

# *FocalTech*



## **2023 ESG INSIGHT REPORT**



# SUSTAINABILITY VISION

FocalTech, an IC design company focused on human-machine interface innovation, believes that integrating corporate responsibility, environmental protection, and social well-being into our core values, alongside profitability, is essential for sustainable operations.

FocalTech's 2023 Sustainability Report was reviewed and validated by an independent third-party institution, DQS Taiwan Inc. The report has been prepared in accordance with the GRI General Reporting Guidelines 2021 edition and references SASB standards and the TCFD framework.

Mission	Strategy	Actions & Initiatives
<b>Stable Development</b>  <ul style="list-style-type: none"> <li>Leading the future of touch products</li> <li>Innovative display technology</li> <li>Go beyond visual</li> </ul>	<b>Corporate Sustainability and Robust Governance</b>	<ul style="list-style-type: none"> <li>Corporate Governance Evaluation</li> <li>Continuous enhancement of information security protection</li> <li>Continuous monitoring and control of risks</li> </ul>
	<b>Innovative Value Breakthrough</b>	<ul style="list-style-type: none"> <li>Smaller-size products with less energy consumption</li> <li>Reduced number of mask layers</li> <li>Wider promotion of IC integration for end-use applications</li> </ul>
	<b>Sustainable Prosperity with Partners</b>	Increasing carbon reduction efficiency together with major supply chain partners
	<b>Protecting the Green Environment</b>	<ul style="list-style-type: none"> <li>Net-Zero Emissions Goal by 2050</li> <li>Full adoption of the ISO14064-1</li> <li>Formulation of electricity/carbon reduction targets and programs each year</li> </ul>
<b>Sustainable Operations</b>  With the spirit of perseverance, beliefs in integrity, and a philosophy of innovation, FocalTech will fulfill our responsibilities to sustainability.	<b>Friendly Corporate Workplace</b>	Establishing the training-based individual development plans (IDP)
	<b>Giving Back to Society</b>	<ul style="list-style-type: none"> <li>Supporting semiconductor institutes</li> <li>Industry-academia collaboration programs with universities and colleges</li> <li>Activities for team building and caring for the underprivileged</li> </ul>

## ■ Certifications - Taiwan

Certification		Accreditation Body	Validity
ISO 9001	Quality Management System	TUV NORD	2021-2024
ISO 14001	Environmental Management System	TUV NORD	2023-2026
ISO 14064-1:2018	Greenhouse Gas Inventory	TUV NORD	2023
ISO 45001	Occupational Health and Safety	TUV NORD	2023-2026
ISO 26262	Functional Safety Management System	DEKRA Testing and Certification GmbH	2024-2027
ISO 27001	Information Security Management System	TUV NORD	2024-2027

## ■ Participation in Societies and Associations

IEEE	Video Electronics Standards Association (VESA)	Mobile Industry Process Interface (MIPI)	Universal Stylus Initiatives (USI)
Corporate Member	Member	Member	Member
Global Semiconductor Alliance (GSA)	Society for Information Display (SID)	Digitimes	
Member	Member	Member	



## PROTECTING THE GREEN ENVIRONMENT

In 2023, FocalTech conducted an analysis and evaluation following the TCFD framework and developed corresponding action plans as scheduled. We have also invested in a digital platform for carbon emission management, which incorporates emission information from all categories for effective control and tracking of data.

- Conduct climate change risk and opportunity assessment annually.
- Develop corresponding action plans based on the assessment results each year.
- Continuously monitor the effectiveness of the action plans.
- The Board of Directors oversees the planning and implementation through a dedicated supervision team.

### Goals & Achievement

Timeframe	Description	2023 Achievement
Short Term	Implement climate change risk and opportunity analysis and response measures in accordance with TCFD and Financial Supervisory Commission requirements.	☑
	For 2023 compared to 2022: a goal of 5% reduction in annual electricity consumption in Taiwan. <b>Achieved 20% reduction.</b>	☑
	For 2024 compared to 2023: a goal of 2% reduction in annual electricity consumption in Taiwan.	On Track
	Collect information on green certificates and green power.	Ongoing
	Pass the third-party verification of the ISO 14064-1 greenhouse gas inventory.	Ongoing
Medium-term	Pass the third-party verification of the ISO 14064-1 greenhouse gas inventory.	☑
	Establish a list of suitable suppliers for green power procurement.	Ongoing
Long-term	Continue to implement and evaluate energy-saving and carbon-reduction targets.	Ongoing
	Estimated purchase of green power will replace the current main electricity consumption in 2040, which will reduce the Scope 2 carbon emissions.	Ongoing
	Use renewable energy and increase the utilization rate of renewable energy.	Ongoing
	Achieve the Net Zero Emissions by 2050 goal.	Ongoing

### Climate Change Related Risk and Opportunity Analysis (TCFD)

In response to global warming and rising energy concerns, FocalTech began using the TCFD framework in 2022 to address climate-related risks and opportunities. The Sustainable Development Team develops strategies, while the Board oversees their implementation and effectiveness. For detailed risk identification and mitigation, opportunities analysis, please refer to page 54 of the 2023 FocalTech Sustainability Report.

## 2023 Short-, Medium- and Long-term Climate Risks

#	Climate Chage Risks	Financial Impact	Risk Level			Time Frame			
			Low	Mid	High	Short	Med.	Long	
Transition Risk: Policies and Legal									
R1	Increased carbon pricing	Operating costs increase, causing reduction in profitability		●			●		
R2	Strengthening emissions reporting obligations				●	●			
R3	Requirements and regulations for existing products and services			●			●		
Transition Risk: Technology									
R4	Replacement of existing products and services with low-carbon commodities			●				●	
R5	Costs of low-carbon technology transition (suppliers)			●				●	
Transition Risk: Market									
R6	Rising raw material costs				●			●	
Transition Risk: Reputation									
R7	Customer preferences			●				●	
Physical Risk: Acute									
R8	Increased severity of extreme weather events such as typhoons and floods			●				●	
Physical Risk: Long-term									
R9	Changes in rainfall (water) patterns and extreme changes in climate patterns				●			●	
R10	Average temperature rises				●				●
R11	Sea-level rises				●				●

## 2023 Short-, Medium- and Long-term Climate Opportunities

#	Climate Chage Opportunities	Financial Impact	Opportunity Level			Time Frame		
			Low	Mid	High	Short	Med.	Long
Resource Efficiency								
01	Reduction in water consumption and excess water consumption	Reduce operating costs to increase profitability	●				●	
02	Opting for more efficient suppliers			●			●	
03	Recycling			●			●	
04	Improving green energy used in buildings		●					●
05	Adopting more efficient transportation methods			●			●	

#	Climate Chage Opportunities	Financial Impact	Opportunity Level			Time Frame			
			Low	Mid	High	Short	Med.	Long	
Market									
06	Replacement of existing products and services with low-carbon commodities	Operating costs increase slightly, overall profit increases							
Product and Services									
07	Development of R&D and innovation in products and services								
Energy Source									
08	Adopting low-carbon energy								
Resilience									
09	Shift to decentralized energy								

## Significant Risks Identified

The assessment identified two major risks: **policy/legal risks** and **market risks**.



### Policy and Legal Risks

Strengthening emissions reporting obligations

For policy/legal risks, there is an increased obligation for emissions reporting. FocalTech has proactively scheduled a greenhouse gas inventory for 2024, with third-party verification planned for later in the year. They have also started assessing green energy purchases and set carbon reduction targets.



### Market Risks

Rising raw material costs

Market risk relates to rising wafer raw material costs. The EU's 2023 carbon tax trial has raised production, processing, and transportation costs, impacting operations. To mitigate this, FocalTech is reducing raw material use in R&D, increasing local procurement, and minimizing cost increases in materials and transport.

## Indicator and Target

FocalTech further sets goals based on the index projects formulated by TCFD climate risks and opportunities:

- Setting Net Zero Emissions by 2050 as the Company's goal; the Company is expected to start conducting an ISO 14064-1:2018 greenhouse gas inventory in 2024.
- Continue to reduce greenhouse gas emissions every year.

## Greenhouse Gas Emissions and Energy Management

FocalTech proactively conducts greenhouse gas inventory, hoping to understand the current situation and trends through inventory checks to take countermeasures in advance. Based on the ISO 14064-1:2018 standard, we set 2023 as the base year for greenhouse gas inventory and expect to pass third-party verification in 2024, which is earlier than the scheduled time set in the Sustainable Development Roadmap for TWSE-listed/TPEX-listed Companies by the Financial Supervisory Commission (FSC).

### Long-term goal of achieving Net-zero by 2025

For 2023, the inventory scope in was expanded to cover operating sites in Taiwan and Mainland China. However, due to the small number of employees in some of the operating sites (the United States, South Korea, etc.), they are not included in the scope of the inventory in 2023.

GHG Emissions	Unit	2022	2023
<b>Taiwan Total</b>		<b>1127.79</b>	<b>162,171.94</b>
Scope 1		87.98	46.19
Scope 2		1,039.81	833.87
Scope 3		-	161,291.88
<b>Other Regions Total</b>	Metric tons CO <sub>2</sub> e	<b>-</b>	<b>17,472.13</b>
Scope 1		-	1,659.84
Scope 2		-	292.57
Scope 3		-	15,519.72
<b>Combined GHG Intensity</b>	Metrics tons CO <sub>2</sub> e / NT\$ million revenues	<b>-</b>	<b>13.24</b>

Notes:

1. The operational control approach was adopted.
2. The types of greenhouse gases covered in the Center's inventory include carbon dioxide (CO<sub>2</sub>), CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, and others. Scope 1 emissions include fugitive emissions from fire extinguishers, refrigerators, freezers, and air conditioners. Scope 2 emissions are the electricity statistics of each operating sites. Scope 3 emissions are the transportation and distribution from downstream suppliers, employee commuting, and waste treatment from operating activities.
4. Global warming potential (GWP) refers to the GWP value stated in the IPCC Sixth Assessment Report published in 2021.
5. Scope 1 (Category 1) Direct greenhouse gas emissions: Refers to the Greenhouse Gas Emission Factor Management Table version 6.0.4, Environmental Protection Department of the Executive Yuan.
6. Scope 2 (Category 2) Electricity emission reference coefficient: Refers to the Electricity Emission Coefficient of 0.494 kilograms of carbon dioxide equivalent (CO<sub>2</sub>e) announced by the Energy Administration of the Ministry of Economic Affairs in 2023.
7. Scope 3 (Categories 3 and 4) other indirect emission factors: Refer to the national emission factors and the coefficients obtained from the plant development factors/quality balance.
8. Consolidated revenue in 2023 was NT\$13.568 billion.
9. The third-party verification of the greenhouse gas inventory in 2023 was completed later than the publication date of this report. The above data is based on the self-inventory data, and the final verification data will be updated in the following year's report after the third-party verification is completed.

## Energy Management

**Achieved 20% Energy Consumption Reduction (Over 5% Target)  
for 2023 compared to 2022.**  
**Target of 2% Energy Consumption Reduction in 2024 compared to 2023.**

FocalTech relocated to a self-owned office in June 2022, creating a more comfortable environment and allowing better control over energy-saving and carbon reduction measures. For the new office, NT\$7.4 million allocated for the automatic central monitoring system (PLC) that integrates electricity meters, UPS, HVAC, and IT room temperature and humidity controls; LED lighting; and circulation systems for the computer server room. This setup enhances energy monitoring and regulation, minimizing waste.

### Measures taken in Taiwan:

- Regulate the temperature and humidity with the automatic central monitoring system (PLC), with the temperature set at 24–25 in summer and 25–27 in winter.
- Set the energy recovery ventilation (ERV) to move outside air in to reduce indoor temperature in winter.
- Install ERV in the IT machine room to move the heat out to the office area for temperature reduction.
- Change to LED lighting to reduce electricity consumption by 35.27%.
- The windows in the west area are all installed with thermal insulation film and circulation fans. The temperature in the IT machine room is increased to 24 from 22°C.

Energy Consumption	Unit	2021	2022	2023
<b>Taiwan</b>	GJ	633.42	732.85	6,077
Taiwan Energy Intensity	GJ/m <sup>2</sup>	0.0868	0.0550	0.456
<b>Others</b>	GJ	-	-	1,847
Other Regions Intensity	GJ/m <sup>2</sup>	-	-	0.247

Through engineering improvements, awareness campaigns, and reduced usage of lights and water dispensers, **the Company achieved a 20% reduction in electricity consumption year-over-year, highlighting effective energy conservation. Achieving the 5% reduction goal set for 2023.**



## Water Resource Management

The Company's office operations do not involve product manufacturing, so no process water is used; only tap water is consumed for domestic purposes. There was no significant environmental impact or pollution incident in 2023. The Company will continue to promote water conservation and use water-saving products.

Offices in Taiwan have been relocated to within industrial parks, where water usage is managed and billed by the park management. Individual water meters for each unit are not installed. Therefore, there has been no data available since the second half of 2022.

## Waste Management

FocalTech, a fabless IC design company, focuses on R&D, design, and testing of integrated circuits. By optimizing material use, size, and performance, it aims to maximize resource sustainability. Waste and production costs are minimized through process improvements and non-polluting design. Manufacturing is outsourced to specialized foundries, with defective ICs managed for recycling. Certified vendors extract valuable metals from defective products, turning waste into reusable raw materials, thus conserving resources.

*No environmental penalties were imposed by the competent authorities in 2023*

The waste generated by FocalTech is classified as general industrial waste, which includes recyclable materials such as waste cartons and waste plastics, totaling 2.0012 metric tons.

Waste Management	Unit	2021	2022	2023
<b>Total Waste</b>		<b>4.233</b>	<b>3.468</b>	<b>2.001</b>
General Waste	Metric ton	3.234	2.796	1.533
Wafer Waste		0.999	0.672	0.468

Of the 0.468 metric tons of wafer waste, 9.76 kg was recycled gold, for a cyclical use rate of 2.09%.

## INNOVATIVE VALUE BREAKTHROUGH

### Clean Tech & Eco-Products

#### Display Driver IC (DDIC) Local Dimming Technology

FT7780, as the first automotive Bridge IC, aims at the LD (Local Dimming) market of 10" to 28" for automotive panel displays. The FT7780 is designed for in-vehicle displays, enhancing optical features like contrast ratio, grayscale, and resolution. It also supports differentiated human-machine interface (HMI) displays, aligning with automotive manufacturers' focus on integrating information and entertainment.

#### High Performance Touch Technology

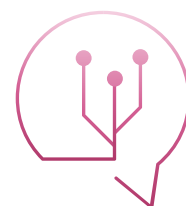
FocalTech's technology offers waterproof functionality, supports thick and multi-material gloves with high SNR technology, and **features low power consumption by efficiently switching between scanning modes, extending standby time with various operating modes (active, monitor, sleep).**

#### 3D Touch - Forced Touch

FocalTech's high-performance single-chip solution, combining display and capacitance voltage detection technologies, supports both multi-touch and multi-force touch, significantly reducing power consumption and system complexity.

#### POLED Displays for Mobile Devices

The POLED Touch IC (FT3681), used in the Moto Razr40 ultra, **boasts the industry's lowest power consumption, with plans to extend this efficiency across other products.** The smaller FT3383, based on FT3681, is optimized for 4-inch screens, **reducing size by 19% and minimizing use of packaging materials like compounds, PCBs, and gold wires.**



## Patents Acquired

2019	2020	2021	2022	2023
585	640	704	759	923

## FRIENDLY CORPORATE WORKPLACE

FocalTech prioritizes employee rights by fostering a safe, inclusive workplace with equal opportunities, gender equality, and mutual respect. We offer competitive salaries and benefits to retain talent and support steady company growth.

### Human Rights Protection

FocalTech prioritizes employee rights and human rights protections, adhering to international human rights standards such as United Nations Universal Declaration of Human Rights, United Nations Global Covenant, United Nations Guiding Principles for Business and Human Rights, the International Labor Organization's Declaration on Basic Principles and Rights at Work, and other human rights covenants. Additionally, we adhere to the internationally recognized basic human rights, including respecting the freedom of association of employees, caring for underprivileged groups, prohibiting child labor, eliminating forms of forced labor and discrimination in employment, and any infringements and violations of human rights, with the aims to guarantee gender equality and ensure fair treatment of all employees.



No Child Labor



No Forced Labor



Humane Treatment



Non-Discrimination Policy



Health and Safety



Occupational Safety



Emergency Preparedness



Integrity Management



Environment



Harmful Substances



Public Health and Accommodation

We ensure fair, open recruitment without bias toward gender, age, race, religion, or politics. FocalTech complies with labor laws, promotes human rights awareness, and provides a confidential complaint channel. We cooperate with customer audits on human rights risks and conduct regular reviews to proactively address potential issues. **New employee training includes human rights policies, with 50 participants in 2023.**

**No human rights violations were reported in 2023.**

### Employee Composition

FocalTech, a specialized IC design company, relies on highly skilled, stable talent for sustained success. To reduce turnover and support talent retention, we provide a robust welfare system and a friendly workplace. With 806 employees in 2023, including international staff, we foster a stable work structure that promotes economic security, talent development, and a diverse, inclusive environment.

Composition		2021		2022		2023	
		Full-time	Contractors	Full-time	Contractors	Full-time	Contractors
<b>Total Employees (excl. Dispatch)</b>		<b>434</b>		<b>420</b>		<b>806</b>	
<b>Gender</b>	Male	352	2	342	2	350	2
	Female	79	1	75	1	89	1
<b>Region</b>	Taiwan	431	-	414	3	428	3
	Overseas	3	-	3	-	375	-
Dispatched Workers		4		3		-	



## Employee Diversity & Inclusivity

	2022	2023
Employment of Persons with Disabilities	<b>Total</b>	<b>6</b>
	Male	5
	Female	1
Employment of Foreign Nationals	<b>Total</b>	<b>3</b>
	Male	0
	Female	0

## Employee Turnover (Taiwan & Mainland China)

Turnover	2021	2022	2023
<b>Turnover Rate %</b>	<b>21.50%</b>	<b>23%</b>	<b>11%</b>
<b>New Hires Total</b>	<b>128</b>	<b>88</b>	<b>81</b>
Male	101	69	64
Female	27	19	17
<b>Resigned Employees</b>	<b>88</b>	<b>98</b>	<b>89</b>
Male	71	77	76
Female	17	21	13

## Salary Structure

FocalTech bases employee compensation on annual target achievements and profitability, offering packages above local regulations and competitive in the market. All employees receive regular performance reviews, with results informing promotions and career growth, allowing specialists to advance professionally and those with leadership skills to move into management. Salary adjustments consider experience, education, and skills, without bias. Starting pay is equal across genders for equivalent roles and experience, with salaries for non-supervisory roles exceeding the minimum wage. This approach ensures financial stability, strengthens employee loyalty, and fosters a sense of belonging.

## Gender Pay Equality (Female:Male)

	2023
<b>Taiwan</b>	
General Employees	1 : 1.27
Supervisors	1 : 1.34
<b>Mainland China</b>	
General Employees	1 : 1.17
Supervisors	1 : 1.19

## Employee Benefits Beyond Legal Requirements

FocalTech has established an Employee Welfare Committee in accordance with the Labor Standards Act. The committee regularly convenes meetings to discuss ways to improve welfare measures and enhance employee benefits. Through periodic employee welfare activities, we aim to not only alleviate work-related stress for our employees but also foster positive interactions among employees. **In 2023, we allocated approximately NT\$53 million as employee welfare subsidies for all employees.**



## Statutory Welfare (Taiwan)

<b>Labor Insurance and National Health Insurance</b>	Employees are insured on the day they come on board as required by law.
<b>Pension contribution</b>	All employees are required to contribute 6% of their monthly wages to their pension account from the day they come on board.
<b>Annual leave</b>	In accordance with the Labor Standards Act, those who have served the Company for a certain period of time are entitled to a specific number of annual paid leaves, which can be used in advance.
<b>Parental leave and maternity leave</b>	Quantity of leave is in accordance with local laws and regulations.
<b>Pregnancy checkup leave, pregnancy checkup accompaniment leave, and paternity leave</b>	Quantity of leave is in accordance with local laws and regulations.
<b>Regular health examination</b>	A company-wide employee health examination is held annually.



## Additional Company Benefits (Taiwan)

<b>Bridge holiday</b>	Additional leaves provided by the Company in addition to statutory leaves.
<b>Year-end bonus</b>	The Company provides employees with a year-end bonus for two months depending on the operating condition.
<b>Festive gift vouchers</b>	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.
<b>Wedding, celebration, funeral, and hospitalization subsidies</b>	Include childbirth gift money, wedding gift money, funeral subsidy, hospitalization fund, and birthday gift voucher.
<b>Company trips</b>	Annual company trips to domestic/overseas locations.
<b>Club activities</b>	Club activities and the gym for use.
<b>Festive activities</b>	Festive events (e.g., Mid-Autumn Festival barbecue, Engineer's Day, Family Day, and Winter Solstice) are held in accordance with the annual planning.
<b>Meal gathering subsidy</b>	Two meal gatherings every year to enhance the relationship and the exchange between departmental employees.
<b>Employee stock ownership</b>	Employees who have served the Company for at least three months are allowed to purchase the Company's stock with a fixed percentage of their salary, and the Company will also allocate the same amount as the employees to their respective account for the additional purchase of stock.
<b>Group insurance</b>	Group insurance includes term life insurance/accident insurance/critical illness insurance.
<b>Health clinic/nursing room</b>	Employee care facilities are provided.
<b>Employee cafeteria</b>	Comfortable dining area is provided.
<b>Gym/yoga room</b>	Multiple fitness equipment and yoga studio are offered.
<b>Shuttle service / convenience store / clubhouse / park activity center / gym / swimming pool</b>	A wide range of convenient services are provided to companies in the park.

## Parental Leave

		2021	2022	2023
Reinstatement rate	Total	67%	50%	67%
	Male	0%	0%	0%
	Female	67%	50%	100%
Number of employees who have reinstated and worked for a year as of current year	Total	1	1	1
	Male	0	0	0
	Female	1	1	1
Retention Rate	Total	50%	50%	100%
	Male	0%	0%	0%
	Female	50%	50%	100%

## Retirement Plan

To ensure retirement stability and a supportive workplace, FocalTech established Employee Retirement Management Regulations under the Labor Standards Act, covering retirement conditions, payment standards, and procedures. The Employee Retirement Reserve Supervision Committee oversees monthly allocations to a dedicated retirement fund account. If funds are insufficient to meet projected retirements, the shortfall is covered by March of the following year.

Since July 1, 2005, employees can choose either the Old System (Labor Standards Act) or the New System (Labor Retirement Pension Act). Under the New System, FocalTech contributes 6% of employees' monthly salaries to individual labor insurance accounts for retirement savings.

## Employee Stock Ownership Program (ESOP)

All employees who have served the Company for at least three months are allowed to purchase the Company's stock with a fixed percentage of their salary, and the Company will also allocate the same amount as the employees to their respective account for the additional purchase of stock.

Additionally, in the past FocalTech has issued employee stock options and granted restricted stock to employees with vesting conditions.

## Occupational Health & Safety

FocalTech has established a dedicated department to implement the ISO 45001 Occupational Safety and Health Management System. Our policies align with regulatory standards, aiming to prevent pollution, ensure zero workplace accidents, and achieve EHS performance targets. Regular occupational health and safety risk assessments are conducted, with third-party audits by TUV NORD, ensuring system effectiveness. Our Zhubei office received ISO 45001 certification in 2023, benefiting 100% of FocalTech's Taiwan employees, including outsourced workers.

*There were zero incidents of injuries among the employees of FocalTech during work in 2023. LTIR is 0 for three consecutive years.*

We go beyond regulations by offering annual health exams, analyzing results to assess work-related health risks. High-risk employees receive tailored health assessments, guidance, and follow-up care from dedicated occupational health nurses and physicians, reducing illness risks and addressing potential hazards.

## 2024 Goals

- Fully implement all requirements stipulated in the laws and regulations.
- Strengthen emergency response drills to enhance employees' response ability.
- Increase the number of health promotion seminars to maintain the physical and mental health of employees.
- Strengthen on-site environmental management to maintain zero occupational accident.
- Extend the healthy working environment certificates.





## Occupational Safety and Health Committee

In line with Article 23 of the Occupational Safety and Health Act, FocalTech has formed a nine-member Occupational Safety and Health Committee to oversee and coordinate safety and health initiatives. Employees can share feedback with labor representatives or attend meetings, with open channels available to report emergencies or potential risks. FocalTech guarantees that employees are free from retaliation for submitting complaints or suggestions. **The Committee meets annually to review management, training, environmental monitoring, health promotion, and prevention efforts.**

## Occupational Health and Safety Training

FocalTech requires new employees to undergo 3-hour occupational safety and health education; and training every three years for current employees. Refresher training for occupational safety and health certificates are held in accordance with laws and regulations.







Training Courses	Description	Total Participants	Total Hours
<b>New Employee Occupational Health and Safety Training</b>	3-hour training session for each new employee	55	165
<b>Occupational Health and Safety Retraining</b>	Retraining for health and safety	8	41.5
<b>Fire Evacuation Training</b>	4-hour fire self-defense drills	80	320
<b>Pandemic Preparedness</b>	1-hour preparedness and simulation exercises	6	6

## Health Promotion and Maintenance

o support employee well-being, FocalTech has obtained the Healthy Workplace Certification (2023-2025) from the Ministry of Health and the Workplace Sports Enterprise Certification (2023-2025) from the Ministry of Education. Each year, we organize health-focused activities, for 2023, health promotion activities are as follows:

			
<b>Weight Loss Group Competition</b>	<b>Walking &amp; Step Counting Competition</b>	<b>Health Seminars</b>	<b>Physical Fitness Testing &amp; Body Composition Analysis</b>
72 Participants (24 Teams)	89 Participants	47 Participants (2 Seminars)	86 Participants

FocalTech also offers a wide array of ongoing health campaigns and initiatives:

	<b>Tobacco Control</b> We enforce a full indoor smoking ban, display "No Smoking" signs at all entrances, and provide no smoking-related items. Free smoking cessation manuals are available through the administrative department.
	<b>On-site Physicians</b> Health consultations are offered bi-monthly, with 23 employees using the service in 2023, including ergonomic guidance and on-site inspections.
	<b>Occupational Environment Monitoring</b> Measurements are taken every six months; 2022 results showed CO <sub>2</sub> , lighting, and other factors within normal ranges. Office temperature is adjustable by area.
	<b>Various Club Activities</b> Badminton, Basketball, Yoga, Low-impact Aerobics, Dance, Health Qigong, Boxing Aerobic, Intellectual Voice, and Gym.

## Employee Communication

*A total of 4 labor-management meetings and 3 cross-functional communication meetings were held in 2023, with a total of 463 participants.*

FocalTech also offers various communication channels, such as Employee Welfare Committee meetings, new employee care, and online platforms, enabling two-way feedback. This approach promotes a responsive workplace and helps translate employee suggestions into actionable policies. In recent years, **FocalTech has maintained harmonious labor relations with no disputes. FocalTech strives for 4 labor-management meetings and communication meetings with the Chairman every year.**

## Talent Cultivation

### 2023 Achievements

- **Total Training Courses:** Increased by 31.54% in 2023 as compared to 2022, a 12% increase of courses.
- **Training for Management and Leaders:** Increased by 8 courses in 2022, accounting for an additional 685.5 hours.
- **The Post-training Satisfaction Survey:** Both the Practicality and Job Assistance of the courses received satisfaction rates of 90% or higher.
- **Training Hours Per Person:** Increased by 4.63 hours in 2023 compared to 2022, with 15.95 hours.

Department-specific blueprints address specialized skills and management capabilities, helping new hires quickly integrate and fostering unity. Experienced staff pass down knowledge, while senior employees are encouraged to expand skills for ongoing competitiveness. FocalTech's Education and Training Management Procedure guides annual training programs focused on core competencies and company growth, structured into four main categories:

Senior Management	Strategic Leadership	<ul style="list-style-type: none"> <li>• Visionary leadership</li> <li>• Strategic leadership</li> <li>• Cross-center collaboration</li> </ul>
Middle Management	Organizational Leadership	<ul style="list-style-type: none"> <li>• Goal management</li> <li>• Key staff cultivation</li> <li>• Performance management</li> </ul>
Entry-level Management	Mission Leadership	<ul style="list-style-type: none"> <li>• Talent selection and cultivation</li> <li>• Team building</li> <li>• Execution</li> </ul>
General Employees	Personal Performance Technical Expertise Work Attitude	<ul style="list-style-type: none"> <li>• Problem solving</li> <li>• Proactive and active</li> <li>• Commitment to mutual trust</li> <li>• Achieving a win-win situation</li> <li>• Prioritizing the Company's interest</li> </ul>



### Training System

FocalTech's e-Learning Platform offers employees flexible access to New Employee Training, General Education, Management, and Specialized Expertise courses. Company-led courses are recorded for online access, enabling anytime, anywhere learning. The platform provides tools for employees to track and manage their learning progress, supports knowledge sharing, and fosters real-time discussions across departments. This approach enhances specialized skills, promotes collaboration, and drives continuous improvements in FocalTech's business performance through talent development.

## Training Metrics

### ● 2023 Training Hours for Personnel in Taiwan

Rank	Hours		Number of Participants		Average Number of Hours	
	Male	Female	Male	Female	Male	Female
<b>Total</b>	<b>5,280.5</b>	<b>1,581</b>	<b>351</b>	<b>79</b>	<b>11.19</b>	<b>29.98</b>
General Employees	3,017.5	1,243.5	217	64	13.91	19.43
Junior Executives	1,409.5	240	94	12	14.99	20.00
Mid-level and Senior Executives	748	97.5	33	3	22.67	32.50
Senior Executives	105.5	-	7	-	15.07	-

### ● 2023 Training Hours for Personnel in Regions Other than Taiwan

Type	Courses (Sessions)	Participants (Persons)	Time (Hours)
<b>Total</b>	<b>48</b>	<b>1,729</b>	<b>207.87</b>
Specialized knowledge training	11	419	38
General education training	14	471	42.17
Management capability training	23	839	127.7
Training hours per person on average		16.09	

## Performance Evaluation

FocalTech provides a platform for employees to showcase their talents and align their expertise with the Company's strategic goals. Following the Performance Management Policy, HR conducts biannual performance evaluations through interviews and assessments to support individual growth and career development. If performance standards aren't met, an improvement plan is created, with supervisors guiding employees on areas for enhancement. The evaluation process, based on transparency and fairness, ensures equal treatment regardless of gender, age, or religion, helping all employees understand their goals and advancing career opportunities equitably.

# SUSTAINABLE PROSPERITY WITH PARTNERS

FocalTech adheres to ISO 9001 standards to manage customer communication, order processing, technical support, complaint handling, and after-sales service, guided by its Customer Service and Complaint Management Procedures. In 2023, FocalTech held a major quality-focused event to boost quality awareness among employees, with 176 participants and a satisfaction rate of 92%.



## Customer Focus

*Short-, Mid-, Long-term Goal of 8.8, 9.0, and Top Score Respectively.*

FocalTech fosters strong customer relationships through regular satisfaction surveys, complaint monitoring, and feedback review. The annual satisfaction survey assesses quality, delivery, service, technical support, and overall experience. In 2023, FocalTech achieved an average satisfaction score of 8.44. **Although slightly lower than 2022, follow-up interviews revealed that staffing shortages impacted new product R&D timelines and specifications. To address this, additional R&D staff were hired with HR support, reinforcing FocalTech's commitment to continuous improvement.**





	2021	2022	2023
<b>Customer Satisfaction Survey Score</b>	<b>8.65</b>	<b>8.61</b>	<b>8.44</b>

Note: Scores are out of 10 points.

## ▀ Sustainable Supply Chain

In addition to requesting suppliers to focus on ESG issues, FocalTech works together with suppliers toward continuous growth, thereby fostering a sustainable supply chain relationship.

### Goals & Achievement

<b>Short-term Goal</b>	80% of key suppliers complete the internal training for ISO 14064 certification
<b>Mid-term Goal</b>	Key suppliers complete the greenhouse gas inventory
<b>Long-term Goal</b>	Key suppliers obtain ISO 14064 certification

Core Goals	Achievement		
	2021	2022	2023
<b>100% of new suppliers sign the Supplier Honesty and Integrity Commitment.</b>	✓	✓	✓
<b>100% of new suppliers sign the Corporate Social Responsibility Commitment.</b>	✓	✓	✓
<b>100% of new suppliers obtain ISO 9001 certification.</b>	✓	✓	✓
<b>100% of suppliers obtain ISO 14001 certification.</b>	89%	93%	93%
<b>Maintain suppliers complying with RoHS and REACH at 100%.</b>	✓	✓	✓
<b>100% of raw materials are purchased from smelters verified by the Global Sustainability Initiative.</b>	✓	✓	✓
<b>Complete the system audits for 100% of suppliers</b>	✓	✓	✓
<b>Complete internal training for ISO 14064 certification for 50% of key suppliers (2023 Goal).</b>	N/A	N/A	✓

### Supply Chain Management Strategies

*There were no significant changes in the supply chain due to violations of regulations in 2023.*

Suppliers must hold ISO 9001 certification, and certain enterprises are required to have ISO 14001 as per legal requirements. Compliance with ISO 45001, IECQ QC080000, and the Responsible Business Alliance (RBA) Code of Conduct is also mandated, with suppliers signing commitment letters. FocalTech actively encourages suppliers to uphold ethical practices, protect labor rights, maintain safe workplaces, and adopt environmentally friendly materials and processes, fostering shared commitment toward sustainable development.

### Supply Chain Management Procedures

The commitments of the supplier management strategy are completely established in the Supplier Evaluation Control Procedures, which are divided into four stages – in order, **Supplier Evaluation, New Product Introduction, Regular Management, and Continuous Improvement** – to achieve good supply chain management.

*No suppliers violated the Company's environmental or social evaluation criteria in 2023.*

## Supply Chain Management Flow

New Supplier Introduction	Qualified Suppliers for Mass Production	Unqualified suppliers
Basic information review	Quality management by objectives	Increase in supplier counseling and auditing
Production capacity review	Qualified supplier registration management	Reduction in orders
Quality system	Periodic audit	Removal from the Qualified Supplier List
New supplier audit	Quality review meetings	
Engineering item evaluation/validation	Change management	
Reliability review	Abnormality management	
Green product assurance and document review	Continuous improvement	
Integrity and non-use of conflict materials	Green product assurance renewal	
Focus on ESG issues	Maintain the non-use of conflict materials	
	Focus on ESG issues	



## Supplier Evaluations & Audits

### ● Initial On-site Supplier Evaluation

After approval of the Supplier Evaluation Application Form, an evaluation team from relevant departments conducts an on-site assessment. Using the Supplier Evaluation Scoring Table, the team evaluates the supplier's production capacity, quality management, compliance with environmental substance requirements, corporate social responsibility, and attention to ESG issues.

*No deficiencies were found for ESG-related items in 2023 on-site supplier evaluations.*

### ● Qualified Suppliers Information Requirements

Qualified suppliers must sign quality-related documents, including **Non-Use of Hazardous Substances Guarantee, FocalTech Quality Contract, and the Corporate Social Responsibility and Supplier Integrity Commitments in line with RBA standards**. These agreements reflect FocalTech's commitment to a safe, ethical workplace, labor rights, environmental protection, and sustainable development, while encouraging suppliers to uphold these same values.

**All key 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.

*For 2023, 100% of new suppliers signed the Corporate Social Responsibility Commitment; and all 30 key suppliers of COG packaging/testing plants and traditional testing plants obtained ISO 9001 certification (100% achievement rate.)*

### ● Annual Qualified Supplier Evaluation

An annual evaluation is conducted for each supplier with whom the Company has transacted and completed incoming inspections. Suppliers are given 30 days to address deficiencies identified during audits. In 2023, system audits were completed for 19 suppliers, with the main deficiencies related to environmental and social certifications. FocalTech will continue to require improvements in these areas.

### ● Annual Qualified Supplier Evaluation

In addition to an initial evaluation conducted on new suppliers, FocalTech also conducts periodic audit and review of existing suppliers in production every year to meet quality, cost, delivery and corporate social responsibility requirements. The audit items include a quality management system, environmental screening criteria (including compliance with green product management requirements and ISO 14001 environmental management system certification), and social screening criteria (the ISO 45001 occupational safety and health management system certification and the RBA social responsibility management).

Number and percentage of suppliers audited by FocalTech in 2023	
Number of suppliers in production	19
Number of audits completed on the above suppliers by a QSA	19
<b>Audit completion percentage</b>	<b>100%</b>



### Removal from the List of Qualified Suppliers

Suppliers who violate major laws (e.g., RoHS, labor, or ethics regulations), experience significant quality failures, or fail to meet evaluation standards for two consecutive quarters may be removed from the approved supplier list. The purchasing department will submit a request to the local president for removal, and the Company will seek a replacement. **No such incidents occurred in 2023.**

### Conflict Mineral Management

FocalTech complies with the Responsible Minerals Initiative (RMI) requirements of the Responsible Business Alliance (RBA) by requesting suppliers to submit a Conflict-Free Minerals Commitment to ensure non-use of raw materials extracted in conflict-affected areas and sign a Corporate Social Responsibility Commitment that includes the commitment of not using conflict minerals.

***The achievement rate on non-use of conflict minerals in 2023 was 100%.***

To ensure all raw materials used in FocalTech's products are sourced from smelters certified by the RMI:

- All suppliers are required to cooperate with the system audit that includes 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.
- Non-use of rare earth metals: Upstream suppliers of the specific product list are verified and none of them use rare earth metals.
- **FocalTech and our suppliers have established an identification and tracking mechanism to identify the origin of the products.**

### Hazardous Substances Management

FocalTech has established the Management Measures for Hazardous Substances, to ensure that our products comply with applicable laws and regulations on hazardous substances, Halogen free products: products without halogen substances, test item should include: RoHS hazardous substances and Br, Cl, such as the EU regulations (RoHS, REACH, and WEEE directives), as well as customer requirements. The raw materials, semi-finished products, finished products, packaging materials, auxiliary materials, consumables, and externally purchased items used in the design and manufacturing of our products are subject to compliance with this standard. Any substances or usage not specified in this standard but prohibited or restricted by FocalTech's customers or laws will be strictly adhered to based on customer demands and legal requirements.

***The 2023 achievement rate for non-use of hazardous substances or compliance with restricted usage (RoHS, WEEE, and REACH) was 100%.***

FocalTech has conducted a comprehensive material investigation for existing transaction materials from suppliers and requires all collaborating factories to cooperate and provide material content reports. This information serves as a necessary basis for FocalTech's personnel in selecting suppliers and materials.

### Percentage of FocalTech's Suppliers Obtaining Relevant Certifications

**Total Suppliers: 30 | Key Suppliers: 9 | New Suppliers in 2023: 2**

Definition of key supplier: A suppliers with whom FocalTech has transactions accounting for 70% or more of total transaction value in a year.



Economic		Environmental		Social		Commitment Signing	
ISO9001	IATF16949	ISO14001	QC080000	ISO45001	Social Responsibility Management RBA	Supplier Honesty and Integrity Commitment	Corporate Social Responsibility Commitment
<b>Total Suppliers</b> (30)							
100% (30)	77% (23)	93% (28)	57% (17)	77% (23)	17% (5)	100% (30)	100% (30)
<b>Key Suppliers</b> (9)							
100% (9)	100% (9)	100% (9)	89% (8)	100% (9)	33% (3)	100% (9)	100% (9)
<b>New Suppliers in 2023</b> (2)							
100% (2)	100% (0)	100% (2)	100% (0)	100% (0)	100% (0)	0% (0)	100% (2)

## Local Procurement

With rising environmental concerns, COP28 in 2023 aims for binding climate measures to limit global warming to 1.5°C and cut carbon emissions by 43-45% by 2030. FocalTech aligns with these goals in supplier selection, considering not only supply cycle, delivery timeliness, and costs but also the environmental impact of transporting raw materials. As many FocalTech customers are abroad, non-Taiwan suppliers now comprise 50% of the total, highlighting our commitment to local procurement practices.

Region \ Year	2021	2022	2023
Taiwan	48%	50%	48%
Other	52%	50%	52%

## Green Procurement

To advance green procurement and become a low-carbon enterprise, FocalTech emphasizes hazardous substance management and environmental risk control. Through green design, procurement, and production, we reduce environmental impact and support sustainability by prioritizing ISO14001-certified.

	Unit	2021	2022	2023
Green Procurement	%	99.58	99.96	99.94

Calculation on green procurement: Purchase amount with ISO 14001 certified outsourced suppliers/Total purchase amount with outsourced suppliers.

# GIVING BACK TO SOCIETY

Fulfilling our commitment to corporate social responsibility, FocalTech adheres to the principle of “what we take from society, we give back to society”, aiming to create a positive impact on society. We actively engage in local public affairs, leveraging our corporate influence to promote the idea of a shared society. Together, we strive toward a sustainable and better future for all.

## Academic Talent Cultivation

### Contributing to the Expansion of Taiwan's Semiconductor Talent Pool

FocalTech invested a total of NT\$6.65 million in academic-industry collaboration, accumulating NT\$15.38 million. We cooperated with universities in six projects to jointly cultivate semiconductor talents in Taiwan.

### Enterprise Symposium

A total of 103 master's and doctoral students from National Tsing Hua University's College of Semiconductor Research attended the symposium. The Director of Forward-Looking Technology and Marketing shared insights into FocalTech's IC design expertise, career development opportunities, and employee benefits. This multi-faceted presentation aimed to give students valuable guidance for their future career choices.

### Specialized Lecture: Introduction to Fingerprint Recognition Principles and Trends

FocalTech held an expertise-sharing session at National Tsing Hua University's College of Semiconductor Research, featuring the Director of Fingerprint Applications. He introduced FocalTech's leading fingerprint recognition technology and discussed its trends and applications, helping students connect academic theory with practical IC design to better prepare for careers in the semiconductor industry.



# CORPORATE SUSTAINABILITY AND ROBUST GOVERNANCE

## Organizational Chart



## Board of Directors

**FocalTech's Board is 50% Independent, with 12.5% Female Representation**

The FocalTech board consists of 8 directors, including 4 independent directors. A total of 7 board meetings were held in the past year, with an average attendance rate of 96.4%.

Title	Director	Representative	First Elected	Gender	Audit Committee	Remuneration Committee	2023 Board Attendance
Chairman	<b>Genda Hu</b>		2015	<b>M</b>			100%
Director	GWAA LLC	<b>Han-Ping Hsieh</b>	2015	<b>M</b>			100%
Director	GWAA LLC	<b>Jason Lin</b>	2023	<b>M</b>			100%
Director	Acer Incorporated	<b>Jason Chen</b>	2022	<b>M</b>			71%
Independent Director	<b>Chin-Tay Shih</b>		2015	<b>M</b>		C/100%	100%
Independent Director	<b>Chan-Jane Lin</b>		2015	<b>F</b>	C/100%	M/100%	100%
Independent Director	<b>Hsing-Chien Tuan</b>		2023	<b>M</b>	M/100%		100%
Independent Director	<b>Jim Lai</b>		2023	<b>M</b>	M/100%	M/100%	100%

## Board & Executive Pay Disclosure

FocalTech discloses remuneration of directors, independent directors and top five management personnel in our annual report on an individualized basis, detailing remuneration components including remuneration, salary, pension, business execution expenses, bonus and special disbursements. For details, please see page 19 of the FocalTech 2023 Annual Report.

### Board Pay Disclosure

Title	Director	Representative	2023 Remuneration (NTD) <sup>Note</sup>
Chairman, CEO and President	<b>Genda Hu</b>		22,310,000
Director	GWAA LLC	<b>Han-Ping Hsieh</b>	1,170,000
Director	GWAA LLC	<b>Jason Lin</b>	15,528,000
Director	Acer Incorporated	<b>Jason Chen</b>	1,134,000
Independent Director	<b>Chin-Tay Shih</b>		1,313,000
Independent Director	<b>Chan-Jane Lin</b>		1,313,000
Independent Director	<b>Hsing-Chien Tuan</b>		650,000
Independent Director	<b>Jim Lai</b>		679,000

Note: Total for all companies mentioned in financial statements, includes sum of (i) remuneration of director (remuneration, pension, remuneration to directors, business execution expenses) and (ii) remuneration as an employee (salaries, bonus and special disbursement, pension and remuneration to employees).

### Top 5 Management Pay Disclosure

Title	Name	2023 Remuneration (NTD) <sup>Note</sup>
CEO and President	<b>Genda Hu</b>	22,310,000
Executive Vice President, CFO, Spokesperson and Corporate governance officer	<b>Wei-Chieh Chang</b>	15,818,000
Senior Executive Vice President	<b>Jason Lin</b>	15,528,000
Senior Executive Vice President	<b>Chiu-Lin Chen</b>	14,529,000
Executive Vice President	<b>Hsiao-Hsu Tu</b>	8,578,000

Note: Total for all companies mentioned in financial statements, includes sum of salaries, pension, bonuses and special disbursement, remuneration to employees.

## Functional Committees

### Audit Committee

The Audit Committee consists of four Independent Directors and convenes at least every quarter. The Committee mainly coordinates external and internal audit work, oversees and examines internal controls, financial reporting, and evaluates and guides the Company's audit work. **Six meetings were held in 2023, with a 95.8% attendance rate** (Apart from 67% attendance rate from a former independent director discharged in May 2023, the Audit Committee maintained 100% attendance for all remaining members).

### Remuneration Committee

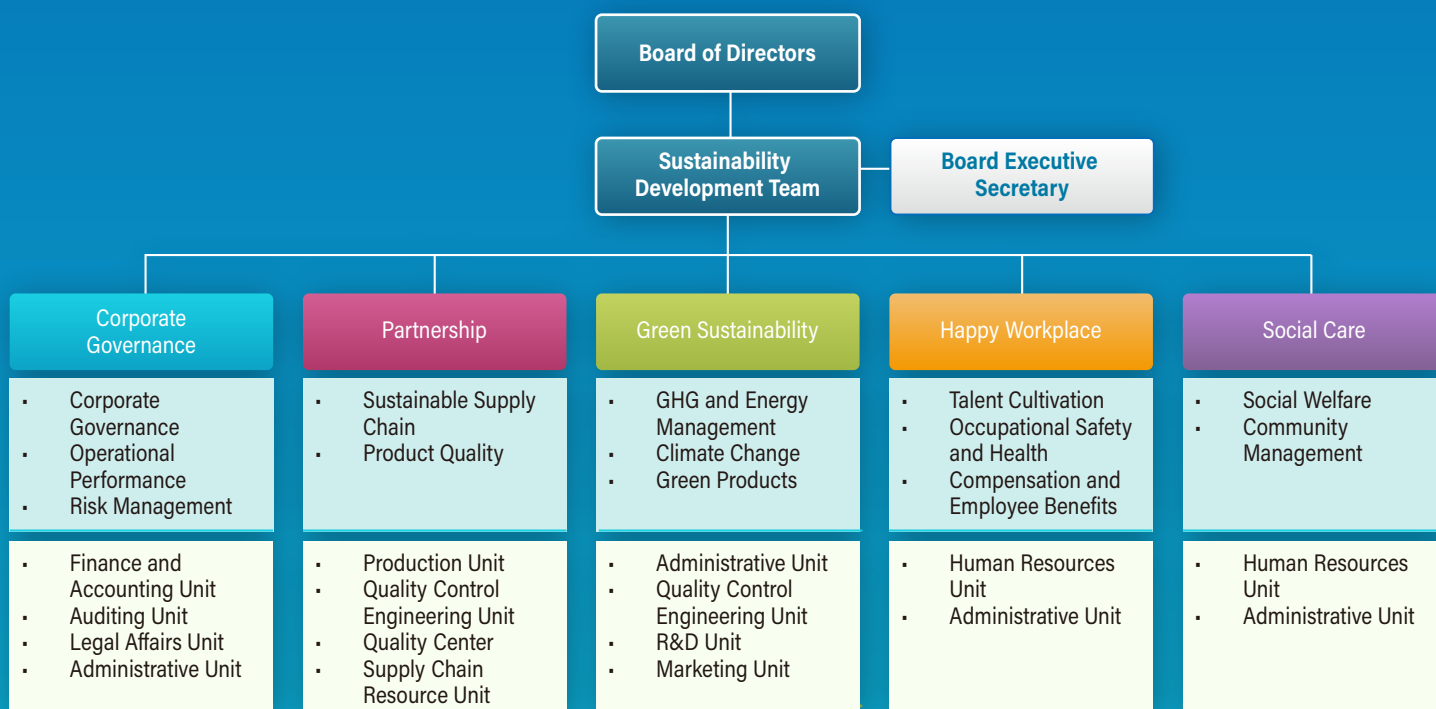
The Remuneration Committee consists of three Independent Directors and convenes at least twice a year. The Committee mainly evaluates the remuneration and compensation policies and mechanism of Directors and managers from a professional and objective position and makes recommendations to the Board of Directors as a reference for decision making. **Two meetings were held in 2023, with a 100% attendance rate.**





## ► Sustainable Development Team

FocalTech's Board established the Sustainable Development Team, led by the Chief Corporate Governance Officer, to oversee corporate responsibility in governance, partnerships, sustainability, workplace well-being, and social care. Meetings were held from time to time for the discussion of potential climate-related risks and opportunities resulting from operating activities, energy and resource use efficiency, and environmental impacts throughout the product lifecycle. Action plans are developed to seize opportunities and reduce operational risks. **Since 2021, an annual ESG Report with the aforementioned topics has been submitted to the Board to address major issues and strengthen corporate sustainability governance.**



## ► Ethical and Integrity Management

Integrity is FocalTech's core value and top priority. The company enforces strict ethical standards, conducts regular ethics training for all employees, and ensures new hires are educated on relevant regulations. Aligned with TWSE/TPEX guidelines, FocalTech's Ethical Corporate Management and Professional Ethics Principles promote transparency and responsibility, prohibiting improper benefits or dishonest conduct. **Every year, Human Resources and Administrator Department are responsible for the promotion and integration of ethics education company-wide, with annual reports to the board every first quarter.**

### Six Principles of the Code of Ethics for Honest Management and Practice

- Prohibition on Insider Trading
- Prohibition on Intellectual Property Infringement
- Prohibition on Offering and Acceptance of Bribes
- Prohibition on Improper Donations or Sponsorships
- Prohibition on Unreasonable Gifts, Entertainment, or Other Improper Benefits
- Recusal Due to Conflict of Interest

### Code of Ethics for Honest Management and Practice Self-inspection

- Whether disclosure of the conduct would have a negative impact on the Company's reputation
- Whether the conduct would be construed as an unjust performance of duty

In addition, we prohibit

- Making illegal political contributions
- Engaging in unfair competition
- Prejudicing the rights and interests, health and safety of stakeholders

***There were no violations of business ethics and integrity, and no penalties were imposed due to environmental or social issues, in 2023.***

### Implementation of Integrity Management in 2023

- The implementation status is reported at least annually to the Board of Directors (last report in Feb 2023).
- Conducted education and training on ethical management and professional ethics in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/Tpex Listed Companies, to promote compliance with the Company's Ethical Corporate Management and Professional Ethics Best Practice Principles for all employees.
- Conducted the education and training on professional ethics for new recruits, with 50 persons participating (Taiwan).
- New recruits signed the Professional Ethics Best Practice Principles when onboarding, with 60 persons signing (Taiwan).
- Invited the Director of the Investigation Bureau to give a lecture on "Trade Secrets and Case Study Examples" at the Company, with 34 persons participating.
- Completed the system audit for 19 suppliers with production, including anti-corruption audits for 2023.

### Information Security - Confidentiality Integrity, and Availability

*Obtained ISO 27001 Certification in 2024*

FocalTech has appointed the head of IT as the convenor, along with a Chief Information Security Officer and dedicated security staff, to safeguard company data, systems, and networks. This team oversees information security governance, supervises operations, and establishes policies that guide authority roles, employee training, hardware and software management, network security, and physical security measures. Employee training, orientation, and e-learning resources for information security are offered to all employees, with 164 hours of training in 2023.

Responsible Departments and Detection Procedures	Implementation
The Chief Information Security Officer will identify important risk factors based on internal risk assessment and make improvements through the work plan to reduce information security risks. The risk factors are also regularly compiled and submitted to the Sustainable Development Team, and coordinated before reported to the Board of Directors in accordance with their significance.	<ol style="list-style-type: none"><li>1. Each year, arrange the information security operation plan for the following year.</li><li>2. Adopt the ISO27001 system in 2024.</li><li>3. Implement disaster recovery exercises.</li><li>4. Conduct monthly awareness-raising campaigns on information security and annually education and training on information security.</li><li>5. Implement the plan or instructions as proposed, and review and record the results for future improvement and experience transfer.</li></ol>

### Whistleblower System

*FocalTech accepts anonymous reports, and strictly upholds non-retaliation & confidentiality policy.*

*No substantiated allegation of corruption was recorded in 2023.*

FocalTech provides a platform for all stakeholders to voice concerns, managed by the Audit Committee's convenor (Independent Director) and the auditing department head. Reports are handled confidentially, with a designated investigation team formed as needed. Whistleblower protection is strictly upheld, ensuring confidentiality and shielding whistleblowers from any retaliation, such as termination, demotion, pay reduction, or other adverse actions.