Published in August, 2024

Current release: Published in August, 2025

Next release: Will be published in August, 2026

Contacting FocalTech

To continuously enhance the quality and content of FocalTech’s sustainability report and facilitate communication with stakeholders, we’re open to any suggestions or advice. You can reach out to the Company through the following contact details:

Company address: 11F-1, No. 23, Huanke 1st Road, Zhubei City, Hsinchu County 302047, Taiwan

Corporate website: <http://www.focaltech-electronics.com>

Contact Person: Jo Lee, Corporate Governance Officer and Executive Secretary of the Board

Email: esg@focaltech-electronics.com

Message from the Chairman

Using our AI innovation momentum, FocalTech is taking ESG sustainability action, in order to maintain stable operations in the semiconductor industry, expand our positive impact, and create an inclusive and sustainable future.

In 2024, the global economy warmed back up, with a gradual pickup in consumer demand. FocalTech focused our efforts on stabilizing the mobile phone market and extending our penetration into markets for non-mobile-phone products such as tablets, laptops, and automotive electronics. We achieved 26% growth in annual shipments, far exceeding the overall market average.

Also, benefiting from the growth of AMOLED shipments, profit after tax increased by more than 60% year-on-year. We have achieved remarkable performance in the AMOLED touch, laptop module, and automotive display market, showing a strong advantage in multi-technology integration.

FocalTech continues and extends our current sustainability strategies. By focusing our efforts in the six aspects of Robust Governance, Prosperity With Partners, Green Environmental Protection, Friendly Workplace, Social Care, and Innovative Value Breakthrough, we steadfastly promote ESG development and continue fulfilling our commitment to corporate social responsibility.



FocalTech Chairman

A handwritten signature in black ink, appearing to read "Gund J. An".

Robust Governance

As of 2024, FocalTech has been ranked in the top 6% to 20% of all TWSE listed companies in the Corporate Governance Evaluation for eight years. This strongly highlights the Company's commitment to corporate governance. We will continue to improve our governance systems to build a strong base for the Company's long-term and stable development. With the appointment of independent directors Mr. Hsing-Chien Tuan and Mr. Jim Lai, the expertise, independence, and diversity of the board of directors has been strengthened. The most recent board has also reached 50/50 parity between independent and non-independent directors.

The Company will continue to adhere to the principles of Prioritizing Expertise and Right Person for the Job when nominating director candidates, taking into consideration their industry experience, specialized competencies, and contributions to the Company's long-term development. We do this in hopes of working toward a diverse, inclusive board composition, further promoting the value of innovation and sustainability.

Based on the firm belief that corporate governance is the foundation of a company's sustainable operations, FocalTech has always focused on our core business and realizing the core value of ethical management. The Company also strictly complies with laws and regulations to protect the rights and interests of shareholders, and ensure the interests of all stakeholders. Under a comprehensive governance framework, employees are encouraged to practice the spirit of corporate ethics for FocalTech to fulfill our commitment to sustainable development with practical actions.

Prosperity with Partners

Based on the core business philosophy that focuses on customer success and teamwork, FocalTech works with suppliers to achieve progress in technology and process, and meet the diverse needs and expectations of customers. In addition, in response to global environmental trends and brand customers' sustainability standards, the Company has established a green product management system, which has been recognized by the world's major manufacturers.

We are also proactive in promoting supply chain's sustainable development. In addition to assisting supply chain partners in obtaining ISO 9001, ISO 14001, ISO 45001, ISO 14064-1, ISO 27001, and ISO 26262 certifications, and complying with corporate social responsibility standards such as Hazardous Substance Free (HSF) green product requirements, conflict mineral requirements, etc., FocalTech also promotes carbon emissions management and energy saving measures, and has formulated the Supplier Code of Conduct, which all suppliers are required to sign and comply with.

FocalTech was honored with multiple awards in 2024, including the Corporate Social Responsibility Award from our customer GoPro US, a China IC Industry Award, and a Taiwan Corporate Sustainability Awards (TCSA) Silver Award.

We see our customers and suppliers as long-term partners. Through close collaboration with them, the Company builds win-win sustainable ecosystems, and continuously improves product and service quality to enhance customer satisfaction.

Green Environmental Protection

FocalTech supports net zero carbon emissions, and is committed to taking energy-saving measures within the Company. In addition to investing NT\$7.4 million in programmable logic controller (PLC) control systems, LED panel lights, and computer room cooling systems, the Company has been promoting the importance of electricity saving among employees in recent years. The relocation to our newly purchased offices in Hsinchu has improved the Company's overall energy efficiency – electricity consumption in 2024 was reduced by 21.66% as compared to 2023, a remarkable result achieved through the Company's efforts.

The Company completed the ISO 14064-1 inventory and verification in 2024, which is ahead of the schedule specified in the Sustainable Development Roadmap for TWSE-listed/TPEX-listed Companies formulated by the Financial Supervisory Commission.

As a member of the global semiconductor product supply chain, FocalTech has an obligation to assume responsibility for environmental sustainability. By implementing environmental safety and health policies and by continuously promoting greenhouse gas inventories, we meet environmental health and safety (EHS) compliance requirements for our business activities; reduce our business operations' negative impacts on the environment; provide customers with eco-friendly and energy-efficient products; and grow our portfolio of energy-saving products year by year.

To achieve the goal of environmental sustainability, the Company will strive for continuous improvement in product design, and launch products that are more energy-efficient and have lower environmental loads. We are doing our part for environmental sustainability.

As required by TCFD standards and the Financial Supervisory Commission, the Company also conducts climate change risk and opportunity analyses, and takes corresponding response measures. We will continue to implement ISO 14064-1 third-party verification every year in the future. In addition, FocalTech will create a list of green electricity providers and stay informed about the green energy market trends and carbon markets, to evaluate the feasibility of transitioning to green electricity as our main power source, and reduce Category 2 carbon emissions.

Friendly Workplace

The Company spent c. NT\$60,564,527 on employee benefits in 2024, allowing 450 of our employees to access a variety of work-life benefits. FocalTech prioritizes employee well-being because talent is not only the Company's asset, but also the foundation of the Company's sustainable development.

FocalTech's emphasis on talent is reflected in the work environment and conditions we provide. In 2024, not only did we win recognition in the form of a Growing Enterprise Best Employer Award, but we put great emphasis on employees' physical and mental health, personal development, and work-family balance, all aimed at helping employees build a sustainable career with FocalTech.

Harmonious employer-employee relations also play an important role in an enterprise's long-term and stable development. In FocalTech, employees have multiple channels to express their opinions. We are committed to providing a safe and respectful workplace for all employees, and ensure that our business practices align with environmental sustainability and ethical guidelines. FocalTech also promotes human rights policies and gender equality, and upholds the principles and requirements of the Responsible Business Alliance Code of Conduct.

In terms of talent cultivation and development, FocalTech's total investment in cultivating semiconductor talent in Taiwan over the period from 2021 to 2024 has reached NT\$22.93 million. Partners include the National Tsing Hua University College of Semiconductor Research; National Yang Ming Chiao Tung University; National Taiwan University of Science and Technology; National Sun Yat-sen University; and more. Through such partnerships, we continuously encourage talent to go into the semiconductor industry.

Social Care

FocalTech aims to achieve social inclusion and sustainability through ESG practices to fulfill our corporate social responsibility. We have supported the Children Are Us Foundation for two years in a row, by encouraging employee donations and engaging in a variety of public welfare actions. To create a more friendly environment for people with disabilities to pursue career development and employment opportunities, the Company organized charity sale activities, engaged in volunteering services, and carried out environment improvement projects in 2024 to demonstrate FocalTech's commitment to social inclusion.

In terms of social responsibility practices, the Company encourages employees to support the Children Are Us Foundation's charity sale activities to benefit people with intellectual disabilities. This helps enhance the visibility of creative work by people with intellectual disabilities at the shelter workshop, and creates more sales opportunities for them. In addition, our volunteer team provides support to people with intellectual disabilities as they do needlecraft at the Foundation's workshops. This encourages interaction and communication between people with disabilities and the general public, and helps build a culture of inclusion and mutual respect.

To improve shelter workshops' work environment, the Company also encourages volunteers to participate in the Warm Heart Room renovation project; through assisting in flooring installation and bookcase assembly, volunteers provide people with intellectual disabilities with safer, more comfortable spaces to work and rest in. Improved workshop facilities mean better safety and user-friendliness in the work environment, and thus providing better care for people with disabilities. These actions not only demonstrate corporate social responsibility (CSR), but also manifest the spirit of ESG. We hope that our long-term commitment can promote social engagement and independent development for people with disabilities, to build a more inclusive and sustainable future.

Innovative Value Breakthrough

FocalTech will keep our commitment to achieving net-zero carbon emissions by 2050, and continue to introduce advanced technologies to improve IC design performance and R&D efficiency.

In 2025, emerging applications such as AI, high-performance computing, electric vehicles, etc. are driving the next wave of growth momentum for the semiconductor industry. However, increased geopolitical risks, changes in tariff policies, exchange rate fluctuations, and intensified market competition still bring many challenges and uncertainties to economic and industrial development.

In response to a changing world, FocalTech has built up the solid technical strengths and market base we need to achieve product diversification and optimal global market layout for resilient operations. In addition, we will focus on high value-added applications and product portfolio optimization, to enhance overall profitability and long-term competitiveness.

We will maintain our sound operating practices, to proactively embrace global sustainable development and digital transformation trends, and to deepen our ESG core value. We will also introduce AI to enhance operating efficiency, and steadily advance toward the long-term goal of net zero carbon emissions.

FocalTech will continue to work with all employees, customers, and supply chain partners to face challenges and explore opportunities, in order to achieve company development and social sustainability.

Sustainability Achievement Awards

Award	Image	Description
2024 Corporate Social Responsibility Award from GoPro US		<p>FocalTech is a sustainable supply chain partner for GoPro US. In addition to technological innovation, we also provide GoPro with high-performance, eco-friendly terminal applications. This award confirms FocalTech's continuous efforts to optimize our products, reduce environmental impacts, hold fast to ethical standards, and promote the practices of fair workplace and corporate social responsibility.</p>
2024 Taiwan Corporate Sustainability Awards (TCSA) — Silver Award		<p>Sustainable development is no longer just a slogan, but the core value of a company's day-to-day operations! This award gives great affirmation to our corporate sustainability efforts and outstanding performance in information disclosure and a variety of metrics.</p>
2025 IC Top Award for Corporate Social Responsibility		<p>FocalTech was awarded for Corporate Social Responsibility at the 2025 IC Top Awards, presented at the end of 2024. This award recognizes our efforts to create a person-centric workplace, and to promote green innovation and supply chain sustainability. The Company is a pioneer in reduced-carbon design, using IDC/TDDI technologies to promote energy conservation and performance improvement in the industry, and</p>

		fulfilling our sustainability commitment to society and the environment.
2024 China's Intelligent Cockpit Industry in 2024 awards – Top 10 Brand for In-vehicle Displays		<p>FocalTech was selected in the 2024 China's Intelligent Cockpit Industry in 2024 awards as a Top 10 Brand for In-vehicle Displays.</p> <p>This affirms the Company's technological innovation, stable quality, and excellent global service deployment for automotive IDC (TDDI) products. FocalTech's products are widely adopted by international car manufacturers, which shows our market leadership and continuous innovation in the field of intelligent cockpits.</p>
2024 Shenzhen Best Employer Award for a Growing Enterprise		<p>The 2024 Shenzhen Best Employer Award for a Growing Enterprise recognizes FocalTech's efforts in talent cultivation, workplace environment improvement, benefit systems, and employee care.</p>

ESG Performance

● E: Environmental | Green Environmental Protection

Greenhouse Gas and Energy Efficiency Management

- Completed ISO 14064-1:2018 Category 3 to 6 GHG inventories, including Scope 3 emissions from upstream, midstream and downstream activities in the supply chain; and passed third-party verification.
- We reduced overall 2024 electricity consumption by 21.66% as compared to 2023; and we invested a total of NT\$7.4 million in energy-saving equipment & facilities. Improvement projects included comprehensive installation of LED panel lights, PLCs for air conditioning system zone monitoring, and optimization of IT machine room air conditioning systems.

Supply Chain Carbon Management

- 81% of suppliers have completed self-initiated carbon inventory.
- 60% of critical suppliers have completed ISO 14064-1 verification.

● S: Social | Happy Workplace for Everyone

Employee Benefits and Care

- In 2024, the Group spend a total of NT\$60,564,527 on employee benefits, including weddings, celebrations, funeral and hospitalization subsidies, travel allowances, festival events, club activity expenses, etc.
- In 2024, the return rate and retention rate for employees who previously applied for unpaid parental leave were both 100%.

Occupational Safety and Health Management

- 3 hours of occupational safety training is provided for new hires on their first day, and re-training is conducted every 3 years. No occupational accidents were recorded in 2024.

Educational Training and Talent Development

- Average training hours per person: Taiwan: 14.39 hours; Mainland China: 16.09 hours
- Established individual development plans (IDP) and provided hierarchical training to nurture key talents.

Public Welfare Engagement

- Proactive participation in public welfare activities; supported the Children Are Us Foundation for the second year in a row by organizing volunteer and charity sale activities.

● G: Governance | Corporate Sustainability and Ethical Governance

Governance Performance and External Recognition

- Ranked in the top 6%–20% in the Corporate Governance Evaluation for 8 years.
- Achieved a one-step rise in the MSCI ESG Rating from BB to BBB in 2024.
- 2024 Taiwan Corporate Sustainability Awards (TCSA) – Silver Award.
- Ranked in the top 11%–20% of electronics companies with market value exceeding NT\$10 billion.

Risks and Internal Control Management

- Established anomaly reporting and risk alert mechanisms to improve organizational resilience.

Supply Chain Management and Responsible Procurement

- 100% of new suppliers have signed the Supplier Honesty and Integrity Commitment and the Corporate Social Responsibility Statement.
- 100% of raw materials are sourced from smelters approved by sustainability initiatives.
- 92% of suppliers have obtained ISO 14001 certification, and 100% of critical suppliers meet the standards.
- Onsite audits have been completed for 100% of critical suppliers; 100% of suppliers comply with RoHS, REACH, and Halogen Free regulations.

Sustainable Management Strategies

Corporate profitability and sustainable development are equally important. A company's stable and long-term operations can only be achieved when it integrates corporate responsibility, environmental protection, and social welfare into its core business philosophy while maintaining steady corporate development. Therefore, the Company continues our investment in technological innovation to enhance product performance and reduce resource consumption, in the hope of achieving a balance between economic benefits and environmental protection.

In human resource practices, FocalTech values fairness, inclusion, and diversity in the workplace, and encourages employees to engage in continuous learning and self-development to enhance the organization's innovation and resilience. In addition, we collaborate with our supply chain partners to promote higher corporate social responsibility standards and regular evaluation of the supply chain's environmental and social performance. Together with our partners, we are making sustainable development a reality.

In terms of our overall management practices, FocalTech regards corporate social responsibility and environmental protection as an important foundation for sustainable management, and we strive to integrate the concept of sustainability into our day-to-day operations. The Company promotes continuous, stable corporate development based on our robust governance framework, environmental responsibility management, and social value creation; we create long-term value with all of our stakeholders. Related strategies and implementation results will be further explained in subsequent chapters.

	Strategy Approach	Mission	Sustainability Strategy	Ongoing Actions or Future Initiatives
Vision	Stable development	Leading the future of touch products	Corporate Sustainability and Robust Governance	Corporate Governance Evaluation Continuous enhancement of information security protection Continuous monitoring and control of risks
		Innovative display technologies	Innovative Value Breakthrough	Smaller products with less energy consumption Reduced number of mask layers Wider promotion of IC integration for end-use applications
	Sustainable operations	FocalTech will continue our commitment to sustainable development based on our	Sustainable Prosperity with Partners	Collaborating with major supply chain partners in promoting carbon reduction measures

	corporate spirit of integrity, enthusiasm, and innovation.	Green Environmental Protection	Net-Zero Emissions Goal by 2050 Implementing ISO 14064-1 and completing verification Formulating yearly electricity/carbon reduction targets and plans
		Friendly Workplace	Establish training-based individual development plans (IDP)
		Giving Back to Society	Supporting semiconductor institutes Industry-academia collaboration programs with universities and colleges Combined efforts by the Company and its employees to support the underprivileged

Stakeholder Communication and Material Topic Analysis

Stakeholder Identification and Communication Channels

FocalTech defines our stakeholders as important groups that have influence on the Company's operations or may be affected by the Company's operations. To identify stakeholders, the Company's departments conducted potential stakeholder inventories based on daily business operations, and comprehensively assessed the frequency of potential stakeholders' interactions with the Company, degrees of mutual influence, and importance of concerned issues. With reference to peer companies' practical experience, we decided to carry forward the previous year's stakeholder identification results after the results were discussed and confirmed through interdepartmental meetings. Six major stakeholder categories were finally confirmed are: (1) Employees, (2) Customers, (3) Shareholders and Investors, (4) Suppliers, (5) Government Agencies, and (6) Academic/Research Institutions. They are the primary stakeholders for the Company's sustainability communication and information disclosure.

Different stakeholders may have different priorities and concerns, so the Company's departments foster positive relationships with stakeholders through diverse communication channels. This keeps different interested parties informed about our operations. The Company also addresses stakeholder needs and expectations via communication. Reports on major stakeholder communications are regularly submitted to the Board of Directors to enhance transparency in governance.

In addition, FocalTech has established and continuously improved our complaint and feedback mechanisms to ensure that stakeholders can effectively express their concerns if negative impacts occur. We have also formulated explicit handling and remediation procedures to respond to potential negative impacts caused by management negligence. We regularly review and optimize the operation of the complaint channels, to ensure transparency and fairness.

Stakeholder	Significance to FocalTech	Issues of Concern	Communication Channel & Frequency	Point of Contact
Employees	Employees are the bedrock of FocalTech, and the Company's most important asset. In addition to protecting employee rights and interests and providing them with competitive compensation packages, FocalTech extends respect and care to all employees.	<ul style="list-style-type: none"> ● Labor-management issues ● Human rights protection ● Employee recruitment and remuneration management ● Educational training and career development ● Occupational safety and health promotion 	<ul style="list-style-type: none"> ● Variety of activities held on an occasional basis ● Employees nominate for promotion on a yearly or occasional basis ● Internal/external training programs organized on an occasional basis ● Birthday celebrations every two months 	HR Administration Department Ms. Chien; Ms. Wu hr@focaltech-electronics.com

Stakeholder	Significance to FocalTech	Issues of Concern	Communication Channel & Frequency	Point of Contact
			<ul style="list-style-type: none"> Employee performance appraisal interviews (biannual) New Employee Discussion Forum (new employee orientation) Employee Welfare Committee Meeting (averages once per month) Internal information announcements (real-time) Employee feedback channel (real-time) Labor-management meeting (every quarter) 	
Customers	FocalTech listens attentively to customers' needs, and focuses on yielding maximum benefits for customers. Assisting customers in realizing their success is the Company's prime objective.	<ul style="list-style-type: none"> Customer's product Customer's technology Product and service quality Restricted and Prohibited Substances Management. Conflict mineral management 	<ul style="list-style-type: none"> Provide feedback to the responsible department based on issues raised by new and old customers (occasional) Ask the dedicated unit for assistance based on potential customers' needs (occasional). Customer Satisfaction Survey (annual) Customer meeting (occasional) Customer audit (occasional) 	Sales Support Representative Ms. Huang service@focaltech-electronics.com Quality System and Assurance Department Ms. Tsao yachuan.tsao@focaltech-electronics.com
Shareholders/ Investors	Shareholders and investors are the funders of a company. In addition to protecting their rights and interests and treating them fairly, FocalTech ensures that all shareholders/investors are well-informed about the Company's major issues and activities, and get to participate in the decision-making process.	<ul style="list-style-type: none"> Business performance Any act that may harm shareholders' rights and interests 	<ul style="list-style-type: none"> Shareholders Meeting (annual) Investor Conference (every quarter) Annual Report (annual) Investor mailbox (occasional) 	Investor Relations Department Ms. Chung ir@focaltech-electronics.com

Stakeholder	Significance to FocalTech	Issues of Concern	Communication Channel & Frequency	Point of Contact
Suppliers	The Company's products and services rely on a reliable and efficient supply chain. This means both a consistent flow of raw materials, and high-quality processing from a wide array of suppliers. Thus, FocalTech will continue to use our influence as a customer to our suppliers to encourage them to prioritize sustainable management practices. This includes preventing matters such as environmental pollution and human rights violations.	<ul style="list-style-type: none"> ● Supplier management ● Green procurement ● Raw material management ● Quality management 	<ul style="list-style-type: none"> ● Supplier assessment meeting (annual) ● Procurement negotiation (occasional) ● Supplier audit (occasional) 	Quality Control Department Ms. Lin sqe@focaltech-electronics.com
Government agencies	Proactively support and uphold the government's policies, comply with laws and regulations set by the government and competent authorities, and participate in civic dialogue to fulfill our role as a good citizen.	<ul style="list-style-type: none"> ● Legal Compliance. ● Implement tax compliance policies. ● Occupational Safety and Health. ● Waste Management. ● Energy and Greenhouse Gas Management ● Risk Management (including Climate Change) ● Occupational Safety and Health Promotion. ● Board of Directors and Functional Committees. ● Corporate Governance and Risk Management. ● Sustainable Development Promotion. ● Business Ethics and Legal Compliance. 	<ul style="list-style-type: none"> ● Forums and seminars (occasional) ● Official correspondence (occasional) ● Fire safety and environmental permit status check (on a regular or occasional basis) ● Occupational Safety and Health Committee (Quarterly) 	Investor Relations Department Ms. Chung ir@focaltech-electronics.com Environmental Safety and Health Department Ms. Yang grace.yang@focaltech-electronics.com Sustainable Development Committee Ms. Li esg@focaltech-electronics.com

Stakeholder	Significance to FocalTech	Issues of Concern	Communication Channel & Frequency	Point of Contact
Academic/ research institutions	Academic/research institutions play a crucial role as important training and collaboration organizations for talent and technology development. Multifaceted collaboration helps students put their skills to work more quickly, while also helping companies find the skilled new employees they need.	<ul style="list-style-type: none"> ● Career development and educational training ● Talent cultivation 	<ul style="list-style-type: none"> ● Student scholarships (occasional; project-based) ● Industry-academia collaboration programs and phased meetings (occasional) ● Internship programs (occasional) ● In-depth academic lectures (occasional) ● Specialized lectures (project-based) 	HR Department Mr. Hsiao hr@focaltech-electronics.com

Material Issue Identification and Impact Boundaries

To respond to stakeholders' expectations for FocalTech's sustainable development, the Company follows the Global Reporting Initiative (GRI) Standards in using four steps: Understanding the Organization's Context; Collecting Sustainability Issues; Identifying Material Topics; and Examining and Confirming. Through this method, we identify material issues, ensuring that the identified material topics honestly reflect the organization's actual impacts on the economy, environment, and society, and are in line with stakeholders' concerns and expectations.

1. Understanding the Organization's Context and Collecting Concerned Issues

As FocalTech is in the semiconductor IC design industry, the Sustainable Development Team was in charge of this year's material topic identification. The Team first conducted internal assessment to understand the Company's core capabilities, resource allocation and governance framework, and at the same time analyzed potential risks and opportunities for the Company's operations arising from the wider economy, society, environmental changes, and regulatory requirements. The results obtained were used as the basis for preliminary issue inventory.

The Sustainable Development Team then integrated internal and external information resources, and consulted national policy trends, international initiatives (such as the UN SDGs and UNGC), ratings mechanisms (such as DJSI and EcoVadis) and peer company practices, further summarized the sustainability issues that are highly relevant to the Company's operations. Stakeholder opinions and concerns were also collected through daily communication mechanisms, questionnaires, and meetings to establish a diverse list of topics.

2. Identifying Material Topics

Following the GRI 2021 principle of being impact-oriented, we used the Material Topic Impact Assessment Questionnaire to quantify and analyze the actual and potential positive and negative impacts of each sustainability issue on economy, environment, and society (including human rights). The assessment dimensions include Degree of Impact and Likelihood of Occurrence. In particular, the degree of impact considers factors such as scale, scope, reversibility, and whether human rights are involved.

3. Examining and Confirming Material Topics

To ensure the completeness and accuracy of the material topics, FocalTech commissioned external consultants to review the logic and threshold-setting for each issue. This confirmed that our identification results are comprehensive, inclusive, and consistent, and are highly connected with the Company's overall sustainable development strategies. The results were finalized through discussion by the Company's senior management team and departments.

4. Explaining Why This Year's Material Topics Remained the Same as Last Year

When carrying out 2024 material topic identification, the Sustainable Development Team thoroughly considered the opinions of each department, and comprehensively reviewed all material topics based on industrial trends, domestic and international regulatory adjustments, operating strategies, and the risk environment. After thorough discussions, it was confirmed that since there

have been no major changes in the internal and external environment in recent years, nor significant changes in the positive or negative impacts of related issues on the Company's operations, *this year's identified material topics are identical to the previous year's*, and *disclosure of management guidelines and performance/achievements is extended*.

This report discloses the management guidelines, implementation methods, and performance/achievements for each material topic based on the preceding identification results, and responds to the sustainability issues of stakeholder concern to ensure the completeness and transparency of information disclosure.

Material Issue	Significance to FocalTech	Impact Analysis	Value chain (■ Direct impact ● Indirect impact)			Medium-/Long-term Goals	Corresponding GRI standard
			Upstream	FocalTech operations	Downstream		
Corporate governance	Sound corporate governance ensures an organization's sustainable development and protects stakeholders' rights and interests.	Positive: Good governance strengthens decision-making quality and internal control efficiency, and maintains shareholder and stakeholder trust. Negative: Governance deficiencies can lead to legal violations or reputational damage, and affect operational stability and investor confidence.	●	■	●	<ul style="list-style-type: none"> Establish a corporate culture centered on sustainable development, to enhance the Company's corporate image. Enhance FocalTech's legal compliance to reduce violation-related costs. Safeguard employees' workplace rights and interests. 	FocalTech-specific topic
Business performance	Continuous, stable development is the driving force behind corporate sustainability. FocalTech strives to maximize our operating synergy to benefit employees, shareholders, investors, and other stakeholders.	Positive: Stable business performance can improve employee motivation and shareholder returns, and facilitate resource reinvestment and development. Negative: Poor business performance can lead to higher turnover, increased cost pressure, and a loss of market trust.	●	■	●	<ul style="list-style-type: none"> With a strategy of stable operations, the Company's revenue and profit will grow, and such growth will build investor trust. 	GRI 201
Product Quality	Product and service quality directly affect a company's overall operations. To ensure quality, FocalTech constantly strives for	Positive: High quality contributes to increased customer trust, effective marketing, enhanced revenue, and stronger brand value. Negative: Quality errors can lead to returns, customer complaints, and	■	■	■	<ul style="list-style-type: none"> Reduce the percentage of valid complaints year by year. Increase customer orders and product shipments. 	GRI 416

Material Issue	Significance to FocalTech	Impact Analysis	Value chain (■ Direct impact ● Indirect impact)			Medium-/Long-term Goals	Corresponding GRI standard
			Upstream	FocalTech operations	Downstream		
	excellence in product innovation and quality management.	increased operating costs, thus impacting a company's reputation.				<ul style="list-style-type: none"> Maintain 100% new supplier signing rate for the Supplier Honesty and Integrity Commitment. 	
Sustainable supply chain	Suppliers are important partners for FocalTech's sustainable development. Maintaining a sound relationship with suppliers helps reduce operating risks and improve the quality of products and services.	<p>Positive: A stable supply chain reduces risks, ensures quality, and strengthens partnerships.</p> <p>Negative: Supplier non-compliance or supply disruptions shall impact delivery schedules and corporate image.</p>	■	■	●	<ul style="list-style-type: none"> 100% of raw materials are sourced from smelters approved by global sustainability initiative-recognized smelter organizations. Maintain 100% supplier ISO 9001 certification. 100% of critical suppliers obtain e ISO 14001 certification. Maintain 100% supplier compliance with RoHS and REACH regulations. Complete 100% critical supplier onsite audits. 	<p>GRI 204</p> <p>GRI 308</p> <p>GRI 414</p>
Risk Control and Management	Only by establishing comprehensive and rigorous risk management systems and implementing risk management measures can the Company protect the rights and interests of all stakeholders and reduce operating risks.	<p>Positive: Effective risk control and management enhance resilience or adaptability, and reduce the risk of operational and compliance disruptions.</p> <p>Negative: Lack of risk control will lead to expanded impacts on multiple fronts, such as finance and information security.</p>	●	■	●	<ul style="list-style-type: none"> Develop comprehensive risk management and response plans to thoroughly prepare for possible impacts; minimize risk impacts when they occur. 	FocalTech-specific topic

Material Issue	Significance to FocalTech	Impact Analysis	Value chain (■ Direct impact ● Indirect impact)			Medium-/Long-term Goals	Corresponding GRI standard
			Upstream	FocalTech operations	Downstream		
Energy and GHG Emissions Management	Effective energy management can not only improve energy efficiency, but can also reduce GHG emissions. FocalTech is environmentally conscious, and will continue to invest resources in protecting the environment.	<p>Positive: Efforts in energy saving and carbon reduction can help reduce costs, fulfill environmental responsibility, and enhance a company's ESG image.</p> <p>Negative: Poor energy efficiency or improper carbon management can increase costs and reputational risks.</p>	●	■		<ul style="list-style-type: none"> Continue to conduct GHG emissions inventory and management; proactively implement GHG emissions reduction measures, and promote energy-saving solutions. 	GRI 302 GRI 305
Climate Change	Develop strategies to cope with climate change impacts on corporate operations.	<p>Positive: Proactively responding to climate change can help reduce physical and regulatory risks and strengthen resilience.</p> <p>Negative: Ignoring climate issues could lead to operational disruptions, regulatory penalties, or being squeezed out of investment.</p>	●	■	●	<ul style="list-style-type: none"> Develop response plans based on scenarios likelihood for potential climate-related opportunities and threats. 	GRI 201-2
Talent Cultivation	Employees' continuous growth and progress brings momentum for FocalTech's sustainable operations. FocalTech offers diverse and specialized training programs aligned with individual career goals and organizational objectives.	<p>Positive: Continuous training improves employee expertise and retention rates, while supporting the organization's long-term development.</p> <p>Negative: Insufficient training can lead to talent loss and knowledge gaps, negatively impacting operating efficiency.</p>		■		<ul style="list-style-type: none"> Provide educational training courses on an occasional basis to improve employees' specialized skills. Establish robust, transparent talent promotion channels. 	GRI 404

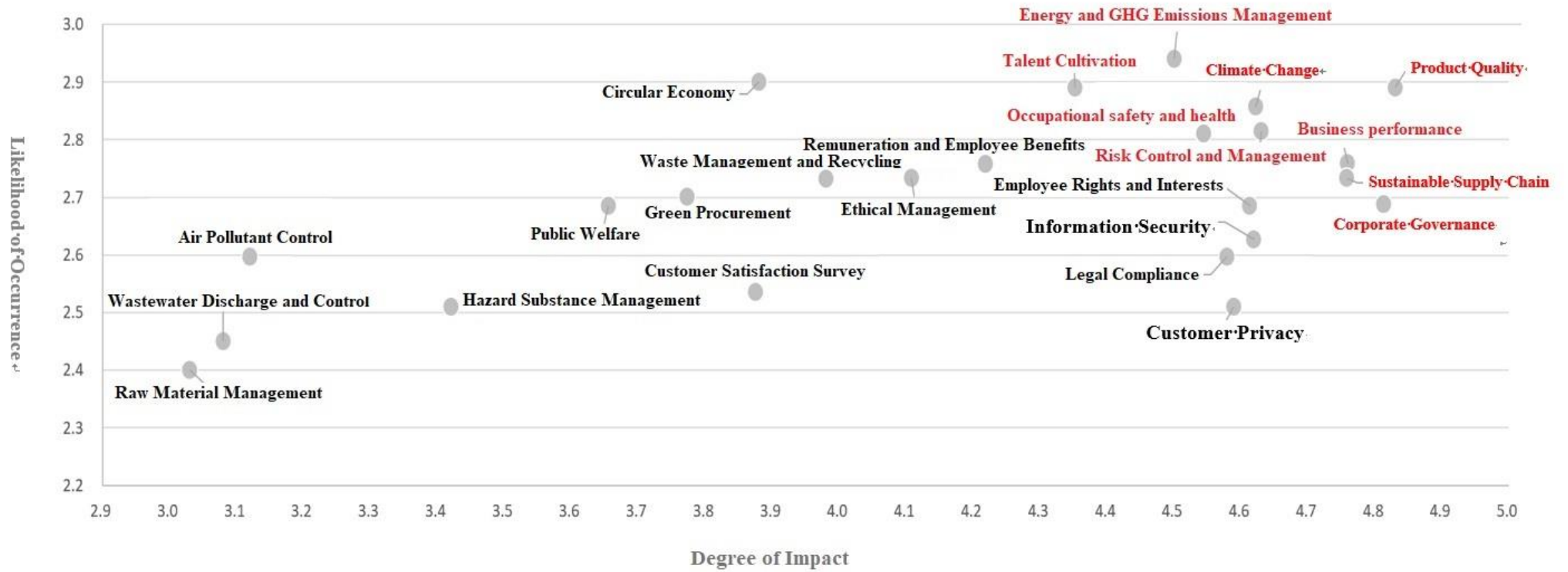
Material Issue	Significance to FocalTech	Impact Analysis	Value chain (■ Direct impact ● Indirect impact)			Medium-/Long-term Goals	Corresponding GRI standard
			Upstream	FocalTech operations	Downstream		
Remuneration and Employee Benefits	To attract and retain talents, FocalTech has established a comprehensive and fair remuneration and benefits system. This provides employees with competitive compensation and benefits, and continuously improves the Company's competitiveness in the market.	Positive: A fair remuneration system helps attract talent and improve job satisfaction and loyalty. Negative: Uncompetitive benefits could lead to low morale and increased turnover.		■		<ul style="list-style-type: none"> ● Provide employees with equal employment opportunities based on the principles of fairness and non-discrimination. ● Establish a reasonable remuneration and benefits system; give employees reasonable compensation and rewards; and adjust salaries every year. 	GRI 401 GR 405
Occupational Safety and Health	FocalTech is committed to creating a happy workplace for employees. Ensuring employee safety at work is FocalTech's basic responsibility and obligation. Employees' physical and mental well-being is always FocalTech's top concern.	Positive: A healthy workplace can protect employee well-being, and improve productivity and the organization's stability. Negative: Inadequate safety protection can lead to occupational accidents, legal liabilities, and reputational damage.		■		<ul style="list-style-type: none"> ● Hold fast to the guidelines of "Protecting employees, caring for health, preventing hazards, and reducing work injuries", to ensure employee safety and health; promote programs to improve work environment safety management, so that employees can work at FocalTech with complete peace of mind. 	GRI 403

Note: The material issues in 2024 are completely identical to those in 2023.

Impact Matrix Analysis



Negative impact matrix



Degree of Impact Sequence

Ranking	Positive Impact Sequence
1	Corporate Governance
2	Sustainable Supply Chain
3	Product Quality
4	Business performance
5	Remuneration and Employee Benefits
6	Talent Cultivation
7	Occupational Safety and Health
8	Legal Compliance
9	Risk Control and Management
10	Ethical Management
11	Information Security
12	Employee Rights and Interests
13	Customer Privacy
14	Customer Satisfaction Survey
15	Public Welfare

Ranking	Negative Impact Ranking
1	Product Quality
2	Energy and GHG Emissions Management
3	Climate Change
4	Business Performance
5	Risk Control and Management
6	Sustainable Supply Chain
7	Corporate Governance
8	Occupational Safety and Health
9	Talent Cultivation
10	Employee Rights and Interests
11	Information Security
12	Legal Compliance
13	Remuneration and Employee Benefits
14	Customer Privacy
15	Circular Economy
16	Ethical Management
17	Waste Management and Recycling
18	Green Procurement
19	Customer Satisfaction Survey
20	Public Welfare
21	Hazard Substance Management
22	Air Pollutant Control
23	Wastewater Discharge and Control
24	Raw Material Management

Note: The top 40% of issues, in both positive or negative impacts, were selected as the 2024 material topics. After excluding repeats, ten material issues remained.

The Sustainable Development Goals (SDGs)

To advocate for the United Nations' 17 Sustainable Development Goals (SDGs), FocalTech's Sustainable Development Team held meetings to discuss and assess the Company's current sustainable development policies and plans, and linked them with eight of the SDGs. FocalTech will integrate the SDGs into our corporate sustainable management plans. With the aid of many people's wisdom, we can help solve global social and environmental problems.

Explanations of the eight SDGs and their corresponding 2024 material issues are as follows:

SDG	Corresponding material issue(s)	Corresponding chapter in this Report	Outcomes
Good Health and Well-being 	Remuneration and Employee Benefits Occupational Safety and Health	5. Friendly Workplace	<ul style="list-style-type: none"> Subsidy amount: The Group's 2024 total expenditures on employee benefits were NT\$60,564,527. 3 hours of occupational safety and health training are provided for new hires on their first day, and 3 hours of on-the-job training is given every 3 years. Re-training is provided for specific personnel as required by law. There were 0 occupational accidents in 2024.
Quality Education 	Talent Cultivation	5. Friendly Workplace	<ul style="list-style-type: none"> Established training-based individual development plans (IDP). Developed personalized training pathways and cultivate specialized talents, to strengthen the Company's competitiveness. Average training per person, Taiwan: 14.39 hours. Average training per person, Mainland China: 16.09 hours
Affordable and Clean Energy 	Energy and GHG Emissions Management	4. Green Environmental Protection	<ul style="list-style-type: none"> Installed programmable logic controller (PLC) systems. Installed full-voltage-range LED panel lights. In server rooms, implemented a hot/cold aisle containment strategy, and adjusted vents to optimize airflow.
Decent Work and Economic Growth 	Corporate Governance Operating Performance Risk Control and Management	1. Corporate Sustainability and Robust Governance	<ul style="list-style-type: none"> Ranked in the top 6%–20% in the Corporate Governance Evaluation for 8 years. Ranked in the top 11%–20% of electronics companies with NT\$10 billion+ market value in the Corporate Governance Evaluation. Achieved a one-step rise in the MSCI ESG Rating from BB to BBB in 2024. Won a Taiwan Corporate Sustainability Awards (TCSA) Silver Award in 2024. Conducted real-time, comprehensive monitoring and analysis of anomalies; established reporting mechanisms

SDG	Corresponding material issue(s)	Corresponding chapter in this Report	Outcomes
			based on incident relevance and risk management requirements to manage incidents before they happen.
Industry, Innovation and Infrastructure 	Product Quality	2. Innovative Value Breakthrough	<ul style="list-style-type: none"> ● Compiled statistics on customer satisfaction and held quality-control meetings. In 2024, FocalTech received an average customer satisfaction score of 8.2. ● Created competitive advantages through product differentiation, and established competitive technical thresholds to maintain the Company's leading position in technology. In 2024, R&D expenses were 14.67% of total revenue.
Responsible Consumption and Production 	Climate Change	4. Green Environmental Protection	<ul style="list-style-type: none"> ● Metal waste generated during production processes is recycled through effective management procedures; recycled scrap metal is sold to qualified scrap recyclers to reduce resource waste.
Climate Action 	Energy and GHG Emissions Management Climate Change	4. Green Environmental Protection	<ul style="list-style-type: none"> ● Used air-conditioning PLC systems to set 26°C temperatures in work and office areas. ● Promoted eco-friendly measures such as digitization practices, energy saving, waste reduction, resource recycling, etc.; carried out training and advocacy to promote energy conservation and carbon reduction. ● Used video/telephone conferencing to reduce carbon emissions generated from inter-plant transport. ● Drinking fountains turn on and off automatically based on work hours. ● In server rooms, implemented a hot/cold aisle containment strategy, and adjusted vents to optimize airflow.
Partnerships for the Goals 	Sustainable Supply Chain	3.2 Sustainable Supply Chain	<ul style="list-style-type: none"> ● Maintained 100% new supplier signing rate for the Supplier Honesty and Integrity Commitment. ● Maintained 100% new supplier signing rate for the Corporate Social Responsibility Statement. ● 100% of raw materials are sourced from smelters approved by global sustainability initiative-recognized smelter organizations. ● Maintained 100% supplier ISO 9001 certification. ● 92% of suppliers have obtained ISO 14001 certification. ● All critical suppliers have obtained ISO 14001 certification.

SDG	Corresponding material issue(s)	Corresponding chapter in this Report	Outcomes
			<ul style="list-style-type: none"> ● Maintained 100% supplier compliance with RoHS and REACH regulations. ● Completed 100% of onsite audits for critical suppliers. ● 81% of suppliers have completed self-initiated carbon inventories. ● 60% of critical suppliers have completed ISO 14064-1 verification.

Corporate Sustainability and Robust Governance

1.1 Company Overview

1.1.1 About FocalTech

In 2005, FocalTech was established in the US’ Silicon Valley, and has been publicly listed in Taiwan since 2013. We are focused an IC design company specialized in human-machine interface innovation. As of the end of 2024, FocalTech had 850 employees, working in Taiwan, mainland China, the USA, and South Korea; our services extend to markets across the globe.

The Company provides a variety of human-machine interface chip products, including touch chips, display driver chips, touch and display integration chips (IDC/TDDI), and fingerprint recognition chips, which are widely applied in smartphones, tablets, laptops, wearable devices, digital cameras, smart home appliances, automotive electronics, industrial control equipment, etc., and have achieved a comprehensive global sales network.

FocalTech completed the reverse acquisition of Orise Technology Co., Ltd. in 2015, and carried on under the stock code of 3545, becoming the world’s first manufacturer to mass-produce integrated embedded touch panel technology (Super In-Cell) and touch and display integration chips (IDC/TDDI).

Ever since FocalTech’s founding, and based on our Customer-Focused business philosophy, we have established technical support centers in our major service regions, to provide local customers with real-time, expert technical support services. In response to our continuously expanding business, FocalTech has established 10 sales and technical services centers around the globe to provide thousands of customers from different parts of the world with stable, reliable technical support and services.

Company History

Company Name	FocalTech Systems Co., Ltd. (Stock Code: 3545)		
Date of Incorporation:	Oct. 12, 2005	Chairman/President	Genda Hu
HQ Address	11F-1, No. 23, Huanke 1st Road, Zhubei City, Hsinchu County, Taiwan	Number of Employees	850 (A wholly-owned corporation)
Paid-in Capital	NT\$2,192,709,000	Revenue in 2024	NT\$14,538,987,000
Main Products and Services	FocalTech is an IC design company specializing in human-machine interface innovation. The Company’s products include touch chips, display driver chips, touch and display integration chips (IDC), and fingerprint recognition chips.	Industry Sectors	Communication electronics; computer peripheral devices; automotive electronic components
Locations of Operations	Taiwan, mainland China, the USA, and South Korea. Mainland China locations include Shenzhen, Shanghai, Beijing, Xiamen, Hefei, Xi’an, Wuhan, and Chengdu.	Sales Market	End application products are sold worldwide under different brands, with a focus on the Asian market for mobile phones and automotive applications.



Products Overview

Display Driver Chips

- Support LTPS and a-Si panels.
- Support display panels ranging from 1.5" to 13".
- Support applications at a variety of resolutions (WVGA, qHD, WSVGA, HD/WXGA, F-HD/WUXGA, QHD/WQXGA, 2K*4K).
- Support a variety of resolutions (RGB, RGBW, RGBG).
- Support the display applications for mainstream mobile electronic devices such as smartphones, tablets, wearable devices, digital cameras, etc.
- Support integrated medium-/small-size TFT panel control with SOC driver IC (T-CON-integrated Driver IC).
- Support timing controller IC and source/gate driver IC for medium and large TFT panels.
- Support power chips.
- Support driver ICs (Source integrated T-con/Gate Driver IC) for industrial control and automotive applications.
- Support new, outstanding technologies for panel display optimization.

Integrated single-chip for embedded touch display (TDDI — Touch and Display Driver Integration)

LCD IDC (TDDI) & DDIC

- Integrating LCD panel with touch panel reduces touch module manufacturing processes and lowers production costs.
- Adopt self-capacitive technology for touch panels, supporting 10-point multi-touch, waterproof, hover touch, etc., to bring excellent touch experience.
- In-Cell technology allows for thinner and lighter LCD product design particularly in high-end products.
- Removing the external touch module cover glass makes the display brighter and saves power consumption at the same brightness.
- Chip integration facilitates cost efficiency and competitiveness and supply chain management.

AMOLED IDC (TDDI) & DDIC

- Smart wearable applications
 - Support DDIC (Display Driver IC) and IDC (Integrated Driver & Controller)
 - Support applications for both rigid and flexible screens
 - Support different panel shapes (round, square, etc.)
 - Support multiple resolutions (up to 480*600)
 - Support SPI/MIPI interfaces
 - Excellent ESD protection
 - Ultra-low power consumption
 - Support different packaging technologies (COG/COF/COP)
- Smartphone applications
 - Support DDIC (Display Driver IC) and IDC (Integrated Driver & Controller)
 - Support applications with rigid, flexible, and foldable screens
 - Support multiple AMOLED panel resolutions (FHD+ and WFHD+)
 - Support variable refresh rates (up to 144Hz)
 - Multi-pixel layout compensation (Real/Pentile/Delta)
 - Excellent ESD protection
 - Support different packaging technologies (COG/COF/COP)

Touch Controller IC

The world's most comprehensive capacitive touch solution provider

- Support 2D Touch and 3D Touch high-performance single-chip solutions
- Support diverse panel structure design of traditional mutual-capacitive, single-layer mutual-capacitive and single-layer self-capacitive architectures
- Support capacitive panels from 1" to 25".
- Support diverse panel structures such as G/G, G/F, P/F, OGS, ultra-thin G/F/F, on-cell, in-cell, etc.
- Support a variety of new materials such as ITO, metal mesh, silver nanoparticle, carbon nanotube, graphene, etc.
- Support different screen making processes such as photolithography, laser printing, and screen printing.
- Support all mainstream operating systems, such as Android, Linux, Windows, etc.
- Support touch control applications for all mainstream mobile electronic devices, including smartphones, tablets, laptops, wearable devices, etc.

World leader in multi-touch technology for capacitive screens

- **High signal noise ratio and low power consumption**
High signal noise ratio makes highly sensitive applications such as glove, passive stylus, etc. possible. Low power consumption in wake-up gesture mode improves operating convenience and extends standby time.
- **Strong anti-interference capability**

Combined ultra-narrow bandwidth technology and patented full-screen common mode scanning technology ensures stable touch effect functioning, even with power supply, LCD, RF, and other interference.

- **Excellent adaptability for mass production**

Wide circuit operating range combined with mass-production-oriented debugging method ensures consistent performance and experience throughout process material conditions.

- **Support personalized applications**

Support personalized applications such as glove, waterproof, passive stylus, hover touch, proximity sensing, etc., providing more unique selling points for products.

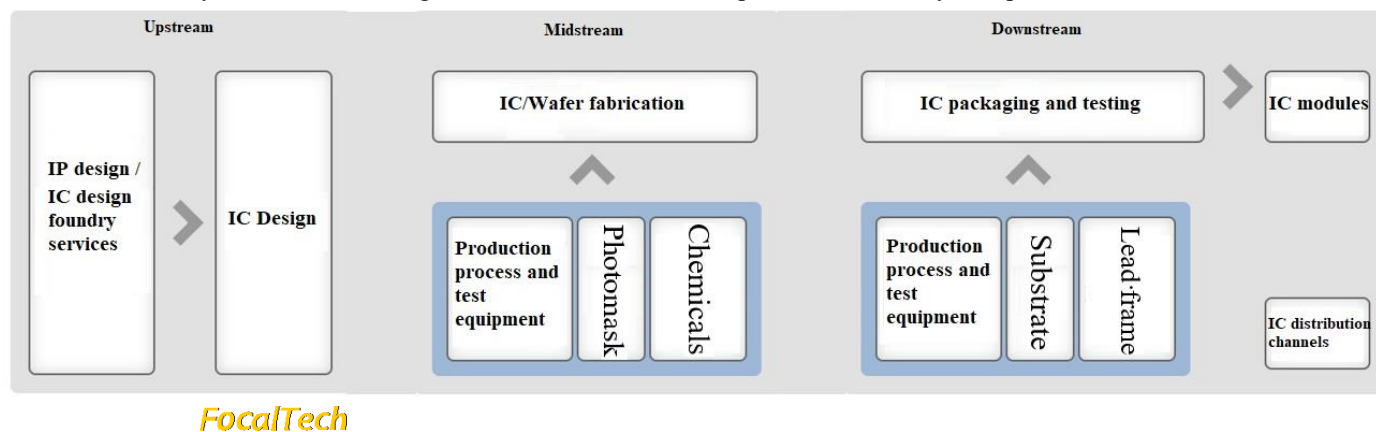
Fingerprint Recognition Chips

- Ultra-low power consumption, high cost-performance ratio, high recognition rate, supporting one-touch screen unlocking, and equipped with 360° fingerprint recognition function.
- Coating and glass cover fingerprint recognition solutions have been applied in the front, back, and ultra-narrow side of devices such as mobile phones, laptops (MOH, MOC), smart locks, etc.
- Self-developed highly reliable algorithms that have passed Google, Alipay, and Microsoft ESS certifications.
- Adopted by Samsung, OPPO, Xiaomi, Lenovo, ASUS, and other end-customer brands.

Industrial Chain Overview

FocalTech is a specialized IC design company in the semiconductor industry where a variety of upstream, midstream and downstream links are encompassed in the supply chain. Our upstream includes the IP design and IC design sectors. The midstream includes IC manufacturing and wafer fabrication sectors, as well as suppliers of test equipment, photomasks, chemicals, etc. needed for production processes. Our downstream includes IC packaging and testing companies; suppliers of packaging-related equipment and parts/components (such as substrate, lead frame, etc.); IC module manufacturers; and IC distributors.

After completing product design, IC design houses commission specialized foundries or integrated device manufacturers (IDMs) for fabrication, then confirm product quality through front-end testing. The wafer products are then transferred to specialized assembly houses for dicing and packaging, and given to specialized testing houses for back-end testing. The tested finished products are transferred to system vendors through sales channels and used to produce the final system products.



1.1.2 FocalTech Organizational Structure

Corporate Governance Framework

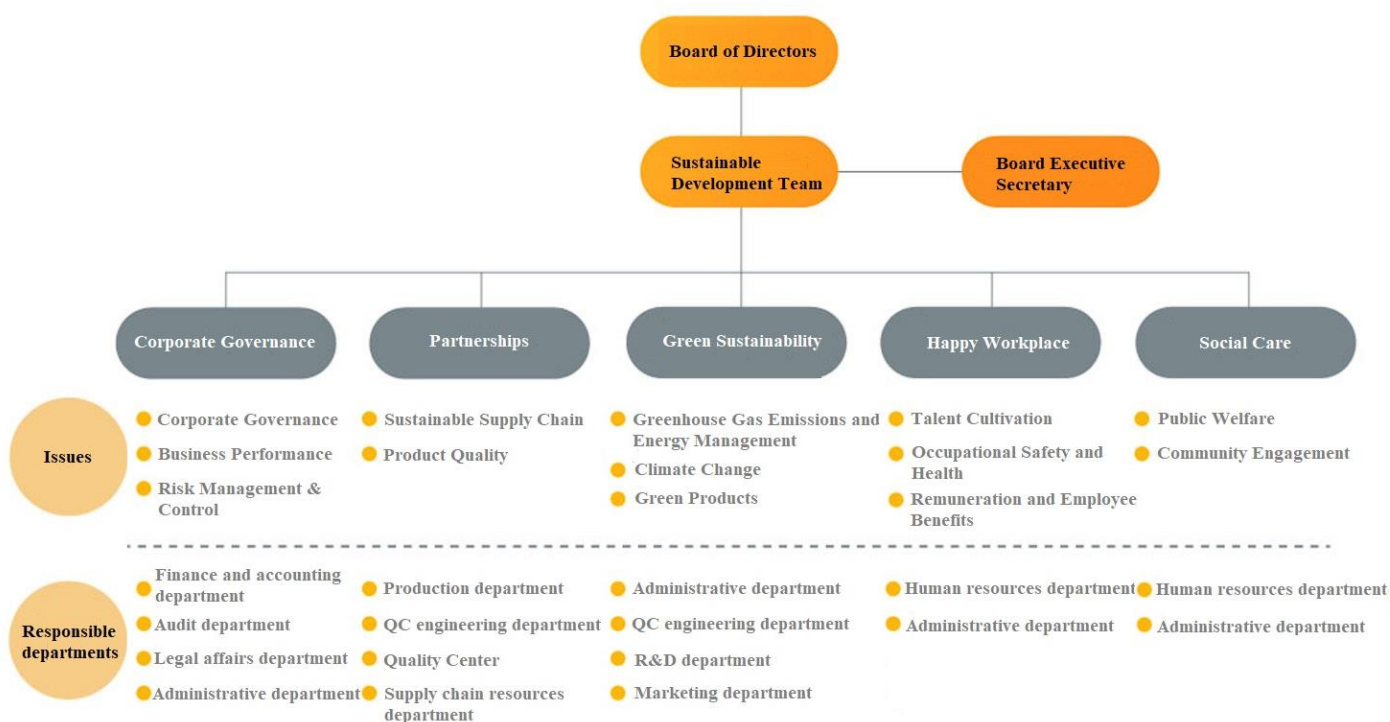
In 2023, FocalTech completed the re-election of our 8th term of Board of Directors, and the re-election of members of the Audit Committee and Remuneration Committee. The Audit Committee is composed of all Independent Directors to strengthen the independence of corporate governance. The Remuneration Committee is responsible for improving the Company's compensation mechanisms and aligning them with long-term and short-term operating goals. The Sustainable Development Team's role is to coordinate the planning and implementation of corporate governance-related affairs. The organizational framework is as follows:



Sustainable Development Team

April 24, 2018, the Board of Directors approved establishing the Company's Corporate Governance Team, to coordinate planning and implementation of corporate governance and corporate social responsibility affairs. To further carry out ESG practices, the team has been renamed as Sustainable Development Team. The Sustainable Development Team works with related departments to develop ESG plans and implementation programs. Each year's planning and implementation status is reported to the Board of Directors by the Corporate Governance Officer and Executive Secretary of the Board; the Board then gives additional instructions and suggestions.

In addition to reporting to the Board of Directors on each year's plans and implementation status, the Sustainable Development Team also makes presentations on important issues such as ethical management, information security, stakeholder communication, IP management, etc. The 2024 report is dated February 21, 2025.



FocalTech's participation in external associations

Recent Sustainability Awards and ISO Certificates

China's 2025 IC Top Award — Corporate Social Responsibility Award



ISO 45001 (2023–2026)



ISO 27001 (2024–2027)

1.2 Business Performance

Management Policy	
Material Topic	Business Performance
Policy direction	FocalTech is committed to achieving the Company's operating goals by adhering to the core value of a leading company for human-machine interface solutions, continuously accumulating technical and IP achievements, and establishing differentiated product advantages and competitive technical thresholds to maintain a leading position in industrial technology and fulfill our commitment to sustainable operations.
Core goals	<p>Short-term:</p> <ul style="list-style-type: none"> Consolidate existing production capacity, and strengthen strategic partnerships with foundries, assembly houses, testing houses, and other related outsourcing vendors to obtain stable and sufficient production capacity and technical services. Explore new foundries and collaborate with existing foundries on new process projects for new production capacity, and increase the source and flexibility of wafer supply through the signing of collaboration contracts. Reinforce the services for and business with existing customers and maintain long-term strategic partnerships with customers. <p>Medium- and long-term:</p> <ul style="list-style-type: none"> Strengthen technology leadership and reinforce product research and development. Collaborate with supply chain partners in developing new processes and technologies. Integrate technologies to expand the breadth of product lines and the depth of technical levels. Carry out industrial supply chain integration to strengthen the communication and collaboration with brand owners and panel manufacturers to expand economic scale.
Achievements	<ul style="list-style-type: none"> Increased automotive products' shares in the consumer market, continuously contributing to the Company's revenue and profit. In 2024, our stable mobile phone market and expansion into non-mobile-phone applications such as tablets, laptops, and automotive electronics resulted in clear growth; annual shipments increased by 26% year-on-year, far higher than the market average. Benefiting from the growth of AMOLED shipments, profit after tax increased by more than 60% year-on-year. We had remarkable performance in the AMOLED touch, notebook modules, and automotive markets, demonstrating our advantages in diverse technology integration.
Action plans	<ul style="list-style-type: none"> Accelerate the development of new products with higher specifications or lower costs to enhance product competitiveness. Explore new foundry partners, and collaborate with existing partners in carrying out process and yield adjustment to meet brand customers' needs with high-quality products. With the leading technologies in human-machine interface touch products, FocalTech has become an important supplier for global mainstream panel factories, and the technologies have been successfully adopted in non-mobile-phone applications.
How handled	
Resource investment	<ul style="list-style-type: none"> Increase sales of high-margin products Strengthen supplier management mechanisms Accelerate new products' time to market
Feedback mechanisms	<ul style="list-style-type: none"> Regular and occasional business meetings/management meetings/interdepartmental meetings CPA audited financial reports
Evaluation mechanism	<ul style="list-style-type: none"> Market size evaluation metrics Annual plans and budget review meetings Different departments' target achievement rates
Future Plans	
Goals for 2025	FocalTech will adhere to the core value of a leading company for human-machine interface solutions to accumulate technical and IP achievements and maintain a leading position in industrial technology as well as accelerate the development and promotion of non-mobile-phone chip applications in laptops, home

After setting each year's revenue and net profit targets, the Company will hold monthly meetings where major departments will report on actual operating status and budget achievement rates, and adjust future business direction and strategies accordingly based on market and customer conditions for the management to stay on top of the Company's operations and market trends, and oversee budget implementation to achieve formulated performance targets and goals.

Unit: NT\$ thousands

Category	Detail	2022	2023	2024
Direct economic value generated	Operating revenue (Note 1)	13,047,667	13,568,371	14,538,987
	Operating costs (Note 2)	12,533,235	11,709,399	12,086,985
	Employee compensation and benefits (Note 3)	2,709,409	1,735,827	2,284,700
Economic value distributed	Payments to contributors (Note 4)	3,450,368	163,999	274,116
	Payments to government (Note 5)	1,408,821	221,503	211,720
	Community investment (Note 6)	500	500	530
Economic value retained (Note 7)		-7,054,666	-262,857	-319,064

Note 1: Operating revenue includes net sales and the income from financial investment and assets sold.

Note 2: Operating costs include cost of sales and operating expenses, not including employee compensation and benefits and community investment.

Note 3: Employee compensation (including employee salaries and payments to the government on behalf of employees) + total employee benefits (not including educational training expenses, protective equipment costs, or other costs directly related to employees' job duties).

Note 4: Cash dividends and interest payments

Note 5: Referring to the tax paid to the government.

Note 6: The actual amount being paid during the reporting period rather than the promised amount to be paid, which may include:

- Donations to charitable organizations, non-governmental organizations, research institutions (not related to the Company's commercial R&D contents).
- Funds to support community infrastructure, e.g., recreational facilities.
- Direct costs for social activities, including art and education activities.

Note 7: Direct Economic Value Generated, less Economic Value Distributed.

Note 8: FocalTech did not receive any government subsidies in 2024.

1.3 Board of Directors Operations

Management Policy	
Material Topic	Corporate Governance
Policy direction	Comply with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and related regulations to protect the rights and interests of shareholders and strengthen the operation of the Board of Directors.
Core goals	Strengthen corporate governance, enhance the transparency of all information, and continuously improve our Corporate Governance Evaluation result.
Achievements	<ul style="list-style-type: none"> ● 2024 Board Meeting attendance rate was 93.75%. ● No incidents of corruption, bribery, or violations of anticompetitive behavior regulations occurred in 2024.
Action plans	<ul style="list-style-type: none"> ● Report once a year to the Board of Directors on corporate governance achievements and the implementation of operations and ESG practices. ● Establish the Remuneration Committee to formulate the remuneration and compensation policy and mechanisms for the Company's Directors and managers, and to conduct regular performance evaluation.
How handled	
Resource investment	Establish the Sustainable Development Team and related functional committees
Feedback mechanisms	<ul style="list-style-type: none"> ● Spokesperson mailbox ● Shareholders' Meeting ● Investor Conference
Evaluation mechanism	<ul style="list-style-type: none"> ● Conduct one internal Board performance evaluation per year and one external evaluation every three years, in accordance with the Board Performance Evaluation Regulations ● Participate in external corporate governance evaluations ● Evaluate the reasonableness of the Company's operating procedures through internal control systems.
Future Plans	
Goals for 2025	Maintain Corporate Governance Evaluation ranking within the top 6%–20%, with no occurrence of corruption or bribery of any kind.

FocalTech believes that a sound board governance system is an important foundation for corporate sustainable operations. To fortify this foundation, the Company promotes a stable and effective corporate governance framework and continuously improves governance quality to realize the core spirit of corporate governance. To ensure the management's and all employees' compliance with regulations and ethical standards, FocalTech strengthens our overall operating efficiency through systematized management approaches, and strives to protect the interests and rights of all stakeholders to fulfill our corporate social responsibility.

1.3.1 Directors

FocalTech follows a candidate nomination system for director elections through shareholders' meetings, and ensures the transparency and legal compliance of director re-election procedures. Given our sound board governance framework, director nomination and election procedures are all implemented in accordance with related laws and regulations. The Company has 8 Directors, including 4 Independent Directors, or 50% of all Directors. One female Independent Director has been appointed to enhance Board diversity.

The Company's Board members are all equipped with specialized competences related to practical experiences, financial management, or specific research and development, and possess international market insights, leadership skills, and decision-making capabilities. In the future, the Board's current specialization structure will be continued, and candidates with suitable backgrounds might be sought from internal human resources or external market based on corporate development needs to become the Company's new Directors. Additionally, to meet the regulatory requirement that Independent Directors must possess work experience in business, R&D, finance/accounting, or corporate management, the Company will consider specialists in different fields when drawing up Independent Director succession plans.

In principle, Board meetings are called on a quarterly basis, and ad hoc meetings can be convened by the chairman based on operating needs. The Board held 4 meetings in 2024. The overall attendance rate was 93.75%.

Year	Major accomplishments	
2018	<ul style="list-style-type: none"> ● The Board approved that task forces or teams be established in accordance with the Corporate Governance Best Practice Principles to promote and implement corporate governance tasks, including corporate social responsibility, ethical management, corporate governance evaluation, etc. ● The Board passed the Regulations Governing Director Remuneration to align director remuneration with director performance evaluation results. ● Ranked in the top 6%–20% in the Corporate Governance Evaluation. 	
2019	<ul style="list-style-type: none"> ● The Board passed the Regulations for Board of Directors Self-Assessments and Peer Assessments, and approved that an evaluation be performed by an independent, specialized external organization or an external expert/scholar team every three years. ● Ranked in the top 6%–20% in the Corporate Governance Evaluation. 	
2020	<ul style="list-style-type: none"> ● The Board approved that a Corporate Governance Officer be put in place to assist the Board in legal compliance and performing duties and responsibilities. ● Ranked in the top 21%–35% in the Corporate Governance Evaluation. 	
2021	<ul style="list-style-type: none"> ● The Company commissioned Taiwan Corporate Governance Association for the first time to conduct a Board performance evaluation, which was completed in May 2021. ● Ranked in the top 6%–20% in the Corporate Governance Evaluation. 	
2022	<ul style="list-style-type: none"> ● The Company amended the Internal Material Information Disclosure Handling and Insider Trading Prevention Management Operation Procedures to extend the lock-up period for directors' transactions. ● Ranked in the top 6%–20% in the Corporate Governance Evaluation. 	
2023	<ul style="list-style-type: none"> ● Ranked in the top 6%–20% in the Corporate Governance Evaluation. ● Director re-election was completed; Independent Directors now account for 50% of all total Board composition. 	
2024	<ul style="list-style-type: none"> ● Ranked in the top 6%–20% in the Corporate Governance Evaluation. ● Achieved a one-step rise in the MSCI ESG Ratings, from BB to BBB, in 2024. ● Ranked in the top 11%–20% in the group of electronics companies with market value NT\$10 billion+. ● Corporate Social Responsibility Award from GoPro US. ● 17th Taiwan Corporate Sustainability Awards (TCSA) — Silver Award. ● China's IC Top Award — Corporate Social Responsibility Award. ● Shenzhen High-Growth Enterprise Best Employer Award. 	

Director Performance Evaluations

Overall Board performance evaluation criteria	<ul style="list-style-type: none"> ● Degree of participation in the Company's operations ● Improvement of the Board's decision-making quality ● The Board's composition and structure ● Director election/appointment and Director continuing training ● Internal control
Board member performance evaluation criteria	<ul style="list-style-type: none"> ● Grasp of the Company's goals and tasks ● Awareness of Director's role and responsibilities ● Degree of participation in the Company's operations ● Internal relationship management and communication ● Director's expertise and continuing training ● Internal control
Functional committee evaluation criteria	<ul style="list-style-type: none"> ● Degree of participation in the Company's operations ● Awareness of functional committee responsibilities ● Improvement of functional committee's decision-making quality ● Committee's composition and the election/appointment of its members ● Internal control

Self-evaluation (Questionnaire)	2022	2023	2024
Board of Directors	4.9	4.9	4.9
Audit Committee	5.0	4.9	4.9
Remuneration Committee	5.0	5.0	5.0

Note: Performance self-evaluations use a 5-point scale, where 5 represents “excellent” and 1 represents “poor”.

Board Meeting Attendance

Title	Name	2024 attendance rate (%)
Chairman	Genda Hu	100%
Director	GWAALLC designated representative: Han-Ping Hsieh	100%
Director	GWAALLC designated representative: Jason Lin	75%
Director	Acer Inc. designated representative: Jason Chen	75%
Independent Director	Chin-Tay Shih	100%
Independent Director	Chan-Jane Lin	100%
Independent Director	Hsing-Chien Tuan	100%
Independent Director	Jim Lai	100%

Note: There was a Director election in 2023; information above is post-election status.

Board Diversity

To achieve the Company’s corporate governance goals, the Board members come from the Company’s management team and management of companies in related industries; they are specialists who possess backgrounds in finance, business, or academics. The Directors demonstrate strong performance in their Board responsibilities, based on broad range of knowledge and experience. The Board’s responsibilities include establishing and maintaining the Company’s vision and values, assisting in promoting corporate governance and reinforcing corporate management, overseeing and evaluating the implementation of policies and operating plans by the management team, and being responsible for the Company’s overall economic, social, and environmental operations to enhance the Company’s governance standards and corporate value based on stakeholders’ perspectives.

By gender, age and education level			2024	
			%	%
Board members	Gender	Male	7	87.5%
		Female	1	12.5%
	Age	< 50	0	0%
		≥ 50	8	100.0%
	Education	MA/MS/PHD	8	100.0%
Total Board members			100.0%	100.0%

Diversity of Board members' professional backgrounds

<div> <div>Profile</div> <div>Name</div> </div>		Professional qualifications & experience
		Major areas of expertise and experience
Chairman	Genda Hu	<p>Expertise</p> <p>Corporate management and executive decision-making; Board leadership; crisis and risk management; semiconductor industry technology and marketing experience.</p> <p>Qualifications & Key Experience</p> <p>PhD, Electrical Engineering, Princeton University, USA</p> <p>IEEE Fellow</p> <p>Previously served in IBM, PMC-Sierra and Cypress</p> <p>Vice President, R&D and Marketing Department at TSMC</p> <p>Head, Electronics Research and Service Organization (ERSO), ITRI</p> <p>General Secretary, Taiwan Semiconductor Industry Association (TSIA)</p>
Director	GWAALLC representative: Han-Ping Hsieh	<p>Expertise</p> <p>Expertise in display technology and micro-optical systems; experience in Board and functional committee decision-making, semiconductor industry-academia collaboration, and risk management.</p> <p>Qualifications & Key Experience</p> <p>PhD, Department of Electrical and Computer Engineering, Carnegie Mellon University, USA</p> <p>Lifetime Chair Professor, National Chiao Tung University</p> <p>IEEE/OSA/SID Fellow</p> <p>Former Vice-President, University System of Taiwan</p> <p>Vice President, National Chiao Tung University</p> <p>Dean, College of Electrical and Electrical Engineering, National Chiao Tung University</p> <p>Chairman, Society for Information Display</p> <p>Professor, DI+DOP, National Chiao Tung University</p> <p>Researcher of IBM Thomas J. Watson Research Center, USA</p>
Director	GWAALLC representative: Jason Lin	<p>Expertise</p> <p>Expertise in electric engineering and business management and leadership; experience in crisis and risk management, Board operational decision-making, and semiconductor industry technology and marketing.</p> <p>Qualifications & Key Experience</p> <p>Master of Electronic Science, University of California, Santa Barbara (UCSB)</p>

		<p>Bachelor of Department of Electrical Engineering, National Taiwan University</p> <p>Former President, IC Media Technology Corporation (USA)</p> <p>President, Philips Semiconductors (the Netherlands)</p>
Director	Acer Inc. representative: Jason Chen	<p><i>Expertise</i></p> <p>Expertise in information technology and financial services</p> <p><i>Qualifications & Key Experience</i></p> <p>MBA, University of Missouri at Columbia, USA</p> <p>President and CEO, Acer Inc.</p> <p>Former Global CEO and Executive Officer of Acer Inc.</p> <p>Senior Vice President, Global Business and Marketing, TSMC</p> <p>Vice President, Corporate Development, TSMC</p> <p>Global Vice CEO, Business and Marketing, Intel Corporation</p>
Independent Director	Chin-Tay Shih	<p><i>Expertise</i></p> <p>Expertise in electrical engineering and industrial technology; experience in Board and functional committee decision-making, semiconductor industry-academia collaboration, and risk management.</p> <p><i>Qualifications & Key Experience</i></p> <p>PhD in Electrical Engineering, Princeton University, USA</p> <p>Chairman, Institute for Information Industry</p> <p>President, Industrial Technology Research Institute</p> <p>Dean, School of Science and Technology Management, National Tsinghua University</p> <p>Chairman, Asia Pacific Intellectual Property Association</p> <p>Chairman, Monte Jade Science & Technology Association of Taiwan</p> <p>Chairman, Chinese Institute of Engineers</p> <p>Chairman, Taiwan Semiconductor Industry Association</p> <p>Managing Director, Taiwan Electrical and Electronic Manufacturers' Association</p> <p>Chairman, Chinese Society for Management of Technology</p> <p>Chairman, Service Science Society of Taiwan</p> <p>CEO, Sun Yun-Suan Foundation</p>
Independent Director	Chan-Jane Lin	<p><i>Expertise</i></p> <p>Convener of the Company's Audit Committee; expertise in accounting and financial management, and Board and functional committee decision-making; experience related to the financial industry, computer/peripheral equipment industry, and semiconductor industry, as well as risk management; committed to promoting corporate governance in Taiwan based on extensive academic and industrial experience.</p> <p><i>Qualifications & Key Experience</i></p>

		<p>PhD in Accounting and MBA, University of Maryland, USA</p> <p>Bachelor, Accounting Section, Department of Business Administration, National Taiwan University</p> <p>Qualified CPA in Taiwan</p> <p>Emeritus Professor at the Department of Accounting, National Taiwan University</p> <p>Independent Director, Vanguard International Semiconductor Corporation</p> <p>Independent Director, Advantech Co., Ltd.</p> <p>Independent Director, Chief Telecom Inc.</p> <p>Director, Accounting Research and Development Foundation</p> <p>Convenor, Managing Supervisor, Taiwan Corporate Governance Association</p> <p>Former Independent Director, Fubon Financial Holding Co.</p> <p>Independent Director, Fubon Life Insurance Co., Ltd.</p> <p>Independent Director, Fubon Securities Co., Ltd.</p> <p>Supervisor, Taiwan Financial Holdings Co., Ltd.</p> <p>Director, Department of Accounting, National Taiwan University</p> <p>Director, School of Professional Education and Continuing Studies, National Taiwan University</p> <p>Acting Dean and Deputy Dean, School of Management; Director and Dean, Department of Accounting, National Taiwan University</p> <p>Assistant Professor, Department of Accountancy, George Washington University, USA</p> <p>Supervisor, Securities and Futures Investors Protection Center</p>
Independent Director	Hsing-Chien Tuan	<p><i>Expertise</i></p> <p>Corporate management and executive decision-making; experience in crisis and risk management, Board and functional committee decision-making, and flat panel display industry technology and marketing.</p> <p><i>Qualifications & Key Experience</i></p> <p>PhD, Electrical Engineering, Stanford University, USA</p> <p>Honorary Chairman and Consultant, Innolux Corporation</p> <p>Former Chairman, Innolux Corporation</p> <p>President, AUO Corporation</p> <p>President, UniPac Optoelectronics Corp.</p>
Independent Director	Jim Lai	<p><i>Expertise</i></p> <p>Corporate management and executive decision-making; experience in crisis and risk management, Board and functional committee decision-making, and semiconductor industry technology and marketing experience.</p> <p><i>Qualifications & Key Experience</i></p> <p>Master, Electrical Engineering, University of California, Santa Barbara</p>

		<p>Graduated from Department of Electrical Engineering, National Taiwan University</p> <p>President, Skymizer Taiwan Inc.</p> <p>Independent Director, Truelight Corporation</p> <p>Independent Director, Silicon Optronics, Inc.</p> <p>Independent Director, Andes Technology Corporation</p> <p>Director, GIGA Solution Tech. Co., Ltd.</p> <p>Director, Wolley, Inc. (CA Inc.)</p> <p>Director, M31 Technology Corporation</p> <p>Consultant, Xconn Technologies (California, USA)</p> <p>Former co-founder, ASICtronic Solutions (San Jose, CA)</p> <p>Manager, ASIC Business Unit</p> <p>Director, Design Service Division, TSMC North America</p> <p>Director, New Customer Business Division, TSMC North America</p> <p>President, Global Unichip Corp.</p>
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Director Recusals due to conflicts of interest

As required by the Company Act and the Company's regulations on Board operations, if matters to be reviewed and discussed in the Board Meeting involve the interests of any Directors or the legal persons they represent, then those must proactively disclose said information and recuse themselves from voting as required by law; they are not allowed to participate in discussions. The interest relationships and recusals are then explicitly recorded in the minutes, to ensure the impartiality and transparency of the decision-making process.

Director continuing education

All Directors completed at least 6 hours of training in 2024. The 100% annual completion rate has been maintained since 2015.

Directors' continuing education details in 2024 are listed in the table below:

Position	Name	Training Date	Organizer	Course Title	Training hours
Director	Genda Hu	2024/09/11	Securities and Futures Institute	Director/Supervisor & Corporate Governance Officer Course Series: The Shareholders Meeting, Ownership, and Equity Strategies	3
		2024/09/19	Securities and Futures Institute	Director/Supervisor & Corporate Governance Officer Course Series: Sustainable Supply Strategies under Suddenly Increased Global Risks	3
Juristic-person Director's representative	Han-Ping Hsieh	2024/05/17	Taiwan Corporate Governance Association	Board Information Security Oversight Strategies	3
		2024/08/16	Taiwan Corporate Governance Association	Data Center Evolution: Silicon Photonics and the Development Trend of Artificial Intelligence Servers	3
Juristic-person Director's representative	Jason Lin	2024/10/18	Securities and Futures Institute	2024 Conference to Promote Prevention of Insider Trading	3
		2024/11/15	Taiwan Corporate Governance Association	Comprehensive IP Protection Strategy—Innovative Approach by Using AI for IP Compliance Management	3
Juristic-person Director's representative	Jason Chen	2024/03/29	Taiwan Corporate Governance Association	US-China-Taiwan Relations and the Future International State of Affairs: Political Risks of Investing in Mainland China	3
		2024/05/09	Taiwan Corporate Governance Association	Information Security & Risk Management	1.5
		2024/08/08	Taiwan Corporate Governance Association	Tax Governance in New Tax Environment & Updates to Securities Laws	1.5
		2024/08/22	Taiwan Corporate Governance Association	Securities Laws/Regulations and Corporate Governance	3
		2024/08/23	Taiwan Corporate Governance Association	Innovative Digital Technology and Artificial Intelligence Development: Global Trends and Risk Management	2
		2024/08/23	Taiwan Corporate Governance Association	Labor Law Compliance: Prevention Measures, Complaints, and Disciplinary Regulations for Workplace Sexual Harassment (“Say No to Perpetrators, Create a Friendly Work Environment”)	1
		2024/08/23	Taiwan Corporate Governance Association	Overview of IFRS Sustainability Disclosure Standards and Domestic/International Net Zero	3

				Emissions Trends	
Independent Director	Chan-Jane Lin	2024/03/06	Taiwan Corporate Governance Association	2024 Global Economic Prospects	1
		2024/03/20	Taiwan Corporate Governance Association	Seminar on Resilience Enhancement and Sustainability Governance Reinforcement	2
		2024/05/13	Industrial Technology Research Institute	Generative AI: Opportunities and Challenges	3
		2024/05/22	Taiwan Corporate Governance Association	Trends and Visions of Building a Green Ecosystem: Business and Outlook for the Taiwan Carbon Solution Exchange	1
		2024/06/26	Taiwan Corporate Governance Association	Seminar on Board Performance Evaluation Practices (2024)	3
		2024/08/06	Taiwan Corporate Governance Association	AI Applications, Regulations and Audits	3
		2024/10/16	Taiwan Corporate Governance Association	The 20th (2024) International Summit Forum on Corporate Governance: Thriving for Talent Edge via Focusing on Governance	6
		2024/11/25	Taiwan Corporate Governance Association	Hi-tech Information Security Risk Management	3
		2024/12/19	Taiwan Corporate Governance Association	Activate Asia: Corporate Governance Trends in Asia	1
Independent Director	Chin-Tay Shih	2024/11/25	Taiwan Corporate Governance Association	Hi-tech Information Security Risk Management	3
		2024/12/10	Taiwan Corporate Governance Association	Digital Technology and Artificial Intelligence Trends and Risk Management	3
		2024/12/10	Taiwan Corporate Governance Association	Corporate Overseas Investment/M&A Practices Analysis and Related Key Issues	3
Independent Director	Jim Lai	2024/08/06	Taiwan Corporate Governance Association	Corporate ESG Actions and Energy Trends/Opportunities	3
		2024/08/06	Taiwan Corporate Governance Association	International Tax Trends Update and Brief Analysis of the US-Taiwan Expedited Double Taxation Relief Act	3
Independent Director	Hsing-Chien Tuan	2024/12/14	Accounting Research and Development Foundation	Corporate Financial Information Compilation and Internal Control Regulations	3
		2024/12/20	Taiwan Corporate Governance Association	Essential Self-protection Strategies for Directors and Supervisors: Insights into Criminal Techniques of Non-arm's-length Transactions and Related Party Transactions	3

1.3.2 Functional Committees

Audit Committee

The Audit Committee is composed of four Independent Directors, and holds at least one meeting every quarter. The Committee is primarily responsible for coordinating external and internal audit tasks, overseeing and inspecting the implementation of internal control and financial reporting, and evaluating and directing the Company's audit operations. The Committee held four meetings in 2024; the committee member attendance rate was 100%.

Remuneration Committee

The Remuneration Committee is composed of three Independent Directors, and holds at least two meetings every year. The Committee is primarily responsible for evaluating the remuneration and compensation policy and mechanisms for the Company's Directors and managers from an expert, objective standpoint, and submitting suggestions to the Board of Directors to assist the Board's decision making. The Committee held two meetings in 2024; the committee member attendance rate was 100%.

Audit Office

The Audit Office is established under the Board of Directors to assist the Board and managers in examining and reviewing the implementation of internal control systems and ensuring the effectiveness and efficiency of operations. The Office also provides timely suggestions to improve deficiencies identified in audits or procedures adopted by different departments, to ensure internal control systems' sustained effectiveness as a basis for system reviews.

The Audit Office formulates each year's audit plans based on risk assessment results, and follows approved plans to carry out audits and inspections during the year. After completing audits, the Office will report audit results and subsequent improvement plans to the Audit Committee and the Board of Directors. In addition, the audit officer regularly reports to the Audit Committee on the implementation of audit tasks.

In 2024, the Company's Audit Committee and Board of Directors approved new mechanisms for internal control regarding "management of sustainability information". The Guidelines regulate the management of sustainability information and sustainability report's preparation and verification procedures. In addition, the Audit Office has incorporated "auditing sustainability information management" into the 2025 audit plans, which will be implemented in 2025.

In 2024, a total of 38 audit reports were completed, including scheduled audits, rechecks, and project-based audits. The identified deficiencies have all been improved or been tracked for improvement.

The audit process:

1. Internal audit department discussion on the focus and direction of audit tasks
2. Issue audit notification and communicate with the department to be audited
3. Carry out audit tasks
4. Complete the Internal Audit Advice Statement
5. Explain audit findings or suggestions to the audited department
6. Submit an audit report
7. After the report is countersigned and approved, request the audited department to propose deadlines for improvement
8. Submit audit results and report to the Audit Committee and the Board of Directors
9. Track the implementation of improvement measures on a quarterly basis to issue a recheck report, and submit the report to the Audit Committee and the Board of Directors.

Regular communication between Independent Directors and the audit officer:

The completed monthly audit report is submitted to and approved by the Chairman, and then reviewed by all Independent Directors. Audit implementation status is reported in every quarter's Audit Committee Meeting and Board Meeting. After an Audit Committee meeting finishes, audit team members communicate with Audit Committee members without the presence of the management team.

In 2024, no penalties were imposed by the competent authority for internal control system violations.

1.4 Ethical Management

Integrity is the most essential value in FocalTech's corporate culture, and an important philosophy continuously upheld by the Company. The Company proactively promotes and advocates ethical behaviors, and seriously deals with any incidents suspected of violating integrity principles or business ethics without treating anyone mistakenly to ensure the integrity of the organization's operations.

To reinforce ethical management concepts, FocalTech conducts regular ethical-management-themed educational training, and incorporates integrity principles into new hires' pre-employment training focused on professional ethics, ethical conduct, and internal/external laws and regulations to strengthen employees' awareness of and commitment to business ethics.

In addition, we have formulated the Ethical Corporate Management and Professional Ethics Best Practice Principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies. These Principles require that all managers and employees hold fast to the principles of honesty, transparency, and responsibility in performing their business duties; are strictly prohibited from directly or indirectly providing, promising, requesting, or accepting any form of improper benefits for any reason; and not engage in any act that would violate ethics, be illegal, or go against fiduciary duty, to maintain the Company's business integrity.

FocalTech has formulated the six principles listed below based on our Ethical Corporate Management and Professional Ethics Best Practice Principles for all employees to follow:

- Prohibiting insider trading
- Prohibiting intellectual property infringement
- Prohibiting offering or accepting any bribes
- Prohibiting improper donations or sponsorships
- Prohibiting accepting or providing any unreasonable gifts, entertainment, or other improper benefits
- Compliance with recusal regulations to avoid conflicts of interest

To help employee self-discipline, FocalTech has also developed a Self-Audit for Maintaining Ethical Operations and Business Ethics. This reminds employees to keep two principles in mind while performing their business duties:

- Could the act potentially create any negative impact on the Company's reputation?
- Could the act potentially be interpreted as lacking impartiality in the performance of business duties?

FocalTech hopes that through explicit regulations and specific self-check mechanism, the spirit of ethical management can take root in the Company to continuously strengthen the organization's ethical culture.

Implementation Highlights in 2024

- The FocalTech Group conducted in-service employees' questionnaire survey to advocate and test employees' understanding of the Ethical Corporate Management and Professional Ethics Best Practice Principles, reaching a completion rate of 100%.
- Communicated the spirit of the Code of Business Ethics during new employee onboarding training; had 63 participants (Taiwan area)
- New employees' signing of the Code of Business Ethics on employment start day: 63 persons (Taiwan area)
- Communicated the spirit of the Code of Business Ethics during new employee onboarding training; had 40 participants (Mainland China area)
- New employees' signing of the Code of Business Ethics on employment start day: 40 persons (Mainland China area)
- Invited a senior investigator from the Hsinchu Field Office to deliver a September 13, 2024 lecture on trade secret management and share examples; had 34 participants.
- Issued notice for Directors' trading close period 15 or 30 days before Board meetings held on 2024/2/23, 2024/5/10, 2024/8/9 and 2024/11/13, in accordance with the Internal Material Information Disclosure Handling and Insider Trading Prevention Management Operation Procedures.
- No penalties were imposed by the competent authority for insider trading violations in 2024.

- Completed 19 in-production suppliers' system audits in 2024, including anti-corruption audits.

Ethical Management Reporting Channels

- A dedicated email address (whistleblower@focaltech-electronics.com) has been created in accordance with FocalTech's Whistleblower System. See <https://www.focaltech-electronics.com/en-global/test5/index> for the reporting channels and mechanisms.
- Mechanisms have been offered for all internal/external stakeholders to express their opinions. The opinions are jointly received by the convenor (an Independent Director) of the Audit Committee and the head of the audit department. FocalTech conducts investigations in a strictly confidential way to protect whistleblowers. An investigation team may be formed by related departments when necessary, which will handle the received reports and carry out subsequent investigations in a confidential and prudent manner.
- As stipulated in the Work Rules, employees can fill out the FocalTech Employee Complaint Form and file complaints with the Company's HR and administrative department. The HR and administrative department assess complaints to determine whether related departments must be called and whether a committee must be formed. Complaints are handled in a phased manner in accordance with the Work Rules, and disciplinary measures may be adopted depending on severity of violation.

In 2024, no incidents against business ethics or ethical management occurred, and no environmental or social penalties were imposed.

1.5 Risk Control and Management

Management Policy	
Material Topic	Risk Control and Management
Policy direction	Prepare in advance for possible material risks in the future to reduce the impact on the Company or to obtain business opportunities earlier than competitors.
Core goals	Conduct annual material risks identification.
Achievements	Identify risks derived from geopolitical relations, market changes, end product concentration, etc., for which responsible departments develop response measures to minimize the risks' future impacts.
Action plans	Middle- and senior-level managerial personnel discuss and form a consensus, combined with the response measures proposed by responsible departments, which are submitted to the Business Management Meeting for discussion, and then submitted via the Chairman's Office to the Board of Directors.
How handled	
Resource investment	Middle- and senior-level managerial personnel
Feedback mechanisms	<ul style="list-style-type: none"> Middle- and senior-level managerial personnel provide their risk assessment results and improvement suggestions. The Business Management Meeting and the Board of Directors also provide their opinions and improvement suggestions to achieve progress year by year.
Evaluation mechanism	<ul style="list-style-type: none"> Keep regular track of the implementation status and results of proposed improvement plans or measures. A risk's assessed risk level for the year must be lower than it was in the previous year.
Future Plans	
Goals for 2025	<ol style="list-style-type: none"> Track the improvement status of the risks identified in 2024. Continue to identify major changes in risk factors.

1.5.1 Risk Identification and Risk Categories

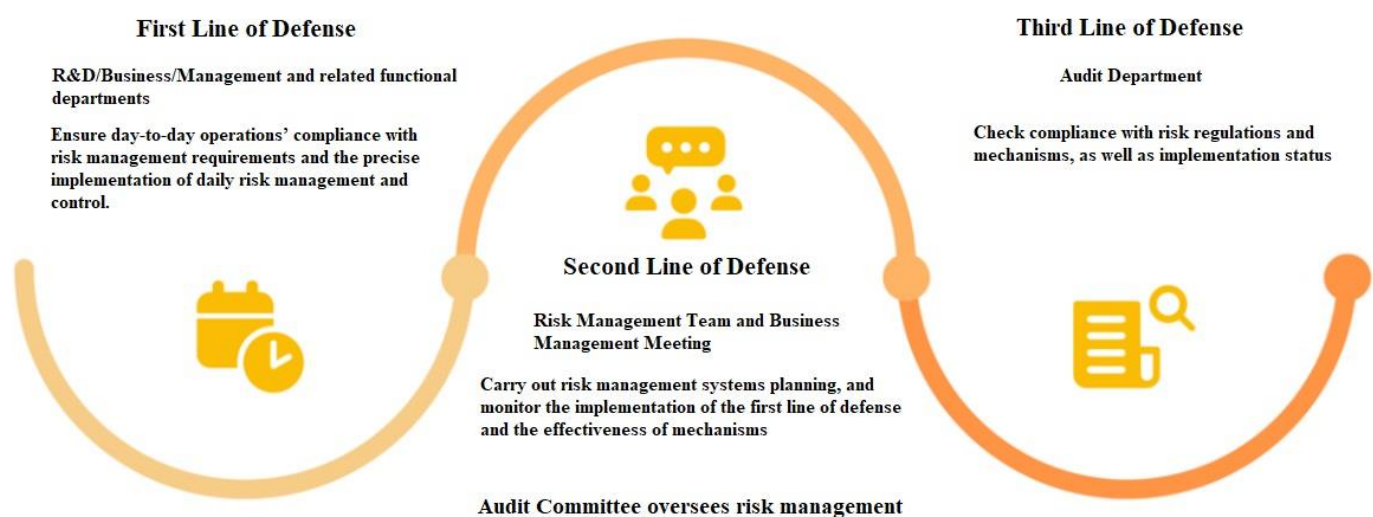
We have implemented annual risk assessment since 2018. The assessment results are submitted to the Board of Directors to strengthen risk management mechanisms. With reference to the Risk Management Best Practice Principles for TWSE/TPEX Listed Companies, the Board of Directors approved our Risk Management Policies and Procedures on July 29, 2021. These have become the guiding principles for the Company's risk management.

As regulated by the Risk Management Policies and Procedures, the Risk Management Team gathers representatives from all functional departments every year to conduct preliminary risk assessment and screening of risk factors based on the direct or indirect financial impact of the factors, based on which the Risk Management Team identifies and confirms the major risks. The summarized analysis results and statistics are submitted to the Business Management Meeting, where the response measures proposed by departments responsible for risks are discussed for approval. The results are then summarized by the Chairman's Office and submitted to the Board of Directors for discussion and resolution.

The scope of the Company's risk assessment covers all companies under FocalTech Group, with the focus being placed on the Taiwan area and the Mainland China area. Factors for risk assessment include issues related to society, environment and corporate governance such as talent management, funding operations, product strategies, market changes, environmental impact, and other related dimensions.

The 2024 risk management implementation status was reported to the Audit Committee and the Board of Directors on February 21, 2025. The Audit Committee is composed of four Independent Directors to oversee the Company's overall risk management operations. After annual risk assessment is conducted in accordance with existing procedures, the managerial personnel screen out the year's material risk factors; countermeasures for these are proposed, then submitted to the Audit Committee and the Board of Directors for review and resolution. In 2024, the key issues overseen by the Board of Directors were Continuous Carbon Reduction Promotion and Cyber (Information/Communication) Security Optimization.

Risk Internal Control Mechanisms



Identifying major risks in 2024 and proposing response measures

In 2024, FocalTech identified the major sustainability-related risks through middle- and senior-level managerial personnel's training sessions and business meetings combined with climate risk management procedures, the Board's overseeing mechanisms, and the results of responsible departments' analysis. After the risks were identified, the following management measures were proposed to respond to the risks related to corporate governance, social prosperity and sustainable environment:

1. Corporate Governance

- **Strategic deployment risks:** In response to changes in projects and the industry's inventory levels, the Company will continue to reinforce our strategic planning and market demand forecast capabilities to minimize the impact from project errors and excess inventory.
- **Risks from market changes:** In response to the world's changing political and economic situations and fluctuations in wafer production capacity, the Company will strengthen the collaboration with customers and supply chain partners to maintain the supply-demand flexibility and operational stability.
- **Information system risks:** Implement information security management mechanisms and strengthen the protection for critical information systems to reduce the potential risks from information security incidents on the Company's operations.
- **Operational governance risks:** In response to the impact of geopolitical relations, end product concentration, and other related factors, the Company's departments have formulated risk response plans and submitted them to the Board of Directors for review and implementation.
- **Governance supervision mechanism:** The Company makes continuous efforts in improving governance transparency and Board functions. FocalTech maintained our ranking within the top 6%–20% in the 2024 Corporate Governance Evaluation with our implementation of the governance framework specified in the Corporate Governance Best Practice Principles and compliance with management requirements.

2. Social Prosperity

- **Human resources risks:** To strengthen talent stability and organizational development, the Company promotes programs to retain key talent, adjusts remuneration and benefits to share operation accomplishments, and facilitates the rooting of corporate culture.
- **Talent development risks:** In response to talent cultivation and career development needs, the Company continues the investment of internal/external training resources and improves competence development mechanisms to reduce the operational risks caused by imbalanced human resource development.

3. Sustainable Environment

- **Environmental & technological risks:** To comply with the SDGs and meet the market demand for energy-efficient products, the Company continues to improve our IC design technology, and promotes wafer miniaturization and energy performance optimization.
- **Climate change risks and opportunities:** The Company assesses risks of extreme climate, energy transition, carbon pricing, and other related factors based on the TCFD framework, introduces carbon inventory systems, and launches a variety of carbon reduction projects. The ISO 14064-1 GHG inventory verification was completed in 2024.
- **Supply chain environmental and social risks:** The Company requires all suppliers to comply with environmental regulations such as RoHS and REACH, and incorporates quality, ESH performance (ISO 14001 and ISO 45001 systems) and social responsibility practices in the annual supplier evaluations. Suppliers falling behind required standards are given assistance to improve. For carbon emissions issues, the Company will step by step increase the proportion of critical suppliers that have completed the ISO 14064-1 verification. Where verification has not yet been obtained, the Company provides continuous assistance and keeps track of carbon performance through annual audits, thus reducing the supply chain's overall carbon risks.
- **Carbon emissions and production localization risks:** The Company carries out manufacturing process localization (Taiwan and Mainland China) to reduce carbon emissions from cross-regional transportation, and continues to promote power conservation and improve energy efficiency.

1.6 Information Security Protection

1.6.1 Information Security Policy

To protect the data, information systems, equipment and cybersecurity of FocalTech and its subsidiaries, the head of the Company's information department has been designated since 2022 to serve as the responsible person for information security. In addition, one information security officer and one information security staff are set to be responsible for the reviewing and promoting of the Company's overall information security governance policy. In addition, the Information Security Policy has been formulated to clearly regulate the organizational framework, responsibility allocation rules, employee education and training, computer and network resources management, and physical environment control and management for the Company's information security management. Personnel regularly report to the Board of Directors on the implementation of information security risk management.

FocalTech invested NT\$3.39 million in information security operations in 2024, to reinforce information security testing, upgrade information environment protection, and optimize management systems. Our key achievements are as follows:

1. Scope and goal of information security management

The information security management applies to all employees of the FocalTech Group to ensure the confidentiality, integrity and availability of information, and maintain operational continuity and information asset security.

2. Duties/responsibilities and risk management procedures

The information security officer summarizes key risk factors based on annual risk assessment results, proposes improvement measures accordingly, and incorporates them into annual information security plans. The compiled risk data and information will be sent to the Sustainable Development Team for comprehensive integration, and then submitted to the Board of Directors for review and discussion based on the principle of materiality, ensuring that information security risks can be controlled and responded to in a timely manner.

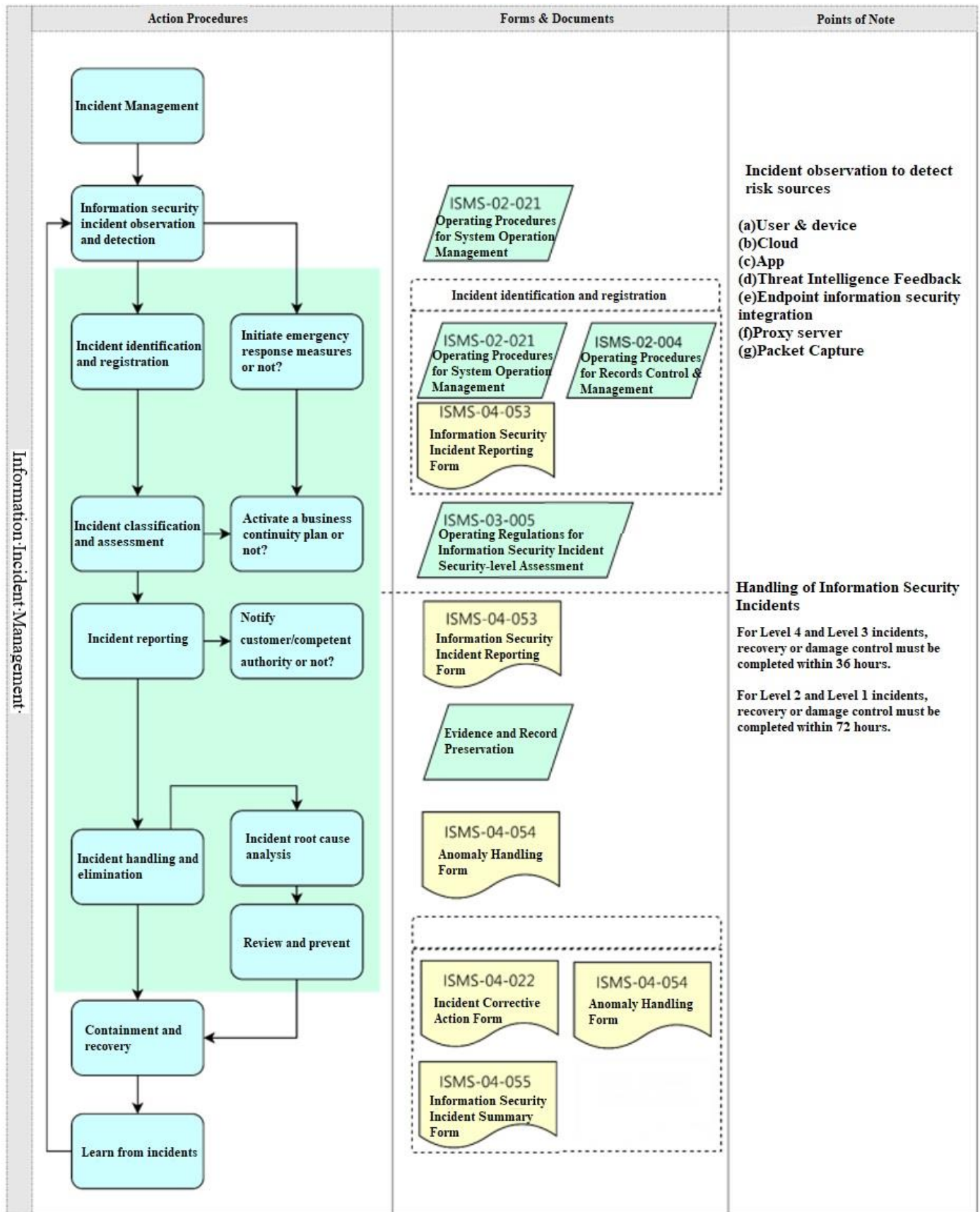
3. Cyber (Information/Communication) Security Operations

2024 (information/communication) Cyber security promotion campaigns	<ul style="list-style-type: none">12 company-wide information security promotion campaigns.		
Disaster recovery exercises	<ul style="list-style-type: none">Conducted data backup every quarter, and implement remote backups.Implemented two disaster recovery exercises every year.		
Cyber (information/communication) security training	<p>The 2024 online information security training completion rate was 100%. Training primarily included:</p> <table><tr><td><ul style="list-style-type: none">Preventing data leaksPhishing tactics</td><td><ul style="list-style-type: none">Response measuresBusiness secret protection</td></tr></table>	<ul style="list-style-type: none">Preventing data leaksPhishing tactics	<ul style="list-style-type: none">Response measuresBusiness secret protection
<ul style="list-style-type: none">Preventing data leaksPhishing tactics	<ul style="list-style-type: none">Response measuresBusiness secret protection		
New hires educational training	Completion rate: 100%.		
Vulnerability scanning	Two scans were conducted in 2024, tasks of which including server vulnerability scanning, vulnerability patching, and system vulnerability detection to prevent hacker attacks and data stealing through such vulnerabilities.		
Information security policy	<ul style="list-style-type: none">Using VPNs on laptops for access control and prevent sensitive data leakage.Extended detection and response (XDR) mechanisms: Equipping the Company's critical systems and laptops with such mechanisms to quickly detect threats through information security analysis and improve investigation and response time.Fortifying WAFs (web application firewalls) on FocalTech website to block threats,		

	malware attacks, etc. and enhance website security.
Information security certification	Obtained ISO 27001 certification in 2024.
Education & Training	Total educational training hours in 2024: 214 hours.
Audit on cyber (information/communication) security inspection	The Audit Office issues an Information Security Audit Report every year.
Internal control systems and information-security-related regulations	<ul style="list-style-type: none"> ● Operating procedures have been formulated for managing personal information protection and computer information management and control under the Company's internal control systems. ● The Company obtained ISO 27001 certification and completed formulation of 39 information-security-related regulations and 58 operation forms in 2024.

1.6.2 Operating Procedures for Information Security Incident Management

The purpose of information security incident management is to record, deal with, manage, and promptly eliminate information security incidents to reduce the impact of such incidents. In addition, by analyzing root causes of the incidents, we can take



corrective and preventive measures to prevent the incidents from reoccurring.

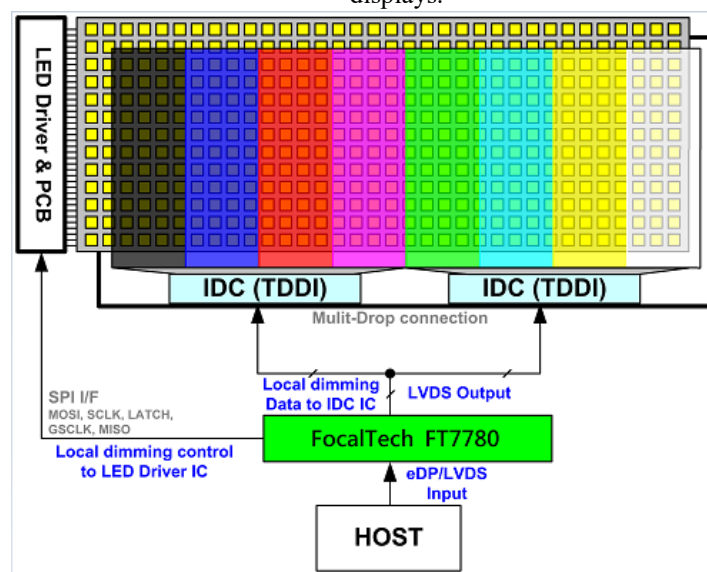
Innovative Value Breakthrough

2.1 Technological Leadership

FocalTech places great importance on innovation and R&D. By adhering to the core value of a leading company for human-machine interface solutions, we accumulate technical and IP achievements; and based on this, we build differentiated product advantages and competitive technical standards, helping FocalTech maintain our leading position in industrial technology and fulfill our commitment to sustainable operations. With the momentum created by our investments in innovation and R&D, FocalTech has shown continuous revenue increases. 2024 performance is as follows:

Display Driver IC (DDIC)

FocalTech has successfully employed local dimming technology to enhance the overall quality and visual effects for in-vehicle displays.



The FT7780 is FocalTech's first automotive bridge IC developed for the mainstream 10"-28" automotive display local dimming systems. Combining the FT7780 with the mass-produced FT7251/FT7252/FT7253 and upcoming FT7256/FT7257 will realize advanced local dimming solutions. In addition, the controllable function sections ("zones") have been increased to an industry standard of over 1,000 zones to 1,560 zones to drive larger panels (applied in 28" panel displays). In addition, to meet the specification requirements set by international car manufacturers' Tier 1 system suppliers, we have enhanced the speed for high resolution transmission enhanced and added an eDP interface to enable eDP and LVDS compatible signal input. This also supports a transmission speed of 2.7 Gbps, to meet today's 4K+ automotive panels specification requirements. This not only strengthens end-system input demand, but will also significantly increase FocalTech's expansion and diversification in the automotive market.

One FT7780 application features is that it provides better solutions for the automotive display market, which is always demanding better optical characteristics, such as in terms of contrast ratio (CR), grayscale, resolution, etc. The second feature is that it can provide more differentiated products for car manufacturers' information/entertainment human-machine interfaces (HMI) to collaboratively enhance a vehicle's overall interior quality and visual effects.

Touch Controller IC

High performance technologies

- **Waterproof:** With the exclusive full-screen common mode scanning technology, special waterproof algorithms, and wide-angle scanning techniques, the touch interface can work effectively even in wet conditions like wet hands, water mist, or water droplets.
- **Multi-material/thick gloves:** With the high SNR (signal-to-noise ratio) achieved by FocalTech's advanced technologies, the touch interface can support multi-material glove applications and maintain sensitivity.
- **Low power consumption:** The seamless switching between full-screen common mode scanning and mutual-capacitive architecture effectively reduces power consumption and extends an end-product's uptime for a variety of operating modes (e.g., active mode, monitor mode, sleep mode, and more).



3D Touch (or 3D Force Touch)/AI Learning Mechanisms

FocalTech uses single-chip solutions to integrate both touch and pressure sensing capabilities, which can support a 240 Hz 5-finger reporting rate, and realize full-area touch and pressure information monitoring in real time within a 100 g to 800 g pressure detection range. In addition, the full-area pressure measurement uniformity (with variance $\leq 20\%$) can ensure stable and consistent performance across the touch device. In addition, by integrating FocalTech's AI self-learning mechanisms, the touch solution can automatically adapt to an appropriate force based on user's habits, and continuously optimize palm touch identification to bring a truly customized experience to each laptop touchpad.



Mobile Phones with POLED Displays

POLED display mobile phones reached a 51% market share in China in 2024.

Low power consumption:

FocalTech's POLED Touch IC (FT3681) represents the lowest-power mass-produced such IC in the industry, which has been mass-produced for use in Moto Razr 40 Ultra. Related low-power design experience and techniques have been applied in our other touch control products.

Reduced material consumption:

Based on the FT3681, we have launched the FT3383, a touch IC with a smaller package designed for screens in the 4" range. The size has been reduced by 19% to match smaller devices. This also means a reduction in packaging material (such as compound materials, PCB, gold wires, etc.).



2.2 Intellectual Property Security

To encourage innovation, protect R&D results, and continuously strengthen competitive advantages, FocalTech has developed intellectual property management plans based on our operating goals, and formulated the Management and Incentive Measures for Patent Filing to maintain our leading position in key technology fields, and continuously provide global customers with high-quality products and services to achieve sustainable development. The Company attaches great importance to intellectual property security. Personnel report the implementation status of intellectual property management to the Board of Directors every year based on the materiality principle. The 2024 report was made on February 21, 2025.

Intellectual Property Management and Patent Promotion

1. Patent Management Mechanisms

We have created a Patent Review Committee, formed of technical supervisors entrusted by the Chairman to be responsible for patent proposal reviewing. The preliminary search and review results completed by a patent team will be sent to the Committee for review to determine whether a patent proposal will be submitted for patent filing application or be classified as a business secret. The Committee also develops strategies to form the Company’s patent portfolio and patent deployment network to improve patent quality and closely align them with the Company’s product development strategies.

2. Establishment of Intellectual Property Systems

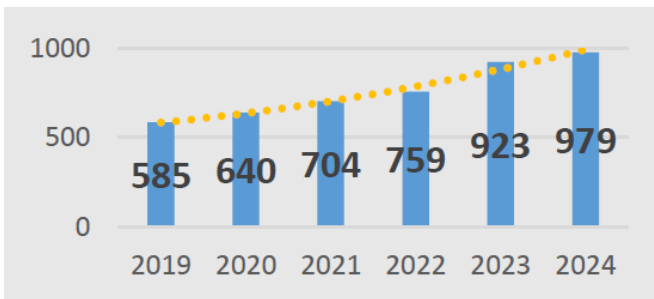
We have established IP management departments to be responsible for consolidating innovative proposals data, compiling and analyzing patent statistics, and patent filing and deployment planning to ensure the effective operation of IP-related systems.

3. Incentives and Educational Training

To encourage employees’ active engagement in technical innovation, we have established a variety of incentive mechanisms, and provide occasional educational training on patent and technology protection to enhance all employees’ awareness of IP protection and practical application capabilities.

As of 2024, the FocalTech Group has cumulatively acquired 979 patents worldwide. We continue using technical innovation to reinforce our competitiveness.

Number of acquired patents in recent years



Business Secrets and Information Security Management

1. System establishment and advocacy

When joining FocalTech, all new employees are required to sign employment agreements in which non-disclosure agreement, non-compete agreement, and intellectual property and invention agreement are incorporated. Courses related to business secrets and IP

protection are also arranged in employee onboarding training sessions to strengthen employees’ awareness of and responsibility for protecting the Company’s and customers’ confidential information.

2. Information Security Control & Management

- The Company’s data access adopts permission control and network segmentation design to ensure the security of confidential information.
- Employees are required to log in with their personal accounts and passwords when using the Company’s computers or equipment, and the passwords must be changed regularly.
- Employees are given access control cards. Access is authorized based on each department’s attributes. Non-FocalTech personnel must be accompanied by the Company’s employees throughout their visits.

3. Continuous strengthening of employees’ protection awareness

- Officers from the Hsinchu Field Office have been invited for three years in a row to give lectures in the Company on the key points of business secret protection and management combined with case studies to enhance employees’ protection awareness.
- We conducted internal legal training in 2024, which covered ethical management and overview of intellectual property and business secrets. All employees were required to participate in the training and pass course tests.
- In 2024, a total of 61 new employees completed the business secret and IP training courses. The 2024 information security advocacy courses had 433 participants, and a completion rate of 96%.

Sustainable Prosperity with Partners

3.1 Firm Foundation

Management policy	
Material Topic	Product Quality
Policy direction	Continuous improvement to achieve perfection
Core goals	Short-term goal: Overall satisfaction score 8.8 or higher
	Medium-term goal: Overall satisfaction score 9.0 or higher
	Long-term goal: FocalTech’s quality achieves No. 1 customer satisfaction.
Achievements	Compile customer satisfaction statistics and hold quality review meetings. The 2024 overall average customer satisfaction score was 8.2.
	The Company maintained a Rank A rating in key customers’ evaluations (Quality QBR (Quarterly Business Review)) in 2024.
	12 external audits were conducted in 2024; no major deficiencies were identified. All deficiencies were addressed and resolved.
	The Company was highly recognized in automotive customers’ audits for our proactive commitment to cultivating automotive market talent and talent specializing in VDA automotive standards and regulations.

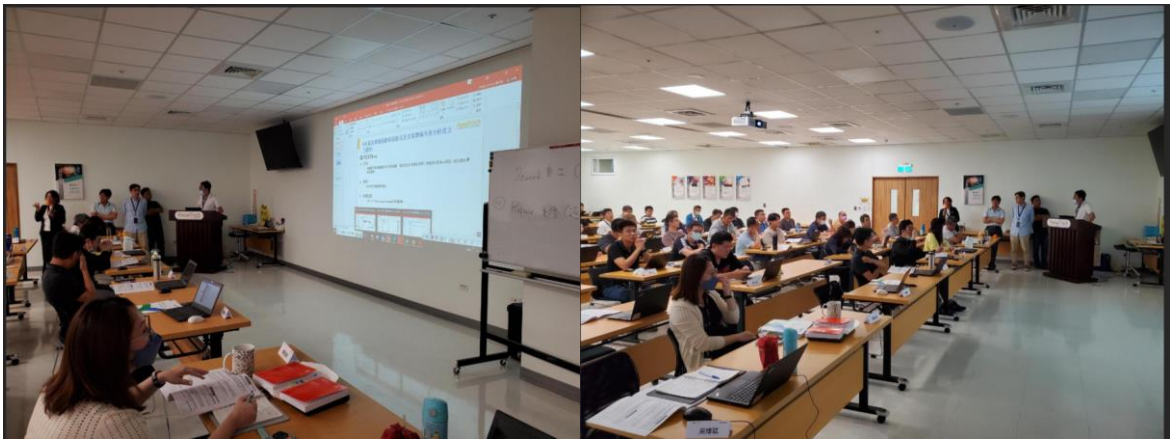
	<p>The Quality Center oversees and measures customer complaints, and checks product return or replacement data and documents. When faced with customer complaints, the Center will coordinate internal resources to effectively resolve the complaints to prevent the recurrence of similar incidents, and track improvement status through routine quality review meetings.</p>
Action plans	<ul style="list-style-type: none"> Summarize the number and percentage of every month's valid complaints and review product return or replacement data, and require responsible departments to propose improvement and prevention measures for major customer complaints. The implementation results are then submitted to the Chairman, for a decision on whether the complaint can be closed or not. Compile each quarter's statistics and review the progress and effectiveness of the improvement measures taken for major customer complaints. Summarize the whole year's data and compare it with previous year to examine the overall improvement effects and the effectiveness of response measures being taken.
How handled	
Resource investment	<p>Human resources: Quality Center and responsible departments (R&D, AE/FAE, Sales/MKT/CS, Production, etc.)</p> <p>Information platform: CCR Project Launching List.</p>
Feedback mechanisms	<p>Customers can contact FocalTech's business representatives, FAE, Quality Center, etc. via e-mail or phone, or visit FocalTech's website and click Contact Us to leave opinions or messages. After receiving customer feedback, the contact point personnel allocate the complaint based on the Company's internal duty-division rules, to give an effective customer response. In addition, the customer satisfaction survey initiated by FocalTech's Quality Center serves as a year-end communication for the Company to receive customers' summarized feedback.</p>
Evaluation mechanism	<ul style="list-style-type: none"> Proactive: Customer satisfaction survey Passive: Customer Complaint Management
Future plans	
Goals for 2025	<p>Overall average customer satisfaction score increases year-on-year</p> <p>The Company will invest resources in cultivating talent for automotive product quality improvement in 2025</p>

FocalTech has established a complete process for customer communication, order processing, technical support, customer complaint handling, and after-sales service based on the ISO 9001 quality management systems requirements. We have also formulated the Procedures for Customer Service and Complaint Management, to continuously and systematically improve the quality of all specialized services, win customers' trust, and achieve long-term and steady development for FocalTech.

To meet automotive products' quality requirements, and based on the Company's automotive product policy, FocalTech obtained Taiwan area ISO 26262 (Road vehicles – Functional safety) certification in 2024. We also continued to promote cultivation of automotive talent. For example, the Company worked with ENCONAcademy to conduct internal interactive training courses and help employees understand automotive VDA standards and regulations, through in-depth and easy-to-understand case studies. FocalTech successfully passed all automotive customers' audits and reviews in 2024.

In 2025, FocalTech will continue talent cultivation to achieve advanced automotive product quality. Building on our foundation of obtaining Taiwan area ISO 26262 certification, we will strive to obtain the ASPICE (Automotive SPICE) certification, to comprehensively enhance our software development and process management capabilities. The Company will also promote ISO

26262 certification in our Mainland China business sites to strengthen the reliability of our automotive products through systematic quality management, thereby continuously consolidating the partnerships with global customers.



No incidents of customer complaints due to customer contract violations or incidents related to violations of product health and safety regulations occurred in 2024.

FocalTech proactively builds and deepens relationships with customers through customer satisfaction surveys and appropriate handling and monitoring of customer complaints, and conducts prompt reviews based on customer feedback to continuously optimize product and service quality.

With the aim of objectively collecting and listening to customers’ opinions, the Company conducts customer satisfaction surveys every year through existing customer satisfaction survey and management mechanisms. The surveys cover five aspects, including quality, delivery time, service, technology, and overall evaluation, to request opinions and feedback from existing customers. After the surveys are completed, the Company compiles customers’ satisfaction scoring results and summarizes customer suggestions, then communicates the information to functional departments and senior management. This serves as an important basis for departments and management in examining operating processes and discovering improvement opportunities. For opinions on materiality, the Company responds to customers via phone calls or in-person visits, and proposes specific improvement measures based on the principle of accountability, to reinforce customer trust and satisfaction.

In terms of 2024 customer satisfaction survey results, our overall average score was 8.2. While this maintains a high standard, it is slightly lower than what we achieved in 2023. To continuously improve service performance, the Company will proactively conduct customer interviews to gain insight into the causes of dissatisfaction, and will develop improvement plans based on specific feedback items to respond to customers’ expectations and further consolidate partnerships with customers.

Customer Satisfaction Survey Score		
2022	2023	2024
8.61	8.44	8.2

Notes: Full score is 10.

3.2 Sustainable Supply Chain

Management policy	
Material Topic	Sustainable Supply Chain Management
Policy direction	Require suppliers to emphasize ESG practices to grow with FocalTech and achieve sustainable supply chain partnerships.
Core goals	<ul style="list-style-type: none"> ● 100% of new suppliers sign the Supplier Honesty and Integrity Commitment ● 100% of new suppliers sign the Corporate Social Responsibility Statement ● 100% of new suppliers obtain ISO 9001 certification ● 100% of critical suppliers obtain ISO 14001 certification ● Maintain 100% supplier compliance with RoHS, REACH, and halogen-free regulations ● 100% of raw materials are sourced from smelters approved by sustainability initiatives ● Complete 100% of critical supplier onsite audits ● 75% of suppliers conduct self-initiated carbon inventory ● 50% of critical suppliers complete ISO 14064-1 verification
Achievements	<ul style="list-style-type: none"> ● Maintained 100% new supplier signing rate for the Supplier Honesty and Integrity Commitment ● Maintained 100% new supplier signing rate for the Corporate Social Responsibility Statement ● Maintained 100% supplier ISO 9001 certification ● 100% of critical suppliers have obtained ISO 14001 certification ● Maintained 100% supplier compliance with RoHS and REACH regulations ● Maintained 100% raw material sourcing from smelters approved by smelter organizations recognized by global sustainability initiatives ● Completed 100% critical supplier onsite audits ● 81% of suppliers have conducted self-initiated carbon inventory ● 60% of critical suppliers have completed ISO 14064-1 verification
Action plans	Incorporate ESG programs in outsourced audit projects
How handled	
Resource investment	Auditing personnel
Feedback mechanisms	Supplier evaluation surveys, supplier meetings, phone calls, and mail
Evaluation mechanism	Compile statistics on suppliers' questionnaire responses and verify certificates
Future plans	
2025 Goals	Short-term: Maintain 60% critical supplier completion rate for ISO 14064-1 verification Medium-term: 90% of suppliers conduct self-initiated carbon inventory, and 80% of critical suppliers complete ISO 14064-1 verification Long-term: 100% of critical suppliers complete ISO 14064-1 verification

To ensure stable business operations and the realization of sustainable value, FocalTech has made long-term efforts in supply chain management, and takes stable quality and continuous service supply as an essential element for the Company's sustainable development. In response to the rising costs of raw materials and production due to expanding climate change impacts in recent years, the Company adopts more proactive measures to cope with the challenges faced by the industry chain by implementing a

sound supplier management system to continuously strengthen the supervision of and collaboration on quality, delivery time, and service performance.

FocalTech is promoting our supply chain sustainable development policy step by step, hoping that supplier partners can also introduce management measures for environmental protection, social responsibility and corporate governance (ESG), and establish a collaboration mechanism that ensures risk resilience and operational continuity to create a green supply chain that achieves balance between efficiency and responsibility with FocalTech.

As of the reporting year, the Company's main manufacturing partners included foundries, assembly houses, and testing houses, most of which are in Mainland China and Taiwan; there are c. 25 of these companies. The overall supply chain maintained a stable structure and experienced no major changes.

Supply chain management strategies

FocalTech's management is committed to providing customers with products and services that comply with laws, regulations, standards, and quality requirements, and emphasizing occupational safety, environmental protection, and pollution prevention to proactively fulfill our corporate social responsibility. To achieve the goals, the Company adopts the following measures in supply chain management:

- **Requirements for raw material and consumable material sourcing:** Prioritize the procurement of products and materials that meet environmental and regulatory requirements, and ensure that the sources comply with legal standards.
- **Promotion of international certifications:** Require suppliers to obtain ISO 9001 quality management systems certification, and suppliers of specific industries to obtain ISO 14001 environmental management systems certification. In addition, encourage suppliers to implement ISO 45001 occupational safety and health management systems and the IECQ QC080000 hazardous substance process management system.
- **Introduction of the Responsible Business Alliance (RBA) standards:** Encourage suppliers to introduce the RBA Code of Conduct, and require them to sign the integrity and corporate social responsibility statements to clearly regulate their practices related to business ethics, labor human rights protection, safety and health, and environmental protection.
- **Continuous collaboration and advocacy:** Continuously encourage suppliers to adopt low-environmental-impact materials and processes, and value business ethics and social responsibility to move forward to the goal of sustainable development with FocalTech.

Through the above supply chain management strategies, FocalTech hopes to build a sustainable supply chain that is resilient and competitive with suppliers to meet the global market's expectations for environmental and social responsibility.

There were no significant changes in the supply chain due to violations of regulations in 2024.

Supplier Management Procedures



Supply Chain Management

FocalTech has systemized and integrated our commitments into the Supplier Evaluation and Control Procedures based on our

supplier management strategies. The supply chain management is carried out systematically through four stages: Supplier Evaluation; New Product Introduction; Periodic Management; and Continuous Improvement. This ensures supply chain partners' compliance with the Company's sustainable development goals.

1. New supplier introduction and audit

New suppliers must pass a multi-faceted evaluation before being listed as qualified suppliers, which encompasses evaluation items such as quality system management, engineering/technical capabilities, production quality control, environmental protection requirements, etc. An audit team formed of the Company's quality control, engineering and procurement departments conducts on-site audits, which includes suppliers' green product (hazardous substance free, HSF) management systems. Suppliers are required to submit improvement reports for audit deficiencies with all the following standards being considered:

- Ensure product quality, safety and competitiveness
- Price reasonableness and delivery time compliance
- Environmental protection and legal compliance
- Human rights protection and labor safety and health
- Avoid sourcing activities involving areas of social conflict

2. Agreement signing and risk control

After a supplier passes the preliminary evaluation, a formal agreement is signed by FocalTech and the supplier at an appropriate time; mandatory standards/regulations related to quality, environmental management, safety and health, etc. are clearly stipulated as the basis for future collaboration and supplier risk control and management.

3. Regular supplier evaluation and risk-level-based management

The Company conducts regular supplier questionnaire surveys and carries out rating-based supplier management in accordance with the outsourced processes management regulations specified in the ISO 9001 standards. Continuous monitoring and risk classification is implemented based on suppliers' impact degree on and importance for product quality to ensure overall supply chain stability.

4. Qualified supplier management and delisting mechanism

Only the suppliers that have passed verifications and met FocalTech's requirements can be listed as qualified suppliers for mass production collaboration. If a supplier fails to maintain its compliance with requirements and is involved in major customer complaint incidents within two years in a row, it will be removed from the qualified supplier list after being reviewed and evaluated to maintain supply chain quality and stability.

● Documents that qualified suppliers must provide

1. A qualified supplier that passes evaluations is required by responsible departments to present its business license and bank account information, and sign and return the following quality-related documents, including the Procurement Contract, Non-Use of Environmental Hazardous Substance Guarantee, Confidentiality Agreement, FocalTech Quality Contract, as well as the Corporate Social Responsibility Statement and the Supplier Honesty and Integrity Commitment formulated by FocalTech in accordance with RBA requirements. Through these documents, FocalTech declares our commitment to creating a friendly work environment, prioritizing employee health and safety, and adhering to labor and ethical standards within our social responsibility management system. Also, the Corporate Social Responsibility Commitment requests our supplier partners to focus on and implement corporate social responsibility initiatives, such as creating a friendly work environment, ensuring workplace health and safety, environmental protection, and safeguarding labor rights and ethical business practices. Together, these efforts aim to achieve sustainable development.

100% of new suppliers signed the Corporate Social Responsibility Statement in 2024.

2. All major suppliers are required to obtain ISO 9001 certification; those who have not been certified must submit a certification plan, or the purchasing department will supervise the supplier as it acquires ISO 9001 certification.

All 26 suppliers of COG packaging/testing plants and traditional testing plants obtained certification in 2023, for a 100% achievement rate.

- **Regular evaluations of qualified suppliers**

Conduct evaluations every year on trading suppliers that meet material quality standards. Set improvement deadlines (≤30 days) for deficiencies identified in supplier audits. In 2024, we completed audits for 100% of new suppliers, and on-site audits for 100% of critical suppliers. In response to suppliers' relatively low environmental and social certification acquisition rate, FocalTech will continue helping suppliers obtain related certifications.

No suppliers violated the Company's environmental or social evaluation criteria in 2024.

Supplier Audit

In addition to initial evaluations for new suppliers, FocalTech also conducts audits and reviews every year for suppliers currently in production to ensure their compliance with quality, cost, delivery time and corporate social responsibility requirements. The audit items include quality management system, environmental evaluation criteria (including compliance with green product management requirements and obtaining ISO 14001 environmental management system certification), and social evaluation criteria (obtaining ISO 45001 occupational safety and health management system certification and RBA social responsibility management practices).

The 2024 critical supplier onsite audit completion rate was 100%.

Number and ratio of suppliers undergoing onsite audits in 2024

	Number of critical suppliers	Number of suppliers
Onsite audits	5/5	16/16*
Onsite audit completion percentage	100%	100%

* The data does not include unstable-volume suppliers as regulated by FocalTech's Outsourcing Management Regulations

Supplier's initial on-site evaluation

After the Supplier Evaluation Application Form submitted by the responsible department is approved, related departments are convened to form an evaluation team to conduct an onsite evaluation on the supplier's manufacturing capabilities, quality management capabilities, product's compliance with the Environmental Controlled Substance Specification, corporate social responsibility compliance, and emphasis degree on ESG issues based on the items listed in the Supplier Evaluation Rating Table.

No ESG-related deficiencies were found in 2024 onsite supplier evaluations.

Supplier delisting

If a supplier violates RoHS, labor, ethics or other related laws/regulations, or demonstrates significant quality failure, or is not in compliance with performance standards for two successive quarters, the procurement department can submit a request to the President suggesting the removal of the supplier from the qualified supplier list and filling the role with a new supplier. There were no such occurrences in 2024.

Conflict Mineral management

- In compliance with the Responsible Minerals Initiative (RMI), established by the Responsible Business Alliance (RBA), FocalTech requires that all suppliers submit their Conflict-free Minerals Commitment to ensure non-use of raw materials extracted in conflict-affected areas, and sign a Corporate Social Responsibility Statement that includes a commitment not to use conflict minerals.
- All suppliers are required to undergo management systems audits, including conflict mineral management.
- The Conflict Minerals Reporting Template (CMRT) from RMI is used as the survey check list to request suppliers to disclose the usage of metals in the provided raw materials, including tantalum, tin, tungsten, gold (the so-called "3TG"), ensuring that

none of these metals is extracted in conflict-affected areas. The survey will be carried out again when a new version of CMRT is available. Additionally, FocalTech regularly conducts annual supplier conflict minerals surveys in accordance with the Responsible Minerals Initiative (RMI) standards. The latest version is CMRT 6.5. We have conducted supplier surveys based on this version and will provide feedback to customers on schedule. FocalTech's integrated circuit product portfolio does not contain minerals such as tin, tantalum, tungsten, and gold. These minerals, if sourced from conflict zones, could pose a reputational risk. To mitigate conflict mineral risks, we implement thorough due diligence, such as through our origin traceability program.

- Non-use of rare earth metals: Upstream suppliers of the specific product list are verified and none of them use rare earth metals.

The above practices ensure that the raw materials used in FocalTech's products are sourced from smelters certified by the Responsible Minerals Initiative (RMI) and are handled with the risk management associated with key materials.

The achievement rate for non-use of conflict minerals in 2024 was 100%.

Hazardous Substance management

To safeguard the environment and user health, FocalTech has internally formulated our Management Regulations for Environmental Hazards and Hazardous Substances. These ensure that all our products comply with EU RoHS, REACH, WEEE, and other related international environmental regulations and customer requirements. A material composition analysis system has also been implemented to achieve the compliance. Currently, the Company's products are divided into two categories by characteristic: Green Products and Halogen-Free Products:

Green Products: Refers to products that meet RoHS Directive requirements, namely, restricting the use of hazardous substances such as lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBBs), polybrominated diphenyl ethers (PBDEs), etc.

Halogen-free products: Refers to products that meet specific content restrictions for halogens. In addition to RoHS compliance, the products require further testing and limitations on halogen components like chlorine (Cl) and bromine (Br) to minimize environmental and health risks during combustion.

In the initial product design phase, we require that suppliers disclose the ingredients and components of all raw materials, semi-finished products, packaging materials, consumables, etc., and provide material content reports. For substances that are clearly restricted by laws/regulations or by customers, even if they are not listed in these standards, we still demand rigorous compliance; and this serves as an important basis for supplier and material selection.

The 2024 achievement rate for non-use of hazardous substances or compliance with hazardous substance restrictions (RoHS, WEEE, REACH, and halogen-free) was 100%.

Percentages of suppliers obtaining certification in 2024

Certification acquisition percentage	Number of suppliers	Corporate Governance		Environmental Protection		Social Responsibility		
		ISO 9001	IATF 16949	ISO 14001	ISO 14064-1	ISO 45001	Supplier Honesty and Integrity Commitment	Corporate Social Responsibility Statement
All suppliers	26	100%	85%	92%	46%	85%	100%	100%
New suppliers	3	100%	33%	67%	33%	67%	100%	100%
Critical suppliers	5	100%	100%	100%	60%	100%	100%	100%

Total suppliers: 26 Critical suppliers: 5 New suppliers for 2024: 3

“Critical supplier”: Refers to a supplier with whom FocalTech has transactions accounting for 70% or more of total transaction value in a year.

Supplier Local Procurement

When choosing suppliers, in addition to considering quality and delivery time performance, FocalTech also evaluates supplier’s geographical location to optimize supply chain deployment and balance supply chain efficiency with the environmental impact of transportation distance. To reduce carbon emissions from long-distance transportation, we prioritize suppliers located near major production sites and shipping hubs to enhance supply chain resilience and mitigate impact on the environment. In response to increasingly diversified businesses, FocalTech will keep our efforts in conducting regional supply resources inventories, and increase the local procurement percentages in major market areas step by step to balance operating efficiency with the goal of sustainable environment.

		Proportion of Local Procurement		
Region	Year	2022	2023	2024
	Proportion of local procurement	50%	52%	56%

Green Environmental Protection

4.1 Climate Change Risks and Mitigation Strategies

Management Policy	
Material Topic	Climate Change Risks and Mitigation Strategies
Policy direction	Continuously monitoring climate change risks and opportunities, to develop response strategies.
Core goals	Keep track of global regulatory trends and examine the impact of climate change on operating performance to reduce the Company's operating risks and achieve the goal of sustainable development.
Achievements	The analysis, assessment, and development of response measures based on the TCFD framework were all completed as scheduled in 2024.
Action plans	<ul style="list-style-type: none"> ● Conduct climate change risk and opportunity assessments annually. ● Develop action plans based on the assessment results each year. ● Continuously monitor the effectiveness of the action plans. ● The Board oversees the team's planning and implementation.
How handled	
Resource investment	The Sustainable Development Team assesses and proposes implementation plans.
Feedback mechanisms	Evaluate and take greenhouse gas reduction measures.
Evaluation mechanism	Conduct an annual greenhouse gas emissions inventory and compare the results with the previous year.
Future plans	
Goals for 2025	Conduct climate change risk and opportunity analysis and take response measures based on TCFD and FSC requirements.
	Collaborative suppliers complete ISO 14064-1 GHG verification.
	Achieve the Net Zero Emissions by 2050 goal.

As we face extreme weather events caused by global warming, and the wide-ranging impacts of energy transition and climate change on business operations and social development, FocalTech recognizes the importance of managing climate-related risks and opportunities for the Company's sustainable operations. Beginning in 2022, we have followed the Task Force on Climate-related Financial Disclosures (TCFD) framework to build a climate change management system that is focused on four aspects — governance, strategy, risk management, and metrics & targets to systematically promote climate-related strategies.

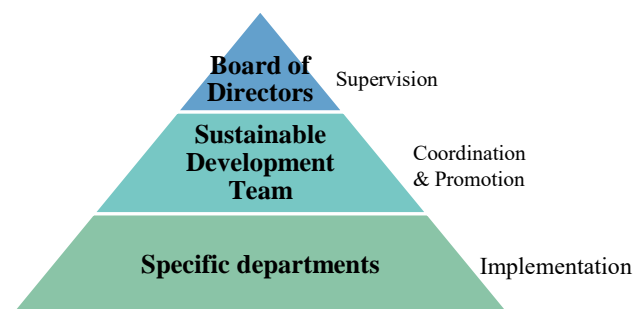
A Sustainable Development Team is in place to coordinate and promote related operations. These include identifying and analyzing the possible operational impacts and transition opportunities stemming from climate change, and developing corresponding management strategies and action plans. The implementation results and material issues are regularly reported to the Board of Directors for the Board to carry out ultimate supervision and give instructions to ensure that climate change risks and opportunities are effectively integrated into the Company's overall governance and decision-making processes to strengthen the organization's resilience and competitiveness under climate change trends.

Governance

FocalTech has established our Sustainable Development Team led by the corporate governance officer and the executive secretary of the Board to coordinate and promote climate-related tasks. The Team holds meetings on an irregular basis throughout the year to discuss issues in topics including possible climate change risks and opportunities stemming from the Company's operations, energy/resource efficiency, environmental impacts throughout product life cycle, etc. to develop implementation plans for FocalTech to seize opportunities, create new niches, and reduce operating risks. The Team reports to the Board of Directors on plans' implementation status based on the principle of materiality.

Governance Pyramid

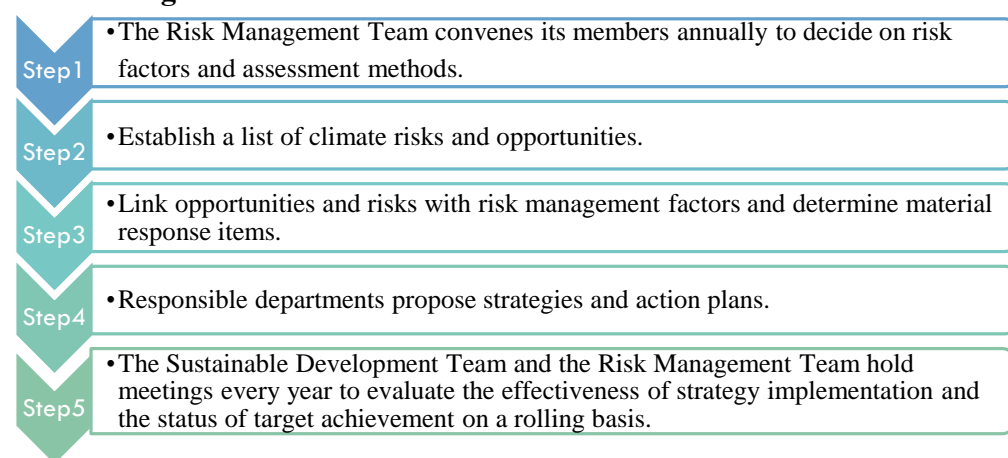
Supervision	Board of Directors
Coordination & Promotion	Sustainable Development Team
Implementation	Specific R&D, operations, business (sales) and administrative departments



Strategies

To cope with the possible acute climate-change risks from extreme weather events such as heavy rains or droughts, the Company strengthens disaster protection measures to mitigate short-term risks and reduce the operating impact of extreme weather. The Company also develops medium- and long-term strategies including optimizing energy efficiency, promoting green procurement, establishing educational mechanisms to promote environmental awareness, and collaborating with supply chain partners to jointly reduce carbon emissions. By putting comprehensive response measures in place and deploying human and material resources, FocalTech strives to enhance our own resilience and that of the supply chain to reduce the potential risks and losses from climate change. In addition, to cope with climate-related transition risks, the Company continuously improves product design strategies for energy efficiency to comply with international environmental standards. Other strategies include reinforcing green procurement practices to reduce supply chain carbon emissions, and proactively collaborating with industry partners to jointly mitigate the challenges and uncertainties from transition risks.

Risk Management



FocalTech follows the above flowchart to carry out risk identification, assessment, and management. The Sustainable Development Team holds meetings where team members discuss and identify climate change risks and opportunities based on the TCFD recommended framework, which include transition risks (including policy and regulations, technology, markets, and reputation shifts), physical risks (acute risks and chronic risks), and opportunities (resource efficiency, energy sources, products/services, markets, and resilience).

2024 short-, medium- and long-term climate risks						
Code	Type	Item	Climate change risk issues	Financial impact	Risk Level	Timescale
R1	Transition Risk	Policy & regulations	Carbon fee collection	Operating costs increase, causing reduction in profitability	Low	Medium-term
R2			Current regulatory compliance and disclosure requirements		High	Short-term
R3			Requirements and regulations for existing products and services		Medium	Short-term
R4		Technology	Replacement of existing products and services with low-carbon commodities		Medium	Long-term

2024 short-, medium- and long-term climate risks						
Code	Type	Item	Climate change risk issues	Financial impact	Risk Level	Timescale
R5		Market	Costs of low-carbon technology transition (supplier)		Medium	Medium-term
R6			Customers make stricter demands on suppliers for ESG practices		High	Medium-term
R7			Reputational risks stemming from non-compliance with environmental regulations		Low	Medium-term
R8	Physical Risk	Acute	Intensified extreme weather events such as typhoons, floods, etc.		Low	Medium-term
R9		Chronic	Changes in rainfall (water) patterns and extreme changes in climate patterns		Medium	Medium-term
R10			Global average temperature rise		Medium	Long-term
R11			Global sea level rise		Medium	Long-term

2024 short-, medium- and long-term climate opportunities						
Code	Type	Climate change opportunity issues		Financial impact	Opportunity Level	Timescale
O1	Resource efficiency	Reduction in water withdrawal and water consumption		Operating costs	Low	Medium-term
O2		Opting for more efficient suppliers		are reduced and	Medium	Medium-term
O3		Recycling and reuse		profits are	Medium	Medium-term
O4		Improving green energy use in buildings		increased	Low	Long-term
O5		Adopting more efficient modes of transportation			Medium	Medium-term
O6	Market	Adopting new technology		Operating costs	High	Medium-term
O7	Products Services	Development of R&D and innovation in products and services		slightly increase, but overall	Medium	Long-term
O8	Resilience	Transition to distributed energy resources (DERs)		profits are enhanced	Low	Long-term

Note 1: Short term is 1–3 years, medium term is 3–5 years, and long term is 6–10 years.

Climate-related risks and response measures

1. Market Risk

- **Description of risk:** Major customers (e.g., Apple) increasingly expect higher standards for supply chain sustainability, and market demand is shifting toward low-carbon and energy-efficient solutions or products. Failing to adhere to these standards could lead to lost sales and diminished brand trust.
- **FocalTech's response:** Proactively develop low-carbon technologies and energy-efficient products, improve ESG performance, and work with major customers to promote carbon reduction plans to consolidate customer relationships and market competitiveness.

2.. Legal Risk

- **Description of risk:** More stringent global climate policies such as Taiwan's Climate Change Response Act, the EU's Carbon Border Adjustment Mechanism (CBAM), etc. have been enforced that require companies to disclose their carbon emissions and develop carbon reduction plans, which will increase compliance pressure and operating costs.
- **FocalTech's response:** FocalTech responds to the increasingly stringent global climate policies and carbon management requirements by strengthening carbon inventory and information disclosure, formulating medium-/long-term carbon reduction goals, and implementing renewable energy plans to reduce operating risks and ensure compliance.

Climate-related opportunities and promotion strategies

1. Low-carbon technology innovation

- **Description of opportunity:** In response to the rapidly growing global demand for energy-efficient and low-carbon products, FocalTech can explore emerging markets and enhance brand value through innovation in power management, energy storage and green products.

- **Strategy implementation:** Increase investment in low-carbon technology R&D, launch new products that meet international sustainability standards, and increase the market share of low-carbon products through marketing initiatives.

Metrics & Targets

FocalTech further sets risk & opportunity targets based on the metrics recommended by the TCFD framework:

1. Confirm the goal of net zero emissions by 2050.
2. Following our 2024 completion of ISO 14064-1:2018 GHG inventory and verification, FocalTech will maintain an annual schedule for the inventory and verification to quantify and report GHG emissions in accordance with ISO 14064-1:2018 standards, and ensure the accuracy and credibility of disclosed information through third-party verification. This will help the Company monitor and manage GHG emissions, and demonstrate the Company's commitment to climate change issues.
3. Achieve year-on-year reduction of GHG emissions.

4.2 Greenhouse Gas Emissions and Energy Management

Management policy	
Material Topic	Greenhouse Gas Emissions and Energy Management
Policy direction	Implement through two major directions: Implementing energy-saving resource conservation initiatives, and investing in energy-saving equipment.
Core goals	Conduct annual energy management performance reviews to cut energy expenses, lower environmental impact, and achieve the goal of sustainable development.
Achievements	The Taiwan server room's 2024 electricity consumption was 21.66% lower than in 2023.
Action plans	<ul style="list-style-type: none"> ● Install LED panel lights and energy-efficient air conditioning equipment throughout office areas. ● Replace existing air vents with grilles for server room air conditioning systems to improve outflow efficiency, and install heat pumps for energy conservation and waste heat recycling. ● Implement a hot/cold aisle containment strategy in server room, and adjust vents to optimize airflow. ● Outdoor unit shared exhaust system is modified to incorporate individual exhaust vents for each condenser unit to optimize heat dissipation. ● Air conditioners utilize a programmable logic controller (PLC) for automated temperature control, quickly reaching the desired setpoint within 5 seconds, and automatically adjust the ventilation system to match personnel's work hours. ● Drinking fountains turn on and off automatically based on work schedules. ● Prioritize low-carbon options when purchasing printer and photocopier consumables, electrical appliances, and other related supplies.
How handled	
Resource investment	NT\$834,000
Feedback mechanisms	Reduce energy consumption year by year
Evaluation mechanism	Compile every year's energy saving statistics
Future plans	
Goals for 2025	<ul style="list-style-type: none"> ● Conduct climate change risk and opportunity analysis and take response measures based on TCFD and FSC requirements ● Maintain an annual schedule for ISO 14064-1 GHG inventory and third-party verification. ● Research and gather information about renewable energy certificates and green energy options. ● Screen potential green energy providers. ● Continue implementing and evaluating energy-saving and carbon reduction strategies to achieve preset targets. ● Evaluate the feasibility of replacing current grid electricity consumption with green electricity by 2040 to reduce Category 2 carbon emissions. ● Use renewable energy and improve energy efficiency.

To implement systematic environmental management and ensure the effectiveness of such management, FocalTech has introduced ISO 14001 environmental management systems that include defining environmental policies, setting measurable goals, implementing related regulatory measures, and reviewing management effectiveness year by year to reduce the Company's operating costs and lower environmental impacts. The system has also fostered environmental awareness and legal compliance among employees to achieve the goal of sustainable development. FocalTech integrates environmental and safety considerations from the initial product design phase and throughout product's entire lifespan, and is committed to continuous improvement based on the principle of prevention. The environmental goals pursued by the Company are as follows:

Environmental Goals

1. Employ new technologies: Use eco-friendly materials and upgraded processes to reduce environmental impacts and hazards generated in the process of production.
2. Implement hazard prevention: Regularly assess environmental factors and identify major hazard sources, develop management plans, and oversee plan implementation.
3. Comply with laws and regulations: Comply with national, local and industry-related laws and regulations and be a law-abiding enterprise.
4. Commitment to continuous improvement: Continuously reduce pollution and health hazards, and enhance environmental and health safety performance.
5. Implement environmental safety training: Implement environmental safety educational training and safety management to enhance environmental health and safety awareness.

4.2.1 Energy Management

Being aware of the limited nature of Earth's energy resources, FocalTech proactively promotes energy conservation management and optimizes resource utilization despite our predominantly office-based operations and reliance on energy for daily office tasks. Currently, neither the Taiwan headquarters nor the mainland China subsidiaries use renewable energy. The main source of energy is purchased electricity. To avoid improper energy consumption and waste of resources, the Company is continuously monitoring energy efficiency and improving facility performance. After moving from a leased office to a self-owned office in June 2022, in addition to providing employees with a more comfortable work environment, the Company can adopt our own environmental initiatives for energy saving and carbon reduction. By installing programmable logic controller (PLC) control systems in the new office to integrate multiple systems, including electricity meters, UPS, variable frequency multi-split outdoor units, server room temperature/humidity control systems, etc., better temperature/humidity monitoring and adjustment has been achieved to reduce unnecessary energy waste.

Measures taken in Taiwan headquarters:

- Employ a PLC system to monitor and keep temperatures (and associated humidity level) within a 24–25°C range in summer and 25–27°C in winter.
- In winter, use energy recovery ventilators (ERVs) to transfer heat from the outgoing warm indoor air to the incoming cold outdoor air.
- Modify existing ERVs to extract hot air from the server room and replenish the office area with cool air.
- Install LED panel lights: Electricity consumption was reduced by 35.27%.
- All windows in the west area are equipped with heat-insulating film and circulation fans. The set temperature of the IT room

was raised from 22°C to 24°C.

- In 2024, by implementing a hot/cold aisle containment strategy in server room and adjusting vents to optimize airflow, server room's electricity consumption decreased by 21.66% compared to 2023. The Company will conduct climate change risk and opportunity analysis and take response measures based on TCFD and FSC requirements in 2025, and maintain the annual schedule for ISO 14064-1 third-party verification.

Measures taken in mainland China subsidiaries:

- Employ a PLC system to monitor and control temperature (and associated humidity level) at 26°C in summer, and deactivate the controller in winter.
- Reduce lighting hours and the number of lights in public areas.
- The server room temperature was raised from 20°C to 24°C.

Energy Consumption

2024 energy consumption statistics

Unit: GJ

Area	Electricity (kwh)	Electricity (GJ)	Total energy consumption (GJ)
Taiwan	1,702,600	6,124	6,124
Non-Taiwan	998,374	3,594	3,594

Note: 1. 1 kWh is 3.6 million joules; 1 GJ is 10⁹ joules.

2. The Company uses purchased electricity only with no consumption of renewable energy.

Energy intensity

2024 energy intensity

Unit: GJ/NT\$ million

Area	Electricity (GJ)	Revenue (NT\$ million)	Total energy consumption
Taiwan			
	9,718	14,539	0.668
Non-Taiwan			

4.2.2 Water Management

Since the Company focuses on office-based operations without being engaged in product production or manufacturing, we have no demand for process water. The water consumed is from tap water and is for domestic use. The Company's water consumption does not cause significant environmental impact on water resources and the ecological environment of source water areas. No illegal pollution incidents occurred in 2024. The Company will continue promoting water conservation measures and the use of water-efficient products.

4.2.3 Greenhouse Gas Emissions

Greenhouse gas emissions are causing severe climate change, a critical global issue. FocalTech is not a big energy user. However, since GHG reduction has become a shared goal among businesses, and because FocalTech is a global citizen, too, we conduct self-initiated GHG inventories to gain insights into current situations and trends and pre-develop corresponding strategies. The Company continuously assessing the greenhouse gas impact of our energy consumption as a performance indicator for our energy efficiency and carbon reduction strategies. FocalTech started the third-party GHG emissions verification in 2023, and has passed verification.

Direct GHG emissions (Category 1)

The direct emission sources owned or controlled by FocalTech include refrigerants used in plant areas public facilities, carbon dioxide fire extinguishers, and emissions from septic tanks.

Energy indirect (Category 2) and other indirect GHG emissions (Categories 3-6)

FocalTech's indirect GHG emissions primarily come from the consumption of grid electricity, including equipment/facilities, offices and public areas. Other indirect emissions (Categories 3 to 6) were also inventoried, quantified and disclosed in 2024.

Greenhouse Gas Inventory - FocalTech (Group)

					Unit: MTCO ₂ e
Emission source type/Area	Category 1	Category 2	Categories 3-6	Total Emissions	GHG emissions intensity per NT\$ million of revenue
	Direct	Energy indirect	Other indirect		
	emissions	emissions	emissions		
Taiwan	45.1240	807.0322	604.0350	1,456.1912	0.1502
Non-Taiwan	51.3887	423.8636	251.6131	726.8654	

Note:

1. The scope of inventory in 2024 was slightly different from that in 2023, with FocalTech Systems, Inc. and FocalTech Electronics Co., Ltd. being added to the operating locations.
2. The operational control method was adopted for emissions calculation.
3. The greenhouse gases encompassed in the Center's inventory include carbon dioxide (CO₂), CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃.
4. Category 1 emission sources include fugitive emissions from fire extinguishers, refrigeration and freezing equipment, and air conditioners. For Category 2 emission sources, please refer to the electricity statistics of each location of operation. Categories 3-6 emissions encompass emissions from downstream transportation and distribution, employee commuting, and treatment of waste generated in operations.
5. The GWP values stated in the IPCC Sixth Assessment Report (2021) were used in calculation.
6. 2024 consolidated revenue was NT\$14.539 billion.
7. Emission intensity formula: Total emissions (CO₂e) ÷ NT\$ million of revenue.

Greenhouse gas inventory and baseline year setting

In view of the Company's ongoing expansion and year-by-year adjustments in our locations of operations and output scales, and to reflect the true operating conditions, beginning in 2024, we have adopted the emission intensity per in-production area unit as the primary metric for assessing GHG performance. In accordance with the ISO 14064-1:2018 standard, we have formally incorporated Categories 3 to 6 emission items into our inventory scope.

We have set 2023 as our GHG emissions baseline year. With the adjustment in the scope of inventory in 2024, the baseline year was changed to 2024 in accordance with the Company's Operating Procedures for Greenhouse Gas Inventory Management. In addition to commissioning external experts to carry out inventory tasks, the Company has also established internal management systems to ensure inventory data integrity and credibility, and to improve GHG inventory quality and data transparency, .

Greenhouse gas management policy and reduction strategies

Faced with environmental and operating risks brought on by climate change, FocalTech proactively promotes GHG management by setting clear policy and reduction targets and reviewing year-on-year achievements to balance environmental responsibility with operating benefits, lower environmental impact, and achieve the goal of sustainable development.

Based on the concept of “green environment, health protection”, the Company examines the comprehensive impact of our product production processes and business activities on the environment and employee health, and implements preventive management and improvement measures for related issues.

1. Greenhouse gas management policy

- Continuously monitor climate-related risks and opportunities, and assess their potential impacts on operations.
- Stay on top of the changes in international trends and regulations, and adjust response strategies on a rolling basis.
- Regularly review GHG management performance to reduce operating risks and environmental impacts.

2. Reduction strategies and action plans

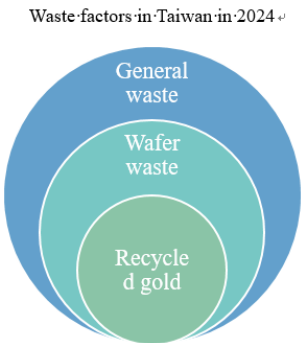
Item	Strategy
Short-term goal	Taking 2024 as the baseline year, achieve 1% carbon reduction by 2025.
Long-term goal	Aim to achieve the ultimate goal of Net Zero Emissions by 2050.
Standards introduction and verification	The Company introduced the ISO 14064-1:2018 standards in 2024, and passed third-party verification to enhance the credibility and transparency of our carbon inventory.
Risk analysis tools	Conduct climate change risk and opportunity identification and take response measures based on TCFD and FSC requirements.
Renewable energy planning	Continue researching and gathering information about green energy providers, and evaluate the feasibility of replacing current grid electricity consumption with green electricity by 2040 to reduce Category 2 carbon emissions.
Carbon market development	Monitor developments in domestic and international carbon markets, and evaluate the feasibility and possible effects of engaging in carbon markets in the future.

4.2.4 Waste Management

FocalTech is a specialized fabless IC design company that is primarily engaged in R&D, design, and testing of integrated circuits. By improving the material use, size and performance of products, we hope to achieve the purpose of maximizing sustainable use of resources. In addition, we reduce waste and production costs through process improvement and operation management, and develop and opt for non-polluting and low-pollution design process. FocalTech outsources product manufacturing to external specialized wafer foundries and packaging and testing plants, while defective IC products are recycled through effective management procedures. All waste is recycled and reused by qualified waste removal and treatment vendors, who extract precious metals from the defective products. The process transforms waste from a misplaced resource into a raw material that enters a new production cycle, thus reducing resource waste.

FocalTech’s IC waste is categorized as general industrial waste. It also includes other recyclable materials such as waste cartons, waste plastics, etc., totaling 0.71 metric tons in 2024. Out of this, roughly 0.459 metric tons was IC waste. The weight of other general waste was 37.5 metric tons (Taiwan area). 10.47 kilograms of gold was recovered from 0.459 metric tons of waste ICs, achieving a recycling rate of 2.3%.

No penalties were imposed by the competent authority for violations of environmental regulations in 2024.



Friendly Workplace

FocalTech values employee rights and interests, and is committed to building a friendly and equal work environment based on gender equality policies and a workplace culture of mutual respect. The Company offers market-competitive remuneration and benefits, and implements a variety of talent development measures to improve employee engagement and commitment for the organization's stable operation.

In terms of human resources management, FocalTech has established a systematic management process to provide educational training focused on specialized skills and competence development to help employees continuously improve their workplace competitiveness. To promote positive labor-management relations, the Company holds regular labor-management meetings to establish a communication platform based on harmony and mutual trust to encourage two-way communication and demonstrate responsiveness to employee feedback.

In regards to occupational safety and health management, FocalTech promotes safety and health measures in accordance with ISO 45001 standards to continuously improve management efficiency, reduce occupational safety risks during operations, and ensure employees' physical and mental health. With the implementation of a sound management system, the Company continuously supports employees' professional and personal development, and at the same time promotes the organization's stable operation and sustainable development.

5.1 Talent Foundation

Human Rights Protection

To create a human rights-based work environment, FocalTech follows the principles of the Universal Declaration of Human Rights, UN Global Compact, UN Guiding Principles on Business and Human Rights, the International Labor Organization's Declaration of Fundamental Principles and Rights at Work, and other related international human rights conventions for protecting basic human rights. The Company is dedicated to fulfilling the following commitments: Respecting freedom of association; caring for vulnerable groups; prohibiting child labor; eliminating all forms of forced labor and employment discrimination; ending human rights violations; promoting gender equality; and treating all employees fairly.

FocalTech is committed to inclusive recruitment and employment practices by adhering to the principles of fairness and openness without discrimination based on gender, age, race, religious beliefs or political affiliation to ensure every employee's equal employment opportunity. We have also formulated internal management directions in accordance with domestic labor and human rights laws and regulations to rigorously safeguard employee rights and interests.

To increase human rights awareness, FocalTech regularly promotes human rights and fair labor practices among all employees (including new hires and current employees), and incorporates the human rights policy into new employee educational training. In 2024, 61 participants completed the human rights educational training in Taiwan, and 40 participants completed the training in FocalTech mainland China subsidiaries. Through these trainings, we deepened employees' human-rights-related understanding and practices.

To ensure the effective implementation of the human rights policy, FocalTech has established reporting mechanisms that provide employees with a secure channel where they can report such issues. In addition, a dedicated department is responsible for receiving and investigating reports, and ensuring confidentiality and non-retaliation for whistleblowers. The Company was not implicated in any human rights violations in 2024.

In addition, to cooperate on customers' audits, FocalTech conducts regular human rights risk identification and assessment to identify potential risks and take response measures in a timely manner, thereby reducing the impact on corporate operations and reputation and continuously strengthening the Company's human rights governance system.

Employee Statistics

FocalTech is a high-tech specialized IC design company that requires expert personnel for our operations. Since talent cultivation is a difficult endeavor, the Company strives to reduce staff turnover and achieve talent sustainability through well-established benefits system and friendly work environment.

As required by the nature of the IC design industry that needs long-term and stable human resources investment, the majority of the Company's workforce are non-fixed term contract personnel (i.e. permanent employees). The sustainable employment pattern offered by FocalTech allows employees to feel secure at work when being backed with financial stability.

As of 2024, FocalTech had 850 employees in Taiwan and our overseas business locations, including 3 foreign-national employees, and 5 expatriate employees. By creating a friendly work environment, the Company attracts outstanding talent and collaborates with personnel to achieve diversity and inclusion in the workplace.

Diverse Workforce Backgrounds Please refer to Appendix 5 for employee statistical data.

5.2 Remuneration and Benefits

Management Policy	
Material Topic	Remuneration and Employee Benefits
Policy direction	FocalTech regards employees as the Company's valuable assets, and provides employees with a secure work environment and good compensation and benefits for them to enjoy working and the benefits offered by FocalTech.
Core goal	FocalTech is committed to providing excellent working conditions and offering competitive compensation and benefits to attract and retain talent.
Achievements	<p>Benefits and programs administered by the Employee Welfare Committee:</p> <ul style="list-style-type: none"> Welfare benefits (marriage & baby allowances, hospitalization subsidies, funeral allowances), birthday gifts, festival bonuses, travel allowances, and club support funds. Company activities and discounts offered by designated stores The Group's 2024 total employee benefit expenditure was NT\$60,564,527 (covering weddings, celebrations, funeral and hospitalization subsidies, club activity expenses, work parties, festival events, etc.)
Action plans	<ul style="list-style-type: none"> Remuneration Policy Group insurance/employee health examinations A variety of benefits and programs administered by the Employee Welfare Committee
How handled	
Resource investment	Employee Welfare Committee; all employees.
Feedback mechanisms	Employee needs survey and salary surveys against peer companies.
Evaluation mechanism	Satisfaction survey
Future Plans	
Goal for 2025	Continue benefit measures and programs to enhance employee well-being and demonstrate the Company's commitment to our workforce to maintain a satisfaction score of 80% or higher.

FocalTech conducts employee salary adjustments based on each year's operating goal achievement status and the Company's overall profit performance, and is committed to providing compensation packages that surpass local legal and market standards. To ensure that employees' work performance can be recognized through individual compensation and career advancement opportunities, the Company conducts regular performance evaluations and career development reviews, then adopts the results as an important reference for individual promotion and career advancement.

To facilitate employees' professional advancement and diverse development, FocalTech determines employee salaries based on individual's specialized skills, education level/work experience, tenure (years of service) and competence, with no discrimination

based on gender, physical or psychological differences. By providing diverse career development opportunities, the Company encourages employees with technical skills to advance further in their specializations, and prepare those with management potential for supervisory roles. The Company also shares business achievements with those who have accumulated years of service and industrial experience at the Company to ensure employees' financial well-being and long-term economic security, and further reinforce organizational cohesiveness and employees' sense of belonging.

In terms of the remuneration system, FocalTech has formulated salary benchmarking mechanisms by considering job and role categories as well as employee tenure. The same set of benchmarks apply to male and female workers. Subsequent salary adjustments are made based on job content and individual employee performance, with no discrimination based on gender factors. With respect to entry-level employee compensation, standard salaries for the Company's non-managerial personnel (both male and female) are above local statutory minimums.

In addition, FocalTech has established our Employee Welfare Committee in accordance with the Directions on Employee Welfare Committee Establishment and Operations. The Committee holds regular meetings to discuss and implement a variety of benefit measures for employee well-being enhancement, and organizes a variety of activities to promote physical and mental health and positive interactions among employees to reinforce workplace cohesiveness.

Compensation ratio by position level and gender in 2024

Position Category	Taiwan		Mainland China	
	Female	Male	Female	Male
General employees	1	1.27	1	1.17
Managerial personnel	1	1.45	1	1.19

Note: The average salary of female employees is used as the denominator for calculation.

Employee Benefits

Benefits Category	Benefits Program	Description
Statutory benefits	Labor Insurance and National Health Insurance	Employees are enrolled in insurance on the day they come on board, as required by law.
	Pension contribution	In accordance with the new labor pension system, all employees contribute 6% of their monthly wages to their pension account from the day they come on board.
	Annual leave	In accordance with the Labor Standards Act, employees are entitled to paid annual leave based on their length of service, and can schedule their entitled annual leave in advance.
	Parental leave and maternity leave	Quantity of leave is in accordance with local laws and regulations.
	Pregnancy checkup leave, pregnancy checkup accompaniment leave, and paternity leave	Quantity of leave is in accordance with local laws and regulations.
	Regular health examination	A company-wide employee health examination is held annually.
Benefits offered by the Company (including the	Bridge holiday	The Company provides paid leave in excess of statutory requirements.
	Year-end bonus	The Company provides employees with a year-end bonus, equal to two months' pay, depending on Company operating status.

Benefits Category	Benefits Program	Description
Employee Welfare Committee)	Festival gift vouchers	Employees who have served the Company for at least three months receive gift vouchers 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 subsidies, hospitalization funds, and birthday gift vouchers.
	Company trips	Annual company trips to domestic/overseas locations.
	Club activities	Club activities and gym use.
	Festival activities	Festival activities in accordance with the yearly plan (for example, Mid-Autumn Festival BBQ, Engineers' Day, Family Day, <i>tangyuan</i> glutinous rice balls for winter solstice, etc.).
	Work party allowances	Two meal gatherings every year to enhance relationships and exchanges between departmental employees.
	Employee stock ownership	After having served in the Company for three months, employees are eligible to allocate a set percentage of their salary to purchase Company stock. The Company also provide matching funds equal to the employee's allocated amount to purchase the Company's stock, then deposits the stock into the employee's account.
	Group insurance	Group insurance includes term life insurance/accident insurance/critical illness insurance.
	Health clinic/nursing room	Employee care facilities are provided.
	Employee cafeteria	Comfortable dining area is provided.
	Gym/yoga room	Multiple fitness facilities and a yoga studio are available.
Friendly environment in the science park	Shuttle service/convenience store/clubhouse/Park activity center/gym/swimming pool	A wide range of convenient services are provided to companies in the Park.

Note: Taiwan region.

Mainland China Employee Benefits

Benefits Category	Benefits Program	Description
Statutory benefits	Five Insurances & One Fund	Pension insurance; health insurance; maternity insurance; unemployment insurance; work-related injury insurance; Housing Provident Fund
	Statutory leave	Paid annual leave; maternity leave; caregiver leave; funeral leave; marriage leave; breastfeeding leave; paid leave for only children hospitalized parent care; etc.
	Year-end bonus	The Company provides employees with a year-end bonus, equal to one month's pay, depending on Company operating status.
Benefits offered by the Company	Festival gift vouchers	Gift vouchers for Lunar New Year, Dragon Boat Festival and Mid-Autumn Festival
	Company trips	Annual company trips to domestic locations.
	Club activities	Club activities and gym use.
	Festival activities	Festival activities in accordance with the yearly plan

	(for example, Mid-Autumn Festival BBQ, Engineers' Day, Family Day, <i>tangyuan</i> glutinous rice balls for winter solstice, etc.).
Work party allowances	Two meal gatherings every year to enhance relationships and exchanges between departmental employees.
Group insurance	Group insurance includes accident insurance/critical illness insurance.
Regular health examination	A company-wide employee health examination is held annually.

5.3 Parental Leave

FocalTech values gender equality and supports employees in balancing work and family responsibilities by offering parental leave to help employees achieve a healthier work-life integration. In 2024, 17 employees (13 male, 4 female) in Taiwan were eligible for unpaid parental leave, and four of them (1 male, 3 female) applied for and took the leave. In 2024, one employee returned to work after unpaid parental leave. The 2024 return and retention rates were both 100%.

Although the Company does not implement the unpaid parental leave system in our Mainland China business locations, parental care measures are taken in accordance with local laws.

Unpaid Parental Leave Statistics

Item	Gender	2022	2023	2024
Number of employees entitled to unpaid parental leave	Male	25	5	13
	Female	3	10	4
	Total	28	15	17
Number actually applying for unpaid parental leave	Male	0	1	1
	Female	1	2	3
	Total	1	3	4
Number supposed to return to work	Male	0	1	0
	Female	2	2	1
	Total	2	3	1
Number actually returning to work	Male	0	0	0
	Female	1	2	1
	Total	1	2	1
Return rate	Male	0%	0%	0
	Female	50%	100%	100%
	Total	50%	67%	100%
Number having returned to work for one year or longer	Male	0	0	0
	Female	1	1	2
	Total	1	1	2
Retention rate	Male	0%	0%	0
	Female	50%	100%	100%

Item	Gender	2022	2023	2024
	Total	50%	100%	100%

Note: Employees not reinstating did so due to personal career planning. A blank indicates that the denominator is 0 and cannot be calculated.

5.4 Retirement Plan

To ensure employees financial security and well-being in retirement and inspire employees dedication at work, FocalTech has formulated the Directions on Employee Retirement Management in accordance with the Labor Standards Act to outline the conditions, payment standards, application procedures, and other related issues related to employee retirement. We also have an Employee Pension Supervisory Committee, as required by law; this Committee allocates pension funds on a monthly basis, and deposits the funds under the Committee's name into a dedicated account at the Bank of Taiwan. If the dedicated account balance estimated by the end of the year is insufficient to pay workers who are eligible for retirement in the following year, a one-time lump sum is allocated by the end of March the following year to cover the shortfall. Following the Labor Pension Act's implementation on July 1, 2005, employees covered by the Labor Standards Act can choose to either continue being under the Labor Standards Act's pension system (old system), or transition to the Labor Pension Act's system (new system), with seniority under the old system being preserved. For employees under the new pension system, the Company allocates 6% of their monthly salaries to their individual labor pension accounts.

With respect to the retirement plan and system adopted in Mainland China subsidiaries, the Company pays pension insurance contributions on a monthly basis for employees, in accordance with China's national laws and local governmental regulations. These contributions are split between the Company and employees, with the Company paying 16% and the employee 8% of the employee's salary. These payments are made to the local social insurance agency, along with other required social insurance premiums. When an employee reaches the statutory retirement age, the Company assists the employee in applying for retirement to the social insurance agency for the agency to review and grant the basic pension (retirement) benefits. Employees start to receive their basic pension benefits in the month after their officially-approved retirement date.

5.5 Workplace Safety

Management Policy	
Material Topic	Occupational safety and health
Policy direction	A happy enterprise with no occupational accidents.
Core goal	Actively and continuously strive to create a safe and secure working environment for all workers.
Achievements	<ul style="list-style-type: none"> ● New employee training, 3-hour occupational safety and health education and training every three years for current employees, and refresher training for occupational safety and health certificates in accordance with laws and regulations. ● In 2024, the number of work-related injuries was zero; SR=0, and FR=0
	<ul style="list-style-type: none"> ● Continue to maintain the ISO 45001 management system. ● Implement the occupational safety and health management system. ● Conduct in-plant hazard identification and risk assessment. ● Continue to develop operational control standards. ● Formulate a target plan on occupational safety and health.
Action plans	<ul style="list-style-type: none"> ● Continue to maintain the ISO 45001 management system. ● Implement the occupational safety and health management system. ● Conduct in-plant hazard identification and risk assessment. ● Continue to develop operational control standards. ● Formulate a target plan on occupational safety and health.
How handled	
Resource investment	<ul style="list-style-type: none"> ● Conduct annual internal and external audits to achieve effective systems management. ● Assigned 10 members of the Occupational Safety and Health Committee (5 ex-officio members and 5 labor representatives)
Feedback mechanisms	<ul style="list-style-type: none"> ● Establish communication channels for worker consultation and participation, such as physical suggestion boxes and email complaint channel on the intranet. ● Hold quarterly Occupational Safety and Health Committee meetings.
Evaluation mechanisms	<ul style="list-style-type: none"> ● Form an internal audit team to perform ISO 45001 self-assessments. ● Commission an independent third-party verification body to conduct ISO 45001 audits.
Future Plans	
Goals for 2025	<ul style="list-style-type: none"> ● Carry out all legally-required programs, across the board. ● Strengthen drills in response to a variety of emergency incidents, to enhance employee response capabilities. ● Increase the number of health promotion seminars to maintain employee physical and mental health. ● Strengthen onsite environmental management to maintain zero-occupational accident record. ● Maintain Badge of Accredited Healthy Workplace accreditation.

FocalTech implements occupational safety and health management systems to provide a healthy work environment and ensure worker safety. We are committed to providing customers with high-quality and safe products and services that comply with laws, regulations and standards, preventing occupational accidents, and implementing health promotion programs to create a friendly workplace and fulfill our corporate social responsibility.

FocalTech has established specialized, dedicated departments to be responsible for establishing and implementing ISO 45001 occupational safety and health management systems. The Environmental and Occupational Safety and Health Policy has also been formulated to convey our commitment to complying with government and regulatory requirements to continuously prevent pollution through sustainable improvement measures, and achieve the goal of zero occupational accident and preset ESH performance targets. In addition to regular internal employee occupational safety risk identification, the Company also commissions collaborative certification service providers to carry out regular onsite audits, and makes audit results available to our customers. The new office in Zhubei has been ISO 45001-certified since 2023, and is inspected annually by external auditors to review the effectiveness of the

Company's management system operations. This initiative benefits 100% of FocalTech's employees and outsourced workers (outsourced workers accounting for 6 people) in Taiwan.

FocalTech goes beyond regulatory requirements by conducting annual health examinations for all employees. We collect information on employee age, work and lifestyle patterns, and working environment characteristics, which are compared and analyzed with the health examination results to get the correlation between health risks and work. Employees who are identified as high risk receive health assessments and recommendations from on-site health service physicians on unreasonable workload, maternal health protection, prevention of human-induced hazards, consultation on infectious disease prevention and control, and protection against unlawful violations. We employ full-time, dedicated occupational health nurses to provide regular follow-up and care services, aiming to reduce the risk of major illnesses among employees and to assess potential occupational hazards. On a case-by-case basis, we offer individual health guidance and education to employees with abnormal health examination results by on-site occupational physicians, and arrange necessary medical assistance when required.

FocalTech implements a comprehensive occupational health and safety plan, which includes the following initiatives:

Occupational Health and Safety Policy

Make continuous improvement, get all employees to participate, and comply with laws and regulations, with employees safety and health as the top priority.

Occupational Safety and Health Guidelines

1. Commit 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. Commit to meeting regulatory and other requirements.
4. Eliminate risks and reduce occupational safety and health risks.
5. Commit to making continuous improvement of the occupational safety and health management system.
6. Commit to consultation and participation of workers and worker representatives.

Occupational Safety and Health Committee

In accordance with Article 23 of the Occupational Safety and Health Act, FocalTech has established a 10-member Occupational Safety and Health Committee which is responsible for planning and coordinating occupational safety and health related affairs, as well as reviewing and deciding on the implementation status of occupational safety and health of the plant. The Committee holds meetings every year to discuss 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 may submit their 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 set up for 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 filing a complaint or making an appeal.

Workplace Hazard Identification

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 in accordance with hazard factors, and finally determining their risk levels. After the assessment, the medium and high hazard risks are included as controls, and improvement measures are formulated and tracked regularly.

Occupational Safety and Health Training

Occupational safety and health training achievements in Taiwan

Training Course		Description	Achievement
New Employee Occupational Health and Safety Training		3-hour training session for each new employee	61 participants, totaling 183 training hours
Fire Evacuation Training		Fire self-defense drills	115 participants, totaling 460 training hours

Fire evacuation training



Occupational safety educational training conducted in Mainland China subsidiaries:

- Annual fire evacuation drills.
- Quarterly safety inspection for hazard correction.
- Monthly fire safety equipment/facility inspections.

Occupational accident statistics

There were zero incidents of injuries among FocalTech employees during work in 2024. In the event of an emergency, the Company will follow the accident investigation process to conduct thorough investigations and handle the situation accordingly.

5.6 Health Promotion

Employee Health Management

FocalTech values employee physical and mental health, and regards it as the foundation of the Company's steady progress and sustained innovation. To build a healthy workplace, the Company follows the Labor Health Protection Regulations and occupational safety laws and regulations, and utilizes health examination data analysis techniques and national-level health promotion resources to promote a series of health management and promotion programs that cover dimensions such as health

examinations, health consultations, irregularity tracking, Healthy Workplace Accreditation, exercise/sports promotion, etc.

1. Health examinations and health anomaly management

FocalTech conducts employee annual health examinations at a frequency that exceeds statutory requirements, and incorporates the employees who have served in the Company for three months into the health examinations. The number of employees eligible for health examinations in 2024 was 431; of these, 423 completed examinations, for a completion rate of 98.1%. The statutory deadlines have also not yet passed for the 8 employees who did not undergo examinations.

To achieve health monitoring and early detection, the Company also cooperates with government policies and Zhubei Health Center to promote the screening for four cancers:

26 individuals were screened for colorectal cancer, with 3 showing abnormal results.

33 individuals were screened for oral cancer, with 5 showing abnormal results.

People with abnormalities were informed by the Zhubei Health Center and the Company's health center to do follow-up monitoring and care.

9 people screened as having severe abnormalities (4 people with cardiovascular abnormalities, 3 for blood, 1 for liver cancer index, and 1 for X-rays) were identified in the 2024 health examinations. They were all informed and received consultation from physicians, for a follow-up care rate of 100%. The examination results are well managed by specialized medical personnel, and are kept confidential as required by the Personal Information Protection Act. Results of health examinations over the years also serve as a basis for subsequent health promotion planning.

2. Onsite physician health consultation services

As required by law, the Company must provide one session of onsite physician services every three months. For practical reasons and the importance of employee well-being, FocalTech voluntarily raised the service frequency in 2024 by providing one health consultation session every two months. There were 32 employees attending the sessions and receiving physician consultations in 2024.

3. Abnormal workload and ergonomic hazards prevention

To prevent the possible impact on employees physical and mental health caused by abnormal workload and ergonomic hazards, the Company continuously promotes regular health examinations and risk identification in accordance with laws and regulations, and standardizes the practice as one of the routine health management measures. Risk grading and analysis, along with individual follow-up monitoring are conducted for roles involving shift work, night work, long working hours, and other high-workload positions. In addition, ergonomic hazards identification and care mechanisms are also activated for employees performing tasks involving repetitive motions, awkward postures, or other risk factors.

4. Maternal health protection

FocalTech has developed maternal health protection plans based on maternity protection laws and regulations to provide workplace risk assessments and health consultations for pregnant and breastfeeding employees. There were three employees entering the prenatal period in 2024, for whom environmental assessments and physician consultations were all completed. The Company launched the Pregnancy Pack project on January 23, 2024. Three employees applied for and received the packs.

The project content has been modified based on the suggestions given by the Northern Region Inspection Office to ensure the system's compliance with regulatory requirements.

5. Workplace health and exercise/sports promotion

To promote a healthy workplace culture, FocalTech has obtained workplace health certifications from the following government agencies:

Health Promotion Administration, MOHW: Healthy Workplace Accreditation – Accredited Healthy Workplace Badge (valid January 2023 to December 2025)

Sports Administration, MOE: Workplace Sports Enterprise Certification (valid 2023 to 2025)

The Company organized a variety of health promotion activities focused on weight management campaign, brisk walking competition, vision care, and other related health topics based on annual health examination results to enhance employees' health awareness and self-management capabilities. In addition, the Company offers a variety of clubs and facilities to cater for different interests. 7 sports and recreational clubs – Yoga Club, Basketball Club, Badminton Club, Dance Club, Health Qigong Club, Boxing Aerobics Club, and Intellectual Voice Club – help employees maintain physical and mental health. A free-to-use gym is also provided to help employees regulate stress and enhance physical and mental well-being.

6. Tobacco hazards prevention measures

To create a smoke-free work environment, smoking in any of the Company's indoor places is prohibited. No-smoking signs are also placed at entrances and other appropriate locations. No ashtrays or other related items are provided in any office areas. In addition, the administrative department provides freely accessible smoking cessation manuals for employees, to encourage voluntary quitting and foster healthy behaviors.



Smokefree & Health Promotion



Workplace Sports Enterprise Certification

Club Activities

Club Title	Activity Time
Badminton Club	Every Monday and Tuesday, 18:00–20:00
Basketball Club	Every Monday and Wednesday, 18:45–21:45
Yoga Club	Every Thursday, 18:10–19:30
Low-impact Aerobics Club	Every Tuesday, 12:10–13:10
Dance Club	Every Monday, 18:30–20:00
Health Qigong Club	Every Thursday, 12:30–13:30
Boxing Aerobics Club	Every Wednesday, 18:30–19:30
Intellectual Voice	Seminars and events are held occasionally
Gym	Free to use

Health Promotion Activities

To strengthen employees' awareness of healthy lifestyles, FocalTech organizes engaging and practical health activities every year based on the results of annual health examinations and employee needs. In 2024, we promoted two key activities: Weight management competition, and a walking challenge. The activities aimed to encourage participation in physical activities and promote healthy dietary habits for enhanced physical and mental well-being.

1. Weight management competition

This activity aimed to enhance employees' health awareness and body management ability by emphasizing the prevention of chronic diseases through proper diet and regular exercise. The campaign period was May 6, 2024 until July 26, 2024. The competition scoring was based on a combination of factors: weight loss percentage, reduction in body fat percentage, and participation in health seminars.

Achievement Summary:

- The campaign attracted 19 registered teams and 87 individuals, for an overall 20% participation rate.
- 14 teams and 64 individuals completed the final result measurements.
- Total weight lost was 198.9 kg, with an average weight loss of 3.1 kg per person and a weight loss percentage of 4.03%.
- Total body fat went down by 154.3, for an average body fat reduction rate of 8.34%.



2. Health walking challenge: “Move your feet, improve your health”

This activity aimed to encourage employees to adopt a healthy lifestyle by integrating regular brisk walking into daily routines. The activity period was June 1 to July 31, 2024. Participants needed to track their steps for two months and submit their step counts and corresponding photos as proof within a designated timeframe.

Achievement Summary:

- A total of 54 individuals participated in the activity, achieving a participation rate of about 12%.
- The average daily step count for participating employees was 9,353 steps, showing an increase of 1,868 steps compared to the 2023 average.

3. Health seminars

Nutrition & exercise seminars

月份	講座	主題	參與人數
5月28日	營養講座	外食救星! 正確飲食・讓減肥增肌事半功倍!	71位
6月19日	運動講座	對抗油脂大作戰・減重動態運動課程!	67位



Essential oils for stress relief at home



5.7 Employee Communication

Management Policy	
Material Topic	Employee Communication
Policy direction	Foster positive labor-management relations, and allow employees to feel comfortable expressing their opinions without fear of retaliation.
Core goal	Goal: Cultivate a positive communication culture where employee opinions are effectively heard and addressed to achieve zero labor disputes or follow-up complaints. Target: Four labor-management meetings and a communication meeting with the Chairman every year.
Achievements	Four labor-management meetings and six cross-level communication meetings were held in 2024.
Action plans	The Chairman shared updates on the Company's current situation and future strategies with employees through birthday parties, and encouraged employees to raise questions and suggestions to reinforce mutual trust and interaction in the workplace. These interactions not only enhance employees' understanding of the Company's direction, but also promote better communication channels and ultimately strengthen team bonds. In addition, two-way communication is facilitated through labor-management meetings and interdepartmental communication meetings. Employee concerns, regardless whether they're raised publicly or anonymously, are handled in a fair, confidential, and prompt manner.
How handled	
Resource investment	All employees
Feedback mechanisms	Employee complaint channels, employee mailbox, and labor-management meetings
Evaluation mechanisms	Number of meetings and feedback completion rate
Future Plans	
Goals for 2025	<ul style="list-style-type: none"> Regular labor-management meetings The Chairman communicates the Company's latest situation and operation status to employees through birthday parties to alleviate employee concerns about uncertain business operations and benefits planning

Smooth communication between labor and management can facilitate labor-management cooperation, and allows employees to understand the Company's operating plans, business status and market conditions. It also helps management to gain timely insights into employees' working conditions, thereby building a friendly workplace that prioritizes employee well-being. As a law-abiding enterprise, FocalTech ensures that our HR and administrative practices adhere to the employment laws of every country and region where we operate. The Company holds at least one labor-management meeting every quarter as required by law to foster collaboration and manage employee relations. The regular communication empowers employees to voice concerns and advocate for better working conditions, ultimately enhancing their overall standing within the company.

FocalTech has established multiple communication pathways, such as labor-management meetings, welfare committee meetings, new employee support system, wellbeing resources sharing platform, etc. to build a bridge for conversation between the two sides. Through two-way communication, employees can feel free to share their opinions, and the Company can effectively respond to the feedback and translate suggestions into actionable policies. FocalTech has maintained stable labor-management relations with no disputes in recent years.

As required by labor laws and regulations, in the event of major operational changes that impact employee rights, FocalTech complies with the labor laws by providing advance notice and clear explanations to employees. For employees whose labor rights are affected or job conditions are changed, FocalTech complies with both the Labor Standards Act and the Act for Worker Protection of Mass Redundancy by providing prior notice before terminating a labor contract. To encourage employees to express their workplace concerns and any grievances or unhappiness at work, we have established diverse mechanisms for communication and complaint, and ensures all personal information is handled with care.

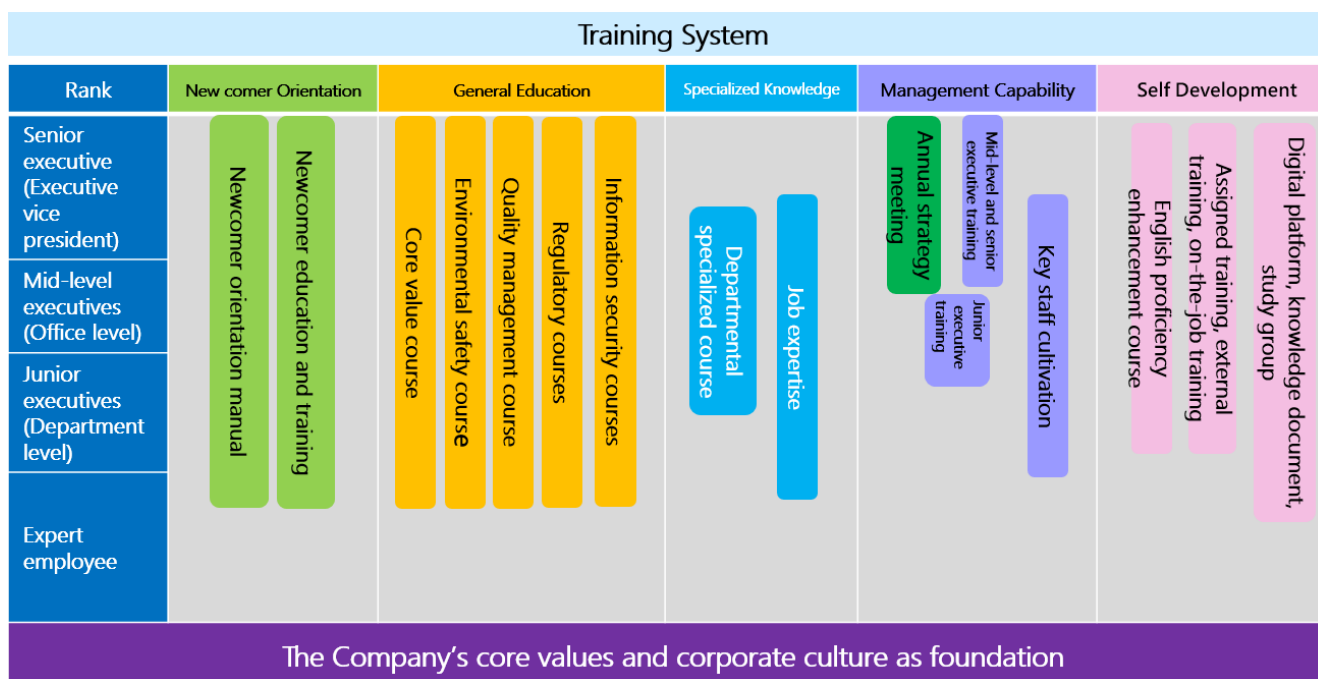
5.8 Talent Cultivation

Management Policy	
Material Topic	Talent Cultivation and Training
Policy	Provide appropriate training for different employees to cultivate specialized talent and enhance the direction Company's competitiveness.
Core goal	The average training hours per employee reaches 10 hours.
Achievements	<ul style="list-style-type: none"> The average training time per employee in 2024 was 14.39 hours. The focus of the Company's 2024 educational training was technical and specialized training, which saw a 17.4% increase in participation over 2023; we added 12 courses, for a 410-hour boost in overall training time.
Action plans	<ul style="list-style-type: none"> The 2024 education and training plans were developed based on feedback from employee questionnaires and the needs identified by department supervisors. The training department planned and arranged courses which are designed to improve work-related performance for employee to enhance their skills and knowledge at work. Build a complete education and training framework by offering scheduled training courses every month to develop employee expertise. The FocalTech e-Learning Platform fosters a self-directed learning environment that facilitates extended learning through a learning model that is not restricted by time and space, and can re-utilize course resources to achieve maximum benefit.
How handled	
Resource investment	All employees; educational training platform, and introducing external training resources.
Feedback mechanisms	Training feedback surveys and interviews with supervisors.
Evaluation mechanisms	Compile training hour summaries/supervisor training verification/verification via online systems.
Future Plans	
Goals for 2025	<ul style="list-style-type: none"> Average training hours per employee reaches 10 hours. Conduct annual supervisor educational training (for junior, mid-level, and senior executives).

Talent Cultivation Actions

FocalTech spares no effort in talent cultivation and development, and is committed to providing employees with an open and diverse learning environment. In addition to developing a comprehensive training system for new and current employees, the Company also takes measures to continuously enhance individual specialized competence and maximize employee satisfaction. Employees can also pursue continuous improvement by participating in internal/external training, seeking mentorship and guidance from supervisors or peers, or regularly accessing company books for intellectual enrichment. FocalTech's educational training objectives and framework are closely aligned with the Company's core values and strategic development needs. A tiered approach is adopted by categorizing training targets into senior management, mid-level management, junior management, and general employees. There are also training blueprints and complete training plans developed for all departments, to enhance department members' specialized competence, management capabilities, and more. Through a variety of job competence training programs, new employee can be quickly integrated and team cohesiveness can be enhanced. In addition, the Company also arranges opportunities for senior employees to transfer their practical experience to junior employees. Senior employees are also encouraged to step out of their comfort zones to learn new skills and improve their competitiveness to ensure the continuation of valuable experience.

In accordance with FocalTech's Education and Training Management Procedure, the Company implements annual training programs which are designed to equip employees with the specific competence and skills needed for company development. The four major training course groups are as follows:



The FocalTech e-Learning Platform allows employees to select courses from four course categories: Newcomer Training, General Education Courses, Management Knowledge, and Specialized Knowledge. The Company also makes in-person courses available online for employees to acquire new knowledge in a flexible way without being restricted by time and place. With a complete training platform, employees can effectively and systematically manage their learning portfolios, receive thorough on-the-job training, and access to valuable resources. The platform also plays an important role in delivering information and knowledge in a real-time manner to facilitate knowledge transfer within the Company, and provide a real-time communication channel for interdepartmental collaboration. We continually updated these courses, to improve employee skills and cultivate employee overall potential, and in hopes that our investment in talent cultivation will drive continuous improvement and success for FocalTech.

2024 Training Hour Statistics – Taiwan

Position	Hours		Participants		Average Hours	
	Male	Female	Male	Female	Male	Female
General employees	2,767.5	1,162.5	227	65	12.19	17.88
Junior executives	1687.5	247	99	13	17.05	19.00
Mid-level executives	472	42.5	34	2	13.88	21.25
Senior executives	39.5	0	6	0	6.58	N/A
Total	4,966.5	1,452	366	80	13.57	18.15

FocalTech's Mainland China Talent Cultivation Plans

1. Training system and development blueprint

We have developed the Start an IC Spark talent cultivation system based on the organization's development goals and each job's phased competence needs, which encompasses the learning pathways and specific capability advancement blueprints for all employees ranging from newcomers to senior executives. The major training initiatives include:

- **Starting Your IC Journey Camp:** Designed for new employees to facilitate their quick integration into the workplace
- **Lighting Your IC Passion Camp:** Designed to cultivate talent with core potential
- **Navigating Your IC Path Camp:** Designed to cultivate junior supervisors for stronger management foundation
- **Keeping the IC Spark Going Camp:** Designed to strengthen technical workforce
- **Spark the IC Future Camp:** Strategic and leadership training for mid-level and senior executives
- **I C Far Into the Future Camp:** Providing continuous learning opportunities and fostering forward-thinking for high-level decision-makers

This training system is developed around a viewpoint of "Looking at the now with an eye to the future". It promotes connections between talent development and organizational tactics, step by step.

2. Diversified internal training and knowledge transfer

In addition to external learning resources, FocalTech's Mainland China subsidiaries are also committed to building an internal learning architecture by exploring and training internal lecturers to construct an exclusive knowledge exchange platform that encompasses the following themes:

FocalTech Forum, FocalTech Micro Classroom, and FocalTech Internal Training Course: Focused on the exchange and transfer of specialized knowledge and practical experience.

Parent Hour and FocalTech Study Group: Encouraging holistic development and work-life balance.

2024 Training Hour Statistics – Mainland China

Position	Hours		Participants		Average Hours	
	Male	Female	Male	Female	Male	Female
General employees	1,593.5	418.5	375	111	4.25	3.77
Junior executives	483.5	101.5	120	28	4.03	3.63
Mid-level executives	828	293.5	106	41	7.81	7.16
Senior executives	184	43	8	3	23	14.33
Total	3,089	856.5	609	183	5.07	4.68

5.9 Performance Evaluation

FocalTech provides opportunities for employees to demonstrate their individual skills and abilities, in hopes that our team will put their specialized competence to use in achieving the company’s strategic goals. To implement employee performance evaluation, FocalTech’s HR department sets up performance indicators and conducts performance interviews and evaluations to review individual employee’s performance on a bi-annual basis in accordance with the Company’s Performance Management Regulations. Performance evaluation aims to improve individual capabilities and facilitate the overall success of the organization by assessing individual employee performance for further development and career advancement. Employees who are underperforming receive performance feedback from their supervisors, enabling them to identify their performance gaps. Supervisors and employees then work together to develop a plan with clearly defined indicators and evaluation criteria to enhance performance.

FocalTech’s performance evaluation is conducted in accordance with the Performance Management Regulations based on the principles of transparency and fairness without being influenced by gender, age, religion, or other factors not related to job performance. The evaluation mechanism allows employees and their supervisors to gain a clear understanding of individual job targets and the organization’s overall strategic direction, and ensures all employees are treated fairly and given equal opportunities for promotion.

Performance Evaluation Mechanism

Mid-term Evaluation				Year-end Evaluation			
Assess the first half-year performance against the initial project targets, and adjust or determine the second half-year work plan and targets via one-to-one discussion.				Conduct one-to-one communication to offer feedback on employees’ annual performance, and inform employees of their performance evaluation results. Meanwhile, help employees understand their performance, strengths, and opportunities for development to enhance individual performance and achieve the organization’s goals.			

Taiwan

Position Category	Male			Female			Total		
	Subtotal	Evaluated personnel	Percentage	Subtotal	Evaluated personnel	Percentage	Total	Evaluated personnel	Percentage
Managerial personnel		104	30%		12	15%		116	27%
Non-managerial personnel	351	247	70%	79	67	85%	430	314	73%
Total		351	100%		79	100%		430	100%

As indicated by the results of 2024 employee performance evaluation, 96.4% of employees received performance and career development reviews. Persons who did not participate in performance evaluations included employees who had not yet served in the Company for three months, and massage therapists.

Mainland China

Position Category	Male			Female			Total		
	Subtotal	Evaluated personnel	Percentage	Subtotal	Evaluated personnel	Percentage	Total	Evaluated personnel	Percentage

Managerial personnel		63	17%		16	4%		79	21%
Non-managerial personnel	295	229	61%	80	62	17%	375	291	78%
Total		292	78%		78	21%		370	99%

Giving Back to Society

FocalTech aims to achieve social inclusion and sustainability through ESG practices to fulfill our corporate social responsibility. We have supported the Children Are Us Foundation for two years in a row by encouraging employees' donations and engaging in a variety of public welfare actions. To create a friendlier environment for people with disabilities to pursue career development and employment opportunities, the Company organized charity sale activities, engaged in volunteering services, and carried out environment improvement projects in 2024 to demonstrate FocalTech's commitment to social inclusion.

In terms of social responsibility (S) practices, the Company encouraged employees to support the Children Are Us Foundation's charity sale activities. This helps enhance the visibility of creative work by people with intellectual disabilities at the shelter workshop, and creates more sales opportunities for them. In addition, the Company invited our volunteer team provides support to people with intellectual disabilities as they do needlecraft at the Foundation's workshops. This encourages interaction and communication between people with disabilities and the general public, and helps build a culture of inclusion and mutual respect.

With respect to environmental sustainability (E) practices, to improve shelter workshops' work environment, the Company encouraged volunteers to participate in the Warm Heart Room renovation project; through assisting in flooring installation and bookcase assembly, volunteers provide people with intellectual disabilities with safer, more comfortable spaces to work and rest in. Improved workshop facilities mean better safety and user-friendliness in the work environment, and thus providing better care for people with disabilities.

These actions not only demonstrate corporate social responsibility (CSR), but also manifest the spirit of ESG. We hope that our long-term commitment can promote social engagement and independent development for people with disabilities, to build a more inclusive and sustainable future.



Fundraising to support the Children Are Us Foundation; we collected NT\$207,000 in donations.



NT\$47,911 went to purchasing Children Are Us Foundation biscuit gift boxes.



Appendix 1: GRI Content Index

Statement of Use	FocalTech Systems Co., Ltd. has followed the GRI Standards to publish the 2024 Sustainability Report, with the scope of data/information covering the period from January 1, 2024 to December 31, 2024.
GRI 1 Standards	GRI 1: Foundation 2021
Applicable GRI Sector Standards	FocalTech operates in the semiconductor industry, so there are no specific GRI industry standards available at present.
Note	Topics marked with an asterisk (*) are material topics.

Topic	Disclosure Item	Disclosure Content	Chapter	Page	Omission/ explanation
GRI 2: General Disclosures 2021					
Organization and reporting	2-1	Organizational details	1.1 Company Overview	18	
	2-2	Entities included in the organization's sustainability reporting	About this Report	1	
	2-3	Reporting period, frequency and contact point	About this Report	1	
	2-4	Restatements of information	About this Report	1	There is no restatement in this report.
	2-5	External assurance for the report	About this Report	1	
Activities and workers	2-6	Activities, value chain and other business relationships	3.2 Sustainable Supply Chain	46	
	2-7	Employees	5.1 Talent Foundation	58	
	2-8	Workers who are not employees	5.1 Talent Foundation	58	
Governance	2-9	Governance structure and composition	1.1.2 FocalTech Organizational Structure	21	
	2-10	Nomination and selection of the highest governance body	1.3 Board of Directors Operations	25	
	2-11	Chair of the highest governance body	1.3 Board of Directors Operations	25	
	2-12	Role of the highest governance body in overseeing the management of impacts	1.3 Board of Directors Operations 1.5 Risk Control and Management	25 36	
	2-13	Delegation of responsibility for managing impacts	1.3 Board of Directors Operations 1.5 Risk Control and Management	25 36	
	2-14	Role of the highest governance body in sustainability reporting	1.1.2 FocalTech Organizational Structure	21	
	2-15	Conflicts of interest	1.3 Board of Directors Operations	25	
	2-16	Communication of critical concerns	1.3 Board of Directors Operations	25	
	2-17	Collective knowledge of the highest governance body	1.3 Board of Directors Operations	25	
	2-18	Evaluation of the performance of the highest governance body	1.3 Board of Directors Operations	25	
	2-19	Remuneration policies	1.3 Board of Directors Operations	25	
	2-20	Process to determine remuneration	1.3 Board of Directors Operations	25	
	2-21	Annual total compensation ratio	The highest individual total annual compensation is disclosed in the annual report		Median employee compensation is a trade secret.

Topic	Disclosure Item	Disclosure Content	Chapter	Page	Omission/ explanation
Strategy, policies and practice	2-22	Statement on sustainable development strategy	Message from the Chairman	2	
	2-23	Policy commitments	Sustainable Management Strategies	8	
	2-24	Embedding policy commitments	Sustainable Management Strategies	8	
	2-25	Processes to remediate negative impacts	1.3 Board of Directors Operations 1.5 Risk Control and Management	25 36	
	2-26	Mechanisms for seeking advice and raising concerns	1.3 Board of Directors Operations	25	
	2-27	Compliance with laws and regulations	1.4 Ethical Management	34	The Company has established the Internal Material Information Disclosure Handling and Insider Trading Prevention Management Operation Procedures, the Corporate Governance Best Practice Principles, and other internal control systems. The Company received no penalties due to violations of laws or regulations.
	2-28	Membership of associations	1.1.3 Membership of Associations	22	
Stakeholder engagement	2-29	Approach to stakeholder engagement	Stakeholder Identification and Communication Channels	9	
	2-30	Collective bargaining agreements	—		The Company has neither formed a labor union nor signed any collective agreements.

Topic	Disclosure Item	Disclosure Content	Chapter	Page	Omission/ explanation
GRI 3: Material Topics 2021					
Material Topic	3-1	Process to determine material topics	Material Issue Identification and Impact Boundaries	11	
	3-2	List of material topics	Material Issue Identification and Impact Boundaries	11	

FocalTech-specific Material Topics				
Material Topic	Disclosure Item	Chapter	Page	Omission/explanation

Corporate governance	3-3 Management of material topics	1.3 Board of Directors Operations	25	
Risk management	3-3 Management of material topics	1.5 Risk Control and Management	36	

Material Topic GRI Index

Business Performance					
Topic	Disclosure Item	Disclosure Content	Chapter	Page	Omission/ explanation
GRI 3: Material Topic	3-3	Management of material topics	1.2 Business Performance	23	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	1.2 Business Performance	24	
	201-3	Defined benefit plan obligations and other retirement plans	5.2 Remuneration and Benefits	59	
	201-4	Financial assistance received from government	1.2 Business Performance	24	

Product Quality					
Topic	Disclosure Item	Disclosure Content	Chapter	Page	Omission/ explanation
GRI 3: Material Topic	3-3	Management of material topics	3.1 Firm Foundation	43	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	3.1 Firm Foundation	44	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.1 Firm Foundation	44	

Sustainable Supply Chain					
Topic	Disclosure Item	Disclosure Content	Chapter	Page	Omission/ explanation
GRI 3: Material Topic	3-3	Management of material topics	3.2 Sustainable Supply Chain	45	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	3.2 Sustainable Supply Chain	49	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	3.2 Sustainable Supply Chain	46	
	308-2	Negative environmental impacts in the supply chain and actions taken	3.2 Sustainable Supply Chain	47	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	3.2 Sustainable Supply Chain	46	
	414-2	Negative social impacts in the supply chain and actions taken	3.2 Sustainable Supply Chain	47	

Energy and Greenhouse Gas Emissions Management					
Topic	Disclosure Item	Disclosure Content	Chapter	Page	Omission/ explanation
GRI 3: Material Topic	3-3	Management of material topics	4.2.1 Energy Management	53	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	4.2.1 Energy Management	54	
	302-2	Energy consumption outside of the organization	—		Incomplete access to information. The external energy consumption includes both upstream and downstream suppliers of the value chain, and such information on energy consumption cannot be obtained.
	302-3	Energy intensity	4.2.1 Energy Management	54	
	302-4	Reduction of energy consumption	4.2.1 Energy Management	54	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.2.3 Greenhouse Gas Emissions	55	
	305-2	Energy indirect (Scope 2) GHG emissions	4.2.3 Greenhouse Gas Emissions	55	
	305-3	Other indirect (Scope 3) GHG emissions	4.2.3 Greenhouse Gas Emissions	55	
	305-4	GHG emissions intensity	4.2.3 Greenhouse Gas Emissions	55	
	305-6	Emissions of ozone-depleting substances (ODS)	—		Not applicable. FocalTech is not a manufacturer, and does not use any refrigerants or raw materials containing ozone depleting substances, nor does FocalTech emit gases such as nitrogen oxides and sulfur oxides.
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	—		

Climate Change					
Topic	Disclosure Item	Disclosure Content	Chapter	Page	Omission/ explanation
GRI 3: Material Topic	3-3	Management of material topics	4.1 Climate Change Risks and Mitigation Strategies	50	
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	4.1 Climate Change Risks and Mitigation Strategies	50	

Remuneration and Employee Benefits					
Topic	Disclosure Item	Disclosure Content	Chapter	Page	Omission/ explanation
GRI 3: Material Topic	3-3	Management of material topics	5.2 Remuneration and Benefits	58	
GRI 401: Employment 2016	401-1	New employees and resigned employees	Appendix 5	82	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2 Remuneration and Benefits	58	
	401-3	Parental leave	5.3 Parental Leave	60	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Appendix 5	82	
	405-2	Ratio of basic salary and remuneration of women to men	5.2 Remuneration and Benefits	59	

Occupational Safety and Health					
Topic	Disclosure Item	Disclosure Content	Chapter	Page	Omission/ explanation
GRI 3: Material Topic	3-3	Management of material topics	5.5 Workplace Safety	62	
GRI 403: Occupational Health and Safety 2018 Management Policy	403-1	Occupational safety and health management system	5.5 Workplace Safety	62	
	403-2	Hazard identification, risk assessment and incident investigation	5.5 Workplace Safety	63	
	403-3	Occupational health services	5.5 Workplace Safety	64	
	403-4	Worker participation, consultation and communication on occupational safety and health	5.5 Workplace Safety	63	
	403-5	Worker training on occupational safety and health	5.5 Workplace Safety	63	
	403-6	Promotion of worker health	5.6 Health Promotion	64	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.5 Workplace Safety	63	

	403-8	Workers covered by an occupational safety and health management system	5.5 Workplace Safety	62	
	403-9	Work-related injuries	5.5 Workplace Safety	64	
	403-10	Work-related ill health	5.5 Workplace Safety	64	

Talent Cultivation					
Topic	Disclosure Item	Disclosure Content	Chapter	Page	Omission/ explanation
GRI 3: Material Topic	3-3	Management of material topics	5.8 Talent Cultivation	68	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	5.8 Talent Cultivation	69	
	404-2	Programs for upgrading employee skills and transition assistance programs	5.8 Talent Cultivation	70	
	404-3	Percentage of employees receiving regular performance and career development reviews	5.8 Talent Cultivation	70	

Other Self-initiated Disclosure

Topic	Disclosure Item	Disclosure Content	Chapter	Page	Omission/ explanation
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	1.4 Ethical Management	34	
	205-2	Communication and training about anti-corruption policies and procedures	1.4 Ethical Management	34	
	205-3	Confirmed incidents of corruption and actions taken	1.4 Ethical Management	34	
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	5.7 Employee Communication	67	

Appendix 2: SASB Index

Topic	Code	Accounting Indicator	Indicator Category	Report Contents	Note
Greenhouse Gas Emissions	TC-SC-110.a.1	(1). Gross global Scope 1 emissions (2). Total emissions from perfluorinated compounds	Quantitative	(1). 4.2.3 Greenhouse Gas Emissions (2). This indicator does not apply to FocalTech.	

Topic	Code	Accounting Indicator	Indicator Category	Report Contents	Note
	TC-SC-110.a.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	Qualitative description	4.2.3 Greenhouse Gas Emissions	
Energy Management in Manufacturing	TC-SC-130.a.1	(1). Total energy consumed (2). Percentage: Grid electricity (3). Percentage: Renewable energy	Quantitative	(1). 4.2.1 Energy Management (2). Purchased electricity accounts for 100% of total electricity consumption. (3). Not yet using renewable energy.	
Water Management	TC-SC-140.a.1	Total water withdrawn and percentage of water withdrawal in regions with high or extremely high baseline water stress Total water consumed and percentage of water consumption in regions with high or extremely high baseline water stress	Quantitative	4.2.2 Water Management	The Company is not a manufacturing business, and none of our operating locations are within regions with high or extremely high baseline water stress.
Waste Management	TC-SC-150.a.1	Amount of hazardous waste from manufacturing and percentage recycled	Quantitative	4.2.4 Waste Management	
Employee Health & Safety	TC-SC-320.a.1	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards	Qualitative description	5.5 Workplace Safety	
	TC-SC-320.a.2	Total amount of monetary losses as a result of legal proceedings associated with employee safety and health violations	Quantitative	1.4 Ethical Management	No violations of regulations occurred in 2024.
Recruiting & Managing a Global & Skilled Workforce	TC-SC-330.a.1	Percentage of employees that are (1) foreign nationals, and (2) located offshore	Quantitative	0.4%, with only 3 employees within the Group requiring a work visa.	

Topic	Code	Accounting Indicator	Indicator Category	Report Contents	Note
Product Lifecycle Management	TC-SC-410.a.1	Percentage of products by revenue that contain IEC 62474-declarable substances	Quantitative	3.2 Sustainable Supply Chain	The specified revenue was zero as the Company's products were all below the IEC62474 reporting thresholds.
	TC-SC-410.a.2	Processor energy efficiency at a system level for: (1) servers, (2) desktops, and (3) laptops	Quantitative	—	Not applicable, as FocalTech is not an end-product manufacturer.
Materials Sourcing	TC-SC-440.a.1	Description of the management of risks associated with the use of critical materials	Qualitative description	3.2 Sustainable Supply Chain	
Intellectual Property Protection & Competitive Behavior	TC-SC-520.a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative	1.4 Ethical Management	There were no monetary losses due to legal proceedings in 2024.

Appendix 3: Climate-related Information for TWSE/TPEX Listed Company

Risks and opportunities for the Company associated with climate change and countermeasures taken

Item	Report Contents
1. Describe the Board's and the Management's supervision and governance for climate-related risks and opportunities.	4.1 Climate Change Risks and Mitigation Strategies
2. Describe how the identified climate risks and opportunities affect the company's business, strategy and finance (short-, medium- and long-term).	4.1 Climate Change Risks and Mitigation Strategies
3. Describe the financial impact of extreme climate events and transition actions.	4.1 Climate Change Risks and Mitigation Strategies
4. Describe how to incorporate climate risk identification, assessment and management procedures into overall risk management systems.	4.1 Climate Change Risks and Mitigation Strategies
5. If scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts being used must be explained.	Scenario analysis has not been used.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets adopted to identify and manage physical risks and transitional risks.	Transition plan for managing climate-related risks has not been formulated.
7. If internal carbon pricing is adopted as a planning tool, the basis for price-setting must be stated.	Internal carbon pricing has not been implemented.

<p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year must be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantify of carbon credits or RECs to be offset must be specified.</p>	<p>Climate-related targets have not been set.</p>
<p>9. GHG inventory and assurance</p>	<p>4.2.3 Greenhouse Gas Emissions</p>

Appendix 4: Sustainable Disclosure Indicators for Semiconductor Industry

No.	Indicator	Indicator Category	2024 Disclosure	Unit	Note
1	Total energy consumption, percentage of grid electricity, and renewable energy usage rate	Quantitative	1. 4.2.1 Energy Management 2. Purchased electricity accounts for 100% of total electricity consumption. 3. Not yet using renewable energy.	GJ, %	
2	Total water withdrawal and total water consumption	Quantitative	4.2.2 Water Management	Thousand cubic meters (m ³)	
3	The weight of hazardous waste from manufacturing, and the recycling percentage	Quantitative	4.2.4 Waste Management	Metric ton (t), %	
4	Explain the occupational accident categories, number of people being affected, and corresponding ratios	Quantitative	5.5 Workplace Safety	%, Number	
5	Disclosure of product life cycle management: Including weight of scrap products and e-waste, and percentage of recycling (Note 1)	Quantitative		Metric ton (t), %	
6	Description of the risk management associated with the use of critical materials	Qualitative description	3.2 Sustainable Supply Chain	N/A	
7	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative	0; there were no monetary losses related to legal proceedings.	Report currency	
8	Production volume of the main product under the company's product category	Quantitative		Varies by product type	

Note 1: Includes sale of scraps or other recycling treatment; descriptions must be provided.

Appendix 5: Additional Data and Statistics

Employee information by gender and by region

Taiwan			
Category	Male	Female	Total
Total number of employees	367	79	446
Permanent employees	365	78	443
Temporary employees	2	1	3
Non-guaranteed hours employees	-	-	-
Full-time employees	367	79	446
Part-time employees	-	-	-

Note: The above table does not include non-employees such as consultants and dispatched personnel.

Mainland China			
Category	Male	Female	Total
Total number of employees	324	80	404
Permanent employees	-	-	-
Temporary employees	-	-	-
Non-guaranteed hours employees	-	-	-
Full-time employees	324	80	404
Part-time employees	-	-	-

Non-employee Workers

Taiwan

Category	Scope of services (work type)	Number	Contract conditions
Cleaning service provider	Office area cleaning	4	Signed by cleaning service provider
Security service provider	Office area access control and security checking	2	Signed by security service provider

Mainland China Subsidiaries

Category	Scope of services (work type)	Number	Contract conditions
Cleaning service provider	Office area cleaning	4	Signed by cleaning service provider
Landscaping service provider	Maintenance of plants in all office areas	1	Signed by landscaping service provider

Employee Statistics (presented by position level, age, and gender)

Distribution of employees in 2024 (Taiwan)

As of December 31, 2024	Age	Gender	Number	Percentage
Managerial personnel	Below 30	Male	0	0%
		Female	0	0%
		Subtotal	0	0%
	30–50	Male	83	19%
		Female	11	3%
		Subtotal	94	21%
	Above 50	Male	22	5%
		Female	0	0%
		Subtotal	22	5%
General employees	Below 30	Male	62	14%
		Female	16	4%
		Subtotal	78	18%
	30–50	Male	183	41%
		Female	50	11%
		Subtotal	233	52%
	Above 50	Male	17	4%
		Female	2	0%
		Subtotal	19	4%

Note: The above table does not include non-employees such as consultants and dispatched personnel.

Distribution of employees in 2024 (Mainland China)

As of December 31, 2024	Age	Gender	Number	Percentage
Managerial personnel	Below 30	Male	1	0.2%
		Female	0	0%
		Subtotal	0	0.2%
	30–50	Male	70	17.3%
		Female	21	5.2%
		Subtotal	91	22.5%
	Above 50	Male	9	2.2%
		Female	0	0%
		Subtotal	9	2.2%
General employees	Below 30	Male	89	22%
		Female	22	5.4%
		Subtotal	101	27.4%
	30–50	Male	152	37.6%
		Female	38	9.4%
		Subtotal	190	47%
	Above 50	Male	4	1%
		Female	0	0%
		Subtotal	4	1%

Statistics on employee diversity

Employment of persons with disabilities	Male	5
	Female	1
	Total	6

Employment of foreign nationals	Male	3
	Female	0
	Total	3

Statistics on new and resigned employees

New and resigned employees in 2024 (Taiwan)

As of December 31, 2024	Age	Gender	Number	Percentage
New employees	Below 30	Male	18	4.0%
		Female	4	0.9%
		Subtotal	22	4.9%
	30–50	Male	24	5.4%
		Female	8	1.8%
		Subtotal	32	7.2%
	Above 50	Male	4	0.9%
		Female	1	0.2%
		Subtotal	5	1.1%
New employee percentage			13.2%	
Resigned employees	Below 30	Male	5	1.1%
		Female	1	0.2%
		Subtotal	6	1.3%
	30–50	Male	22	4.9%
		Female	9	2.0%
		Subtotal	31	7.0%
	Above 50	Male	3	0.7%
		Female	2	0.4%
		Subtotal	5	1.1%
Resigned employee percentage (Resignation rate)			9.4%	

New and resigned employees in 2024 (Mainland China)

As of December 31, 2024	Age	Gender	Number	Percentage
New employees	Below 30	Male	41	76%
		Female	4	7.4%
		Subtotal	45	83.4%
	30–50	Male	9	16.6%
		Female	0	0%
		Subtotal	9	16.6%
	Above 50	Male	0	0%
		Female	0	0%
		Subtotal	0	0%
New employee percentage				13.4%
Resigned employees	Below 30	Male	7	28%
		Female	2	8%
		Subtotal	9	36%
	30–50	Male	14	56%
		Female	1	4%
		Subtotal	15	60%
	Above 50	Male	1	4%
		Female	0	0%
		Subtotal	1	0%

As of December 31, 2024	Age	Gender	Number	Percentage
Resigned employee percentage (Resignation rate)				6.2%

Appendix 6: Third-party Assurance Statement



Independent Assurance Statement

To the Management and Stakeholders of FocalTech Systems Co., Ltd.,

DQS has been engaged by FocalTech Systems Co., Ltd. ("FocalTech") to provide independent assurance over the Sustainability Report 2024. The engagement took place in April 2025.

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

Scope of assurance and standards

The assurance encompassed the entire sustainability report and focused on all figures, statements and claims related to sustainability during the reporting period from January 2024 to December 2024.

The assurance engagement was performed with reference to the AA1000 Assurance Standard (AA1000 AS v3) and GRI Standards 2021 of Global sustainability standard board (GSSB), which consists of:

- Evaluating FocalTech's sustainability framework and processes using the inclusivity, materiality, responsiveness and impact criteria of the AA1000 AccountAbility Principles (AA1000 AP 2018).
- Evaluating the quality of the reported sustainability performance information – Economy, Environment and People (including Human Rights), the period from 1 January 2024 to 31 December 2024.
- The financial information is the same as the scope of the 2024 consolidated financial report of FocalTech Group. Non-financial information (such as Economy, Environment, People (including Human Rights): FocalTech Taiwan.
- FocalTech is responsible for the issuance, response, performance data, case studies and the information related to management sustainability related data and information systems.
- The report is with reference to the requirements of GRI Standards 2021.

Level of assurance

A Type 1 Moderate Level of assurance under AA1000AS v3 was provided for this engagement. Information and performance data subject to assurance is limited to the scope described above.

Limitations

The assurance did not cover financial data, the data of GHG emission, technical descriptions of

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buildings, equipment and production processes or other information not related to sustainability. The assurance engagement is not a compliance audit and does not assess or evaluate compliance with applicable laws and regulations.

Independence and Competences of the Assurance Provider

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

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

The management of FocalTech was responsible for the preparation of the sustainability data.

Assurance Methodology

The assurance procedures and principles used for this engagement were drawn from the International Standard AA1000 AS and methodology developed by DQS, which consists of the following steps:

1. Identifying statements and data sets, which are classified according to the relevant data owners and the type of evidence required for the verification process.
2. Reviewing the Sustainability Report to determine whether the material topics identified during our procedures have been adequately disclosed.
3. Carrying out interviews with key functional managers and data owners at FocalTech office in 12F, No. 23, Huanke 1st Rd., Zhubei City, Hsinchu County, Taiwan (R.O.C.).
4. Assessing the collected information and provide recommendations for immediate correction where required or for future improvement of the report content.

Evaluation of the adherence to AA1000 AccountAbility Principles

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

FocalTech identifies and communicates with stakeholders from regular business interactions. This process involves a thorough evaluation of interaction frequency, the level of mutual influence, and the significance of concerns shared between stakeholders and the company. It also takes into account industry norms and, following cross-departmental discussions and validations, options to maintain the stakeholder identification framework established in the prior year. To enhance precision and

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completeness in identifying key stakeholders and determining sustainability concerns, a more structured and systematic methodology is recommended.

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

FocalTech's ESG Development Team has chosen to retain the same materiality topics as the previous year. This decision was based on input from various departments, along with a review and analysis of industry development trends, updated regulations, operational strategies, and the risk environment. Moving forward, future reports should incorporate a more refined methodology to better identify significant issues.

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

FocalTech is responding to those issues that it has identified as material and demonstrates this in ESG performance indicators. The organization and its stakeholders can use the reported sustainability information as a reasonable basis for their opinions and decision-making. In accordance with the IFRS sustainability disclosure standards, it was recommended to use "Double Materiality" for the material topics disclosure in the future report.

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

FocalTech has implemented systems to monitor and measure its economy, environment and people (including human rights) impacts through selected performance indicators based on the GRI standards. A recommendation was made to establish a comprehensive and reliable sustainability data reporting framework focused on ecosystems.

Conclusion

On the basis of AA1000AS v3 type 1 moderate assurance engagement according to the above-listed criteria, nothing has come to our attention that causes us to believe that the disclosures within the scope of this assurance engagement are materially misstated. The processes for collecting and consolidating the data are structured in such a way as to enable independent verification.

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On behalf of the assurance team

July 5, 2025

Taiwan


Bob Chen

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