



2021 SUSTAINABILITY REPORT

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Words from the Chairman



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About the Report

Report Overview

The subjects presented in this report are derived from discussions within the SDI's CSR task force and surveys on issues most concerned by stakeholders, and consequently screened, prioritized and analyzed for sustainable development and future planning of the company.

SDI believes in giving back to the society and fulfilling the responsibilities of a citizen. SDI's first SCR Report was published in 2013. The current report is SDI's 7th CSR Report, which covers the topics of "About the Report," "Strategies and Visions," "Company Overview," "Environmental Sustainability," and "Social Responsibility," disclosing SDI's 7th CSR Report, which covers the topics of "About the Report," "Strategies and Visions," "Company Overview," "Environmental Sustainability," and "Social Responsibility," disclosing SDI's efforts and achievements in sustainability indicators including economy, environment, labor care, human rights, social participation, and product responsibility aspects with comprehensive data and descriptions. We hope for this report to facilitate the understanding of SDI by the stakeholders and the public in general and serve as the foundation for our communication.

Scope and Special Limitations

This report encompasses SDI's performance in terms of corporate social responsibility from January 1, 2021 to December 31, 2021. The major indicators are from production bases in Taiwan, including Changhua and Nantou plants, with achievements and future planning in sustainability

In this report, data from 2020 is listed by international standard. Estimations are noted. Financial statistics have been notarized by Crowe Horwath (TW) CPAs, in TWD, with no information altered. ISO 14001, ISO 45001 and CNS 15506 data have been notarized by third-party authority British Standards Institution (BSI Taiwan).

Compilation Guidelines

The 2021 SDI Sustainability Report is based on the latest international standard Global Reporting Initiative (GRI, GRI Standards), with material analysis to identify and prioritize sustainability aspects valued by stakeholders. With the results of the analysis, the sustainability topics, relevant strategies, goals, and measures to be disclosed by this report were determined and then written based on the GRI guidelines and structure.

Report Verification

To ensure compliance with GRI Standards and AA1000 AP (2018) standards, and to improve the transparency and reliability of the information, this report has been verified by a third-party authority, BSI, for compliance with the core indicators of GRI guidelines, and for Type 1 Moderate Guarantee with AA1000.

Publication

SDI issues a Sustainability Report annually, and publishes the report on the SDI website.

Current Issue: Published in September 2022 (2021 Edition).

Last Issue: Published in September 2021 (2020 Edition).

Contact Information

We hope for this report to facilitate stakeholders' understanding of SDI's efforts in CSR. For any questions or comments regarding this report, please contact us at:

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Contact: General Management Center Li, Yi-Fang

Words from the Chairman

SDI was established in 1953. To achieve the target of sustainable corporate development, SDI continues focusing on technology development and investment. We provide services that satisfy customer's needs, and align with the market development trends and expectations. In recent years, the international community has been attaching great attention to the climate change issue. With countries rolling out targets to achieve net zero by 2050, Taiwan also announced that 2050 is its target for net zero transition. In March 2022, the National Development Council also issued "A Roadmap for Net Zero Emission in Taiwan by 2050." Therefore, SDI will actively invest in relevant emerging energy industries, and provide applications for products of EV-related fields, allowing people to live comfortably and happily. SDI continues to develop niche businesses by enhancing its R&D technologies, expanding its R&D scale, and improving its production capacity. By reinforcing cooperation relationships with our suppliers, we can satisfy performance requirements of customers for development and integration services.

Economically, apart from the continuance of geopolitical disputes and the emergence of virus variants, the global economy faced impacts of interrupted industry supply chains and delayed shipping in 2021. In recent years, the proliferation of funds deriving from QE and interest rate reductions implemented by governments in different countries, as well as the demand driven by energy-saving and carbon dioxide reduction measures, intensified inflation, causing numerous countries to record decades long highs in CPI. However, the growth in the macroeconomy remained sluggish, constituting unfavorable impacts on people's relevant consumption, and information communication industries livelihood. Nonetheless, investments and demand driven by emerging energy management and xEV remain as new forces rising with their exponential growth, causing continual booming development of the semiconductor industry and investments in the ascendant industries. The electronic business of SDI is primarily for the supply to global IDM customers. Benefiting from the increasing demand for mid-to-high-end products in the abovementioned industrial application and automotive electronic fields, our revenue and profits recorded outstanding performances. For the electronic business, we continue collaboration with major customers regarding R&D and mass production for more power management and power application products to improve added value. Also, we made use of the smart manufacturing, yield improvement, diverse procurement, and information application projects we prepared for advance deployment during periods of sluggish demand in prior years, allowing us to respond to the stringent quality specifications and increasing requirements for high-end vehicle and industrial products, satisfy material supply, and reduce damage/consumption costs. This allowed us to manage the material impacts on operations under unfavorable external environments, including lack of materials, supply chain interruption, high copper price, and high exchange rate. As for the stationery business, facing the effects arising from increasing costs resulting from inflation, and decreasing demand due to the outbreak, we continue to make adjustments by adopting demand creation strategies through marketing activities, and developing new products, which effectively mitigated the effects on the operation of the stationery business.

On the environment front, because of environmental and sustainability concerns, Government agencies and international organizations have actively implemented green energy and carbon reduction policies. In 2018, we carried out the revision of ISO 14001:2015 and continued establishing environmental and energy policies, formulating our targets, and proposing environmental management improvement solutions, to realize the management of pollution control and continual improvement. For electronics products, SDI has established the RoHS/ IECQ QC hazardous substance management system to ensure compliance with environmental laws and regulations. For stationery products, we have adopted recyclable materials and replaceable consumable parts in our designs to

increase the proportion of recyclable materials and product life cycle. In addition, SDI has actively and incrementally invested in paperless equipment for mold designs, increasing work efficiency while significantly reducing paper consumption.

On the social front, SDI established SDI Foundation in 2007 so as to implanting our continuing goal, “global operation and local care,” in the local communities. In 2021, in addition to focusing on local communities and providing local employment opportunities, SDI continued supporting existing charitable groups, and has been open to other charitable groups that require assistance. For instance, SDI made donations to Fuhuo and Holy Rosary Special Education Centers, purchased fire control equipment and other equipment and tools, and assisted in improving the environment and facilities to create comfortable living spaces. By doing so, we hope to inspire more citizens to exert their selfless spirit for general welfare, and to actively participate in public welfare activities through various public welfare and charitable activities to jointly create a warm and harmonious society.

SDI has upheld the corporate conscience of giving back to society. We helps minority groups and low-income families in Changhua and supporting charitable events, thus fulfilling our responsibility in sustainability and creating a happier, peaceful society.



SDI Corporation
Chairman Chen, Chao-Hsiung

Vision for Sustainability

Our vision for sustainability is “taking root in Taiwan and becoming a global brand based on sustainable business models that balance economical, environmental, and social ideals.” To reach our goal, since 2013, SDI introduce CSR management mechanism, establish “CSR Implementation Committee” to integrate our internal and external resource, fetch experience from local and foreign standard corporations, develop sustainable strategies based on sustainability issues which stakeholders concerned, step by step, toward the vision of sustainability.

Looking into 2022, the global political and economic status fluctuates under trade protectionism, together with the hovering outbreak of COVID-19. However, under the influence of emerging industries, including electric vehicles(EV), artificial intelligence (AI), and 5th generation mobile networks (5G), SDI will continue improving the quality of its R&D, manufacturing technologies, and talent training. Furthermore, to satisfy the demands of the niche market, SDI will also complete the expansion plans for its plant and production capacity, to improve the scale of production and technical upgrades, and commit to the needs of startup industries.

CSR Implementation Committee

SDI established its CSR Implementation Committee in 2013 to serve as the company's highest-level project implementation organization, carrying out CSR work approved by the Board of Directors.

The General Manager serves as the supervisory member of the committee for implementing CSR policies. The Chairman assigns the head of the General Management Center as the executive secretary, who is responsible for calling meetings and determining CSR objectives. The Committee holds regular meetings going review CSR strategies and plans, such as management guidelines, key performance indicators (KPIs), and other CSR proposals based on communication with stakeholders. The Committee conducts performance reviews to follow up on improvement projects so that we achieve the company’s goals of sustainability, innovation, and growth.



1. Overview of SDI

1.1 Introduction to SDI and Corporate Governance

1.1.1 About SDI

1. Introduction to SDI

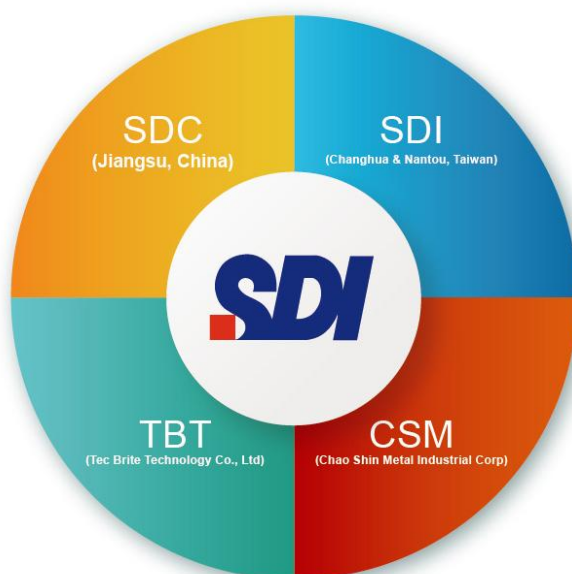
- (1). Over 68 years have gone by since SDI Corporation was founded in 1953. With Changhua City as its headquarter, SDI started out with stationery products such as pencil sharpeners. The Electronics Department, which is in charge of the production of semiconductor lead frame, was established in 1983. In 1996, the company stock went public. To each and every member of SDI, “Sincerity, Stability, Challenge, Innovation” are more than guiding principles. They are also reflected in personal and business conducts. This firm’s belief is what kept all of our employees heading forward with SDI, starting from the foundation up. They created one glorious legend after another, not just for the company, for also for themselves
- (2). Considering the trend of globalization and free trade, SDI has been collaborating with renowned international brands and investing in multiple affiliates since 1988 to achieve vertical integration, as well as expanding international marketing to reinforce SDI’s competitiveness in the international community. For the future, SDI is aspired to become a multi-national corporation, establishing the foundation for sustainability and bringing SDI under the spotlight in the international stage.
 - (a). Listed on the stock market in the electronics sector. (Stock Symbol: 2351)
 - (b). The leader of semiconductor lead frame manufacturing in the nation.
 - (c). One of the top 500 manufacturing enterprises in the nation.
 - (d). The leading metal and hardware manufacturing company in the nation.
 - (e). SDI has adopted management systems including ISO 9001, IATF 16949, ISO 14001, ISO 45001, and ISO 50001.
 - (f). SDI introduced Oracle’s ERP system in 2000.
 - (g). SDI develops and manufactures high precision and high quality precision consecutive stamping die, which is the leader in the mold industries in Taiwan.
 - (h). SDI stationary has a long history and high market share. The product quality has been widely recognized. In recent years, SDI expanded the brand globally while still leading the domestic stationary market.
 - (i). SDI is equipped with the complete R&D system, including the HP workstation and the world class CAD/ CAM system (UGII and Auto CAD). SDI also has advanced machining equipment and testing instruments, including line cutting machines, electrical discharging machining, high speed precision press, ultra-precision coordinate measuring machine, non-contact coordinate measuring machine, jig grinder, horizontal machining center, optical projection grinder and ultra-precision surface grinder from Switzerland, Japan, Germany and the US.

SDI Profile

Name	SDI Corporation
Time of establishment	October 1953
Paid-in capital	1,821,403,000 TWD
Chairman	J.S. Chen
Headquarters	No. 260, Sec 2, Zhangnan Rd., Dazhu Vil., Changhua City, Changhua County
Plants	No. 260, Sec 2, Zhangnan Rd., Dazhu Vil., Changhua City, Changhua County No.323, Chenggong 3rd Rd., Nangang Industrial District, Nantou City, Nantou County
Employees	1470
Businesses	Metal manufacturing (stationery) Electronics components manufacturing mold manufacturing
TWSE stock symbol	2351
Spokesperson	Chao-Hsing Chen / Deputy General Manager
Deputy Spokesperson	Jui-Chieh Huang / Assistant Manager

2. Business Units of SDI Corporation

The headquarter of SDI Corporation is located at No. 260, Section 2, Daze Vil., Zhangnan Rd., Changhua City, Changhua County. As the company grows, the enterprise is expanding. SDI Corporation is the sole proprietor of SDI Taiwan and SDC in China, which produce electronic parts and stationery. In 1990, SDI co- CSM with Hayashio Metal Corporation from Japan. The company produces cold rolled strip, galvanized strip, high carbon cold rolled strip, stainless steel strip and semiconductor lead frame. In 1997, SDI co-founded TBT with Nippon Filcon Co. from Japan. TBT produces high precision etching products including etched lead frame, suspension/gimbals for HDD/FDD, encoder and FPC processing



3. Share holding percentage by SDI:

Individual and combined shares of invested enterprises with stock held by SDI, its Chairman, supervisor and manager, or by companies directly or indirectly controlled by SDI.

Invested Enterprises (Note)	Company Investment		Investments controlled directly or indirectly by the Chairman, supervisor or manager		Combined Investment	
	Shares	Percentage	Shares	Percentage	Shares	Percentage
TBT	9,896,869	54.98%	3,131	0.02%	9,900,000	55.00%
CSM	14,809,864	84.62%	1,949,732	11.14%	16,759,596	95.76%
SHUEN DER(B.V.I)CO.	8,920,000	100.00%	-	-	8,920,000	100.00%

Note: Company investment made based on equity method.

4. Corporate Locations

To increase in providing services in this rapidly changing electronics market, the response time for development, production, delivery as well as costs of the electronics production chain is reduced year by year. SDI built seven service stations worldwide in order to provide timely response and increase its competitiveness. Four are manufacturing plants located in Taiwan, China, and Malaysia and the rest are SDI sales offices for electronics and stationery products.



1.1.2 Main Brands, Products, and Services

1. Metal Stationery

- (1). SDI advanced from the traditional metal stationery to a full-range of products, thanks to its strong design team at the R&D center, leading mold design, as well as production and stamping technology. Its independent production process allows SDI to move from industrial business to consumer business. Sincerity is what connects SDI with its clients and distributors and brings mutual benefits.
- (2). SDI has been in the metal stationery industry for over half a century with products including staplers, staple, correction tape, utility knives and blades, clippers, and electric and manual pencil sharpeners. Be it the SDI brands, ODM or OEM, these products are popular in both international and domestic markets.
- (3). To provide better service, SDI highly values the information gathered by product managers and distributors about its own brands. The information allows swift adjustment and flexible product design to meet the market demands. In terms of OEM/ODM, SDI collaborates closely with clients and integrates R&D, production as well as marketing. Product design is customized according to customer needs and user habits to maximize the values for clients.



Metal Stationery Products

<p style="text-align: center;">Correction & Adhesion</p>  <ul style="list-style-type: none"> • Correction Tape \ Eraser • Glue Tape \ Tape Dispenser • Wins the IF Design Award & Golden Pin Design Award <p style="text-align: center;">   </p> 	<p style="text-align: center;">Stapling & Punching</p>  <ul style="list-style-type: none"> • Stapler \ Staples \ Staple • Remover \ Hole Punch • Wins the Golden Pin Design Award <p style="text-align: center;">  </p> 	<p style="text-align: center;">Electric Pencil Sharpening</p>  <ul style="list-style-type: none"> • Electric Pencil Sharpening • Wins the Golden Pin Design Award <p style="text-align: center;">  </p>	
<p style="text-align: center;">Shearing & Cutting</p>  <ul style="list-style-type: none"> • Cutter \ Pencil knife \ Blades • Scissors \ Angle Eater • Wins the IF Design Award & Golden Pin Design Award & Good Design Award 2014 <p style="text-align: center;">    </p> 	<p style="text-align: center;">Pencil Sharpening</p>  <ul style="list-style-type: none"> • Pencil Sharpener • Manual Pencil Sharpener • Electric Pencil Sharpener • Wins the Golden Pin Design Award <p style="text-align: center;">  </p> 	<p style="text-align: center;">Office Supplies</p>  <ul style="list-style-type: none"> • Clips & Pins • Magnet • Storage • Miscellaneous 	<p style="text-align: center;">Writing Supplies</p>  <ul style="list-style-type: none"> • Whiteboard Marker • Permanent Marker 

2. Introduction of semiconductor lead frame:

In 1983, SDI branched into the semiconductor industry with discrete lead frame capacity. We have accumulated many unique die technologies and capabilities to offer high-quality and fair-priced products to clients. We provide clients with the best global services with centralized technology, short lead-time, immediate services, low cost, global labor distribution, and global procurement. Thus, we became one of the top three lead frame providers globally.



(1). Discrete Lead Frame

Discrete (detached) semiconductor parts are common in transistors (for augmentation, switch, pressure stabilization, and signaling) and diode packaging (for rectification and voltage regulation.) They are indispensable in electronic devices. SDI's power lead frames have reliable quality and are used by many major international manufacturers in automobiles and electronic devices.



(2). IC Lead Frame

The application of integrated circuit is ubiquitous and essential for our information-based society, as seen in computers, cell phones, computation, telecommunication, manufacturing, and transportation system. In recent years, ICs continue to miniaturize with increasing speeds, therefore placing higher requirements on lead frames. SDI offers string support for clients with strong R&D capabilities and specialized manufacturing technologies.



(3). LED Lead Frame

LED are low-energy, light, and durable. In the early days, they were used in warning lights and billboards. After the use of high-brightness SMD LED became practical, they were used in backlights

of mobile devices, displays, and television sets, as well as indoor and outdoor lighting, with rapidly increasing market penetration. SDI has particularly enhanced the durability of LEDs. With our die processing, 3D design, and product design capabilities, we offer clients comprehensive solutions.



(4) New Businesses

In addition to traditional lead frame products, SDI explores the blue ocean of new businesses. For instance, we work with major global manufacturers in developing high-power lead frames, power frames, automobile TPM devices, and IGBT power module lead frames. We also reinvest in TBT's VCMI lens module gimbals. These are all the aspects that SDI tries to develop more in recent years.



SDI provides one-stop semiconductor lead frame OEM manufacturing service that covers die development, material processing, electrical forming, manufacturing, inspection, packaging and delivery, which ensures precise lead time, lower costs, increased competitiveness, and meeting demands for high cost-performance ratios.

3. R&D Achievements in Core Technologies and Products

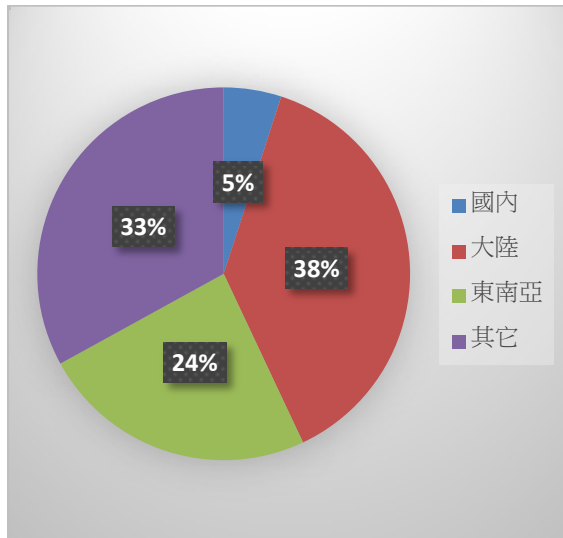
- (1). Core Technologies
 - (a). **Product Design:** SDI controls designs from product appearance to components in-house. We conduct tests on “functional samples” during the design process to serve as basis for adjustments for optimizing the designs.
 - (b). **Die Design and Manufacturing:** SDI integrates the design and manufacturing technologies for dies. We continue to accumulate die design capabilities and challenge ourselves to ever-higher precision to enhance the quality of our dies.
 - (c). **Specialty Machinery Design and Manufacturing:** SDI designs and manufactures specialty machinery and product testing equipment in-house to optimize production capacity and assure quality.
- (2). R&D Achievements

Consumer products are incorporating green concepts in recent years. SDI is actively developing products with replaceable parts and reducing unrecyclable wastes to meet this trend. Such products include replaceable manual and electronic pencil sharpeners, correction tape and blades, sticky tape and electronic erasers. SDI’s stationery products are also awarded repeatedly in the Golden Pin Design Award held by Taiwan Design Center. For example, 2Way Exchanger and i-Stick flue. SDI thinks green from the start by developing and designing new products and introducing new technology that reduces pollution while conserving energy. This approach balances operational safety and prevents environmental impacts and risks from the very beginning, helping us work toward realizing carbon reduction, environmental protection, product safety, and sustainability for the corporation.
- (3). New product development in the going future
 - A. Lead frame for the new power management of xEV’s power converter.
 - B. Lead frame for the embedded power semiconductor model.
 - C. New roller correction tape.
 - D. 20m roller correction tape.

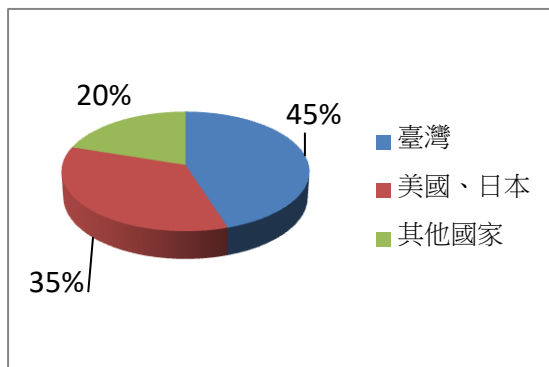
4. Market Overview

(1) Major Markets and Market Share

- ✚ Electronics: Domestic consumption accounts for approximately 5%. Export sales mainly consist of China (38%) and Southeast Asia (24%). The remaining part comes from the U.S., Latin America, Africa, and Europe.



Metal Stationery: Sales comprise 35% to the U.S. and Japan and 45% in Taiwan. The rest (20%) are from Southeast Asia, Latin America, and Europe.




(2) Future Supply and Demand in the Market and Potential for Growth

- ✚ For electronics production and marketing:

1. The vaccination rate in all countries has grown rapidly since 2020, and the lockdown and control measures for COVID-19 were relaxed one after another. The expectations for the slowdown of the outbreak and the relaxation of lockdown and control measures gave rise to significant consumption demand, and a large number of orders continued to be placed. The industry is facing a risk of lack of raw materials and interruption of the supply chain, as well as challenges affecting production and costs due to problems of port congestion, lack of shipping containers, and the increasing prices of raw materials. The Company is free from the problem of lack of materials due to its long-term partnership with suppliers. Also, the product price is connected to the metal price, and price adjustment is adopted to transfer costs for relevant costs. Therefore, the Company is able to maintain its production capacity, and continue recording profits.

2. At present, under the motorization and self-driving trend of vehicles worldwide, the demand for semiconductors will record exponential growth. In 2021, the global sales of EV cars had reached 6.75 million, with a YOY reaching 108%. The penetration rate of the Company regarding third-generation power semiconductors for vehicles and lead frames for self-driving sensors has been increasing. Furthermore, the new Nantou Plant is expected to be put into production in the second half of 2022, which will contribute to growth in future revenue and profits.

 For metal stationery production and marketing:

1. The U.S. and Japan markets remain relatively stable. During the year, the demand for consumer products and metal tools (utility knives) in the U.S. market continued to rise. The Company is producing its new knife machine, which will contribute to improvement in the quality of utility knives, and production capacity.

2. Regarding the outbreak of COVID-19, the lockdown and control measures will be relaxed due to the initiation of the 3rd dosage of vaccinations in all countries, alongside the slowdown of the outbreak. Therefore, demand for our products has been increasing. In addition, the newly developed roller correction tape will formally go on sale during the year, and its sales contribution is estimated to be over 1 million tapes.

1.1.3 Financial Performance

Economic performance management guideline

- I. Policy: To promote operational growth and profitability.
- II. Commitment: Focus on the issues concerning employees, suppliers, shareholders and stakeholders.
- III. Goal: To achieve growth target set by the company, and strive to balance between the interests of various stakeholders and the company's long-term development.
- IV. Resources: Working together, from the top down.
- V. Action to be taken:
 1. The key performance indicators of the relevant departments are linked to the company's profitability ratio, and tracked and evaluated monthly.
 2. Provide real-time, accurate and transparent information.
 3. Innovating, value creating, and sustainable growth.
- VI. Performance rating: Compare operating income (according to the financial statements) against the target.

Applicability: General, Specific

Scope: Within the organization, Outside the organization

1. Business Performance

Apart from the continuance of geopolitical disputes and the emergence of virus variants, the global economy faced the impacts of interrupted industry supply chains and delayed shipping in 2021. In recent years, the proliferation of funds deriving from QE, interest rate reductions implemented by governments in different countries, as well as demand driven by energy-saving and carbon dioxide reduction measures, has intensified inflation, causing some countries to record decades long highs in CPI. However, the growth in the macroeconomy remained sluggish, constituting unfavorable impacts on people's relevant consumption, and information communication industries livelihood. Nonetheless, investments and demand driven by emerging energy management and xEV remain as new forces rising with their exponential growth, causing the continual booming development of the semiconductor industry and investments in the ascendant industries. The electronic business of SDI is primarily for the supply to global IDM customers. Benefiting from the increasing demand for mid-to-high-end products in the abovementioned industrial application and automotive electronic fields, our revenue and profits recorded outstanding performances. For the electronic business, we continue collaboration with major customers regarding R&D and mass production for more power management and power application products to improve added value. Also, we made use of the smart manufacturing, yield improvement, diverse procurement, and information application projects we prepared for advance deployment during periods of sluggish demand in prior years, allowing us to respond to the stringent quality specifications and increasing requirements for high-end vehicle and industrial products, satisfy material supply, and reduce damage/consumption costs. This allowed us to manage the material impacts on operations under unfavorable external environments, including lack of materials, supply chain interruption, high copper price, and high exchange rate. As for the stationery business, facing the effects arising from increasing costs resulting from inflation, and decreasing demand due to the outbreak, we continue to make adjustments by adopting demand creation strategies through marketing activities, and developing new products, which effectively mitigated the effects on the operation of the stationery business. In addition, our affiliate, TBT, successfully developed niche customers, expanded its market share, improved its production capacity, and recorded increasing revenue and profits. CSM recorded an increase in revenue and



Reference: 2021
Financial Statements,
P.1~2

profits due to the rising price of steel and new customer development. The Jiangsu Plant we invested in recorded significant growth in revenue and profits due to continued improvements in production capacity and efficiency, as well as supplying the demand in China for developing third-generation semiconductors.

In 2021, SDI's revenue was NT\$8.247 billion, representing a growth of 32%. The consolidated revenue of the Group was NT\$11.152 billion, representing a growth of nearly 32%. Net profit for the period was NT\$852 million, and the basic earnings per share were NT\$4.68, reaching a new high.

Note: The reporting scope of this Report is the plants of SDI in Taiwan, and the differences with the consolidated financial report are Shurn Der (BVI) Co., SDI (Jiangsu), CSM, and TBT.

(1) 2021 Budget Execution, Financial Analysis and R&D Evaluation:

Unit: NT\$000'

Items	2020	2021	Increase/Decrease
Sales Revenue	8,450,611	11,152,550	31.97%
Gross Profit	1,332,379	2,109,990	58.36%
Operational Costs	730,792	884,571	21.04%
Net Revenue	601,587	1,225,419	103.70%
Net Income after Tax	401,381	910,339	126.80%
Net Income Per Share (NTD)	1.92	4.68	143.75%
Return on Equity	6.70%	14.51%	116.57%
Net Income Ratio	4.75%	8.16%	71.79%
Return on Assets	4.27%	8.10%	89.70%
R&D costs	207,140	247,850	19.65%

Note: No public financial forecast in 2021.

(2) Table of Production Volume and Value for the Past Two Years

Unit: 1,000 Pieces; NT\$000'

Production Volume and Value Major Products	Year	2020			2021		
		Production Capacity	Volume	Value	Production Capacity	Volume	Value
Electronic		75,000,000	61,680,795	6,727,110	80,000,000	71,224,791	8,614,682
Stationery		700,000	522,880	871,226	700,000	555,020	1,143,459
Others		-	-	175,616	-	-	198,534
Total		75,700,000	62,203,675	7,773,952	80,700,000	71,779,811	9,956,675

Note: The abovementioned quantity of products excludes those measured by weight (kg), including pins and needles.

(3) Table of Sales Volume and Value for the Past Two Years:

Unit: 1,000 Pieces; NT\$000'

Production Volume and Value Major Products	Year	2020				2021			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Electronic		25,688,260	1,412,782	26,406,238	5,544,861	30,322,089	2,534,935	34,503,522	6,829,177
Stationery		271,077	665,554	342,900	741,391	317,457	799,240	362,464	889,796
Others		0	6,226	0	79,797	0	99,380	0	22
Total		25,959,337	2,084,562	26,749,138	6,366,049	30,639,546	3,433,555	34,865,986	7,718,995

Note: 1. The abovementioned quantity of products excludes those measured by weight (kg), including pins and needles.

2. The total sales amount includes the amount of sales discount.

(4) Financial performance for the past two years:

Unit: NT\$000'

Items	Year		Increase (Decrease)	Change %
	2020	2021		
Sales Revenue	8,450,611	11,152,550	2,701,939	31.97%
Operating Cost	7,118,232	9,042,560	1,924,328	27.03%
Gross Profit	1,332,379	2,109,990	777,611	58.36%
Operational Costs	730,792	884,571	153,779	21.04%
Net Revenue	601,587	1,225,419	623,832	103.70%
Non-operating income and expenses	(87,014)	(57,878)	29,136	(33.48%)
Net profit before tax	514,573	1,167,541	652,968	126.90%
Income tax expenses	113,192	257,202	144,010	127.23%
Net profit (loss) for the period	401,381	910,339	508,958	126.80%
Other comprehensive income for the period	17,323	(18,443)	(35,766)	(206.47%)
Total comprehensive income for the period	418,704	891,896	473,192	113.01%

Analysis of increase/decrease ratio and changes:

1. Operating income, gross profit, net profit and net profit for the period increased, primarily due to the growth in revenue and the increase in profits arising from the increase in demand for vehicle and industrial control products.
2. Non-operating income and expenses decreased from the last period, primarily due to the decrease in recognition of exchange losses resulting from the appreciation of the exchange rate.
3. The increase in other comprehensive income for the period was due to the reversal of translation differences arising from the recognition of the translation of foreign operating institutions information. The increase in the total comprehensive income was primarily due to the increase in the current net profits as compared to the last period.

(5) Market Price, Net Value, Earnings, and Dividend Per Share for the Past Two Years

Unit: 1,000 shares; NT\$

Items	Year		As of March 31st, 2022	
	2020	2021		
Per share Market Price	Highest	98.2	200	181
	Lowest	33.7	72.2	127
	Average	55.67	120.47	150.83
Net value per share	Before distribution	31.18	33.97	Not Applicable
	After distribution	29.38	Undistributed	Not Applicable
Earnings per share	Weighted average number of shares	182,140	182,140	Not Applicable
	Earnings per share	1.92	4.68	Not Applicable
Dividend per share	Cash dividend	1.80	(Note 2) 3.00	–
	Stock grants	–	–	–
		–	–	–
	Cumulative unpaid dividend	–	–	–
Analysis of return on investment	PE ratio (Note 3)	28.99	25.74	–
	Price to dividend ratio (Note 4)	30.93	40.16	–
	Cash dividend yield (Note 5)	3.23	2.49	–

Note 1: Data as of Q1 of the current year reviewed by CPAs.

Note 2: The earnings distribution for 2021 is only resolved by the Board of Directors, and the shareholders' meeting has not approved the resolution.

Note 3: PE ratio = average closing price per share of the current year/earnings per share.

Note 4: Price to dividend ratio = average closing price per share of the current year/cash dividend per share.

Note 5: Cash dividend yield = cash dividend per share/average closing price per share of the current year

(6) Social investments in 2021:

	Target amount	Actual investment amount
Social investments in 2021	NTD1,250,000	NTD1,380,000

2. Operational Management

- (1). SDI provides guidance for its employees, management and the board of directors in accordance with local government regulations. When developing the code of conducts and company guidelines, it is the goal to promote integrity and morality while supporting and complying with the regulatory requirements. SDI also establishes policies addressing the workplace, health and safety, gender discrimination, bribery, conflict of interests as well as protection of company assets and reputation. The management team at SDI pays close attention to domestic and international policies and regulatory provisions that may affect the company and established corresponding risk control procedures. In 2021, there were no violations of corporate governance regulations involving fines or other penalties.
- (2). SDI has the internal control system set up in accordance with the “Regulations Governing Establishment of Internal Control Systems by Public Companies” promulgated by the Financial Supervisory Commission (FSC). All units conduct self-evaluation periodically and commission certified public account to check for compliance. It is the hope that such mechanism would make the company operation healthier, protect company assets, ensure complete and credible financial information and improve business efficiency. SDI holds annual shareholders’ meetings to encourage two-way communication.
- (3). The Auditing Office reports directly to the board of directors and assist with the management to evaluate the efficiency of internal control system. The result is submitted for regular review by the supervisors and board of directors. Once the audit is completed, the audit report shall include follow up and improvement plans addressing deficiencies.

1.1.4 Corporate Governance

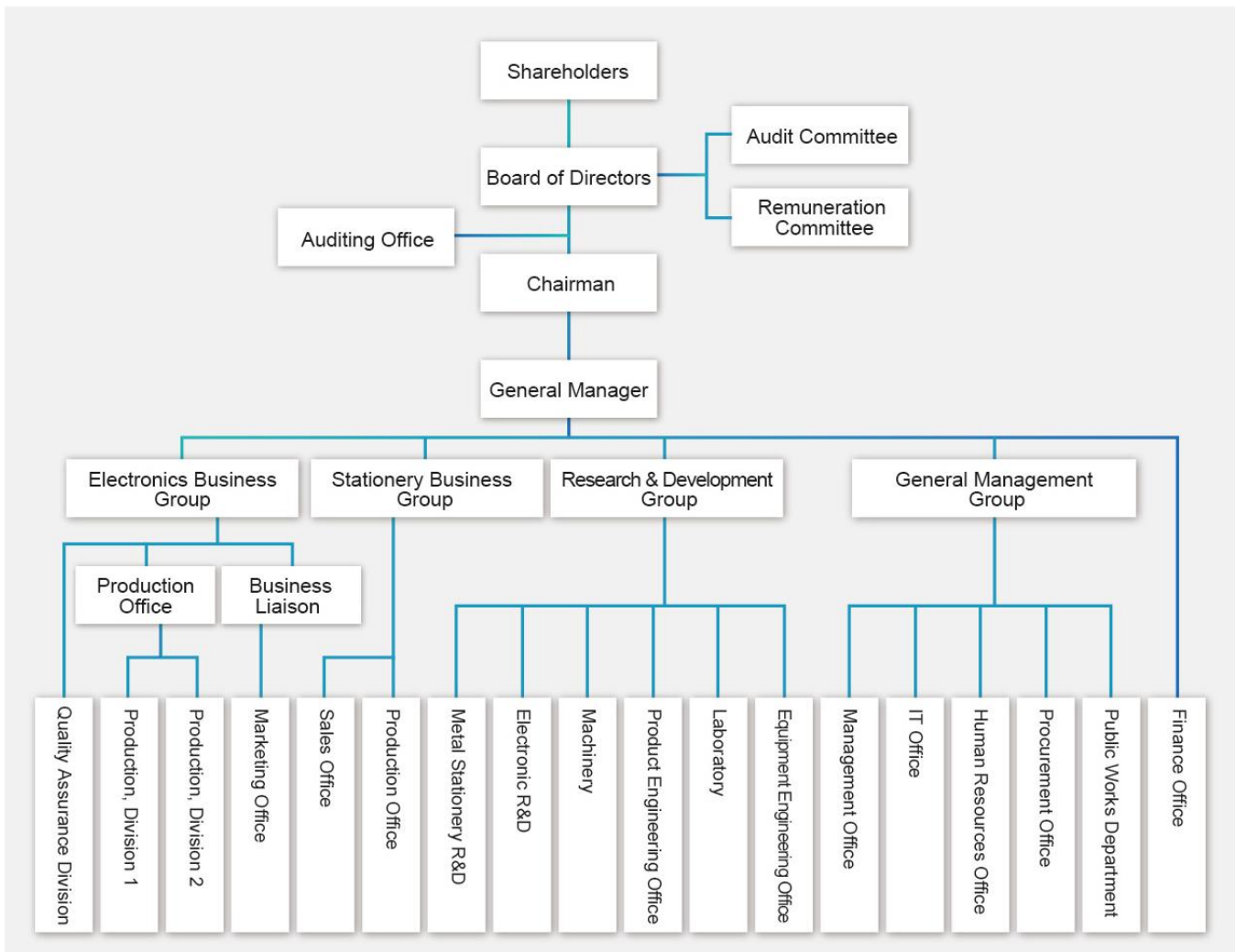
1. Our board directors are diverse and professional, with complementary specialties that help them engage in rational discussions to make visionary and comprehensive decisions for sustainable benefits for the corporation. We follow the guideline of transparency to provide comprehensive information and establish communication with stakeholders based on trust, and then take feedback from stakeholders into consideration during decision-making, thus laying the sound foundation for the sustainability of the corporation. With our business motto of “sincerity, stability, challenge, and innovation,” we follow the principle of integrity throughout the corporation, operate in compliance with laws and regulations, and maintain a reliable risk management system, all of which help SDI grow steadily and sustainably.

Material Issues: Business performance, environmental law compliance, product responsibility compliance, social law compliance



(1) Organizational Structure

SDI is a listed company with the following organizational structure:



Major departments and duties:

Departments	Business Tasks
Auditing Office	The planning, execution and tracking of internal audit. Provide recommendations to ensure effective implementation of the internal audit system.
Electronics Business Group	The production and sales of electronics products
Stationery Business Group	The production and sales of stationery products
Research and Development Center	Research and development on new products, new technology and moldings as well as the production of moldings.
General Management Center	Operation and management, rationalization, project implementation, new business planning, procurement, human resources planning and information management.
Finance Office	Financial planning, capital management and control, accounting, shareholder services and budget management.

(2) Operation of the Board of Directors:

To enhance corporate governance, the Board holds regular meetings to be briefed on major company strategies, business reports, and audit reports, as well as approve, supervise, and follow up on the execution of business and financial plans.

Title	Name	Education and Experiences	Current Positions in the Company and Elsewhere	Specialty	Task Distribution	Board Meeting Attendance in 2021
Chairman	J.S. Chen	Chang-Hua Senior School of Commerce Advisor, Science and Technology Advisors Office, MOEA Technical Advisory Committee Member, Metal Industries Research & Development Centre Representative Director, Taiwan Mold & Die Industry Association	Chairman and General Manager, CSM Chairman, TBT SHUEN DER (B.V.I.) CORPORATION Representative	Business management Accounting	Economy issues	100%

Title	Name	Education and Experiences	Current Positions in the Company and Elsewhere	Specialty	Task Distribution	Board Meeting Attendance in 2021
Director	Chao-Ming Chen	Master, Department of Accounting, National Changhua University of Education Vice Chairman, Taiwan Association of Stationery Industries	Chairman, SDI (Jiangsu) Corporation Supervisor, CSM Director, TBT	Business management Accounting	Economy issues	100%
Director	Wei-Te Chen	Rotterdam School of Management MBA	General Manager, SDI Supervisor, TBT	Business management Accounting	Economy issues	100%
Corporate Director	Wilson Investment Co., Ltd.	—	—	—	—	
Representative of corporate Director	Wei-Shun Chen	MBA, Tunghai University	General Manager of CSM	Business management		100%
Director	Chieh-Hsuan Chen	Ph.D., Department of Sociology, Tunghai University Professor, Department of Sociology, Tunghai University Director, Institute of East Asian Societies and Economies, Tunghai University	None	Social management	Social issues	100%
Independent director	Wen-Yi Chiang	Master, Department of Accounting, National Changhua University of Education Accountant, Wen-Yi Chiang Accounting Firm	None	Accounting management	Economy issues	83%

Title	Name	Education and Experiences	Current Positions in the Company and Elsewhere	Specialty	Task Distribution	Board Meeting Attendance in 2021
Independent director	Tsung-ting Chung	Doctor, School of International Studies, University of Denver Professor, Department of Business Administration, National Yunlin University of Science and Technology	None	Business management	Social issues	100%
Independent director	Tseng Kuo-Chao	MBA, Baker University, U.S.A. Tseng Kuo Chao Accounting Firm	None	Business management Accounting	Economy issues	100%
Independent director	Wen-Zheng Zheng	MBA, Feng Chia University Senior Vice President, E.Sun Bank	None	Business management Accounting	Economy issues	100%

Majority corporate shareholders who are Directors

Name of corporate shareholder	Majority shareholders of the corporation
Wilson Investment Co., Ltd.	Wei-Shun Chen(50%)
	Li-Hua Lin(50%)

(3) Operation of Audit Committee or Supervisor Participation in Board of

Operation of Audit Committee

The Audit Committee held one meeting (A) in the past year, and the attendance of Independent Directors is as follows:

Title	Name	Actual Attendance (B)	Attendance by proxy	Actual Attendance rate (%) (B/A)	Remarks
Independent director	Wen-Zheng Zheng	1	0	100%	Newly appointed on August 26th, 2021
Independent director	Wen-Yi Chiang	1	0	100%	Newly appointed on August 26th, 2021
Independent director	Tsung-ting Chung	1	0	100%	Newly appointed on August 26th,

					2021
Independent director	Tseng Kuo-Chao	1	0	100%	Newly appointed on August 26th, 2021

Other Required Information:

I. If any of the following circumstances occur affecting the operation of the Audit Committee, the convening date, session, content of the proposal, dissenting opinions, qualified opinions, significant recommendations of Independent Directors, resolutions made by the Audit Committee, and measures adopted by the Company for opinions of the Audit Committee shall be described:

(I) Matters stated in Article 14-5 of the Securities and Exchange Act:

Date/Session	Content of Proposal	Resolution Made by the Audit Committee	Measures Adopted by the Company for Opinions of the Audit Committee
November 5th, 2021 1st meeting of the 1st session	1. Proposal for the annual audit plan for 2022. 2. Proposal for the Q3 consolidated financial statements in 2021. 3. Proposal for the nature of account receivables over three months past the normal credit period in 2021 Q3.	Approved by all attending members	Proposed to the Board of Directors Approved by all attending members

(II) Apart from the abovementioned matters, other proposals not approved by the Audit Committee but approved by over two-thirds of all Directors: None.

II. For the execution of recusals of Independent Directors regarding proposals in which they have interests, describe the name of the Independent Director, content of the proposal, reasons for the recusal due to conflicts of interest, and votes: None.

III. Communication between Independent Directors and chief auditor and CPAs (shall include the significant matters, methods, and results regarding the communication related to the Company's finance and business):

(I) Communication between Independent Directors and the Chief Auditor

- The audit reports and follow-up reports completed by the internal audit department according to the execution plan shall be submitted to Independent Directors for review each month.
- Internal auditors shall prepare reports regarding significant findings of internal control management and submit them for approval, and shall notify Independent Directors.
- The chief auditor shall separately report to and communicate with Independent Directors regarding the audit operations at least once a quarter.

(II) Communication between Independent Directors and CPAs:

CPAs shall propose reports regarding the audit (review) of the financial report of the quarter or the year, and the results of the audit (review), and carry out communications regarding matters required under relevant laws and regulations, at least once a quarter.

(III) Matters discussed separately between Independent Directors and the chief auditor and CPAs in 2021 are as follows:

Meeting Date and Nature	Target	Content of the Communication Topic	Recommendation and
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				Execution Results
March 9th, 2021 Pre-meeting of the Board meeting	Chief auditor	Report of annual internal audit operation. Declaration of Internal Control System.	No dissenting opinion.	
	CPAs	Consolidated and individual financial report auditing results. Newly amended laws and regulations.	No dissenting opinion.	
May 7th, 2021 Pre-meeting of the Board meeting	Chief auditor	Report of Q1 internal audit operation.	No dissenting opinion.	
	CPAs	Q1 financial report review results. Newly amended laws and regulations.	No dissenting opinion.	
August 6th, 2021 Pre-meeting of the Board meeting	Chief auditor	Report of Q internal audit operation.	No dissenting opinion.	
	CPAs	Q2 financial report review results. Newly amended laws and regulations.	No dissenting opinion.	
November 5th, 2021 Audit Committee.	Chief auditor	Report of Q3 internal audit operation. 2022 annual audit plan.	No dissenting opinion.	
	CPAs	Q3 financial report review results. Key matters and planning for the annual audit. Role and responsibility of the governing department and CPAs. Matters related to corporate governance	No dissenting opinion.	

✚ Participation of supervisors in operations of the Board of Directors

The Board of Directors held three meetings (A) in the past year, and the attendance of supervisors is as follows:

Title	Name	Attendance (B)	Attendance rate (%) (B/A)	Remarks
Supervisor	Sheng-Yen Hsieh	3	100%	The Audit Committee was established on August 26th, 2021, to replace supervisors.
Supervisor	Chiung-Ying Chung	3	100%	

Other Required Information:

I. Supervisors and Duties:

- (1) Communication between supervisors and employees/shareholders: Communication have been efficient.

(2) Communication between supervisors and head of internal audit/accountants: Communication have been efficient.

II. Opinions expressed by supervisors during board meetings: No opposition was raised against board decisions.

(4) Operation of the Remuneration Committee

- ✚ The Company's Remuneration Committee comprises three members.
- ✚ The term of office of the current members is from August 26th, 2021, to August 25th, 2024. In 2021, two meetings (A) were held for the Remuneration Committee, and the qualifications and attendance of the members are as follows:

Title	Name	Attendance (B)	Attendance by proxy	Actual Attendance rate (%) (B/A)	Remarks
Chairperson	Wen-Yi Chiang	2	–	100%	Re-appointed (re-elected on August 26th, 2021)
Member	Tsung-ting Chung	2	–	100%	Re-appointed (re-elected on August 26th, 2021)
Member	Tseng Kuo-Chao	2	–	100%	Re-appointed (re-elected on August 26th, 2021)

I. Discussions and Resolutions of the Remuneration Committee in 2021:

Remuneration Committee.	Content of Proposal and Subsequent Measures Adopted	Resolution Results	Measures Adopted by the Company following Opinions of the Remuneration Committee
March 9th, 2021 6th meeting of the 4th session	<ol style="list-style-type: none"> 1. Proposal for the discussion regarding the distribution of remuneration for employees, Directors, and supervisors of the Company in 2021. 2. Proposal for the formulation of "Regulations for Remuneration for Independent Directors and Members of Functional Committees." 3. Proposal for salary adjustments based on performances of managers of the Company in 2021 (intended to be aligned with standards for all employees). 	Approved by all attending members with no dissenting opinions	Submitted to and approved by the Board of Directors as a resolution
November 5th, 2021 1st meeting of the 5th session	<ol style="list-style-type: none"> 1. Proposal for electing the convenor and chairperson of the 5th session of the Remuneration Committee 2. Proposal for the year-end bonus of the Company and the salary standards and structure of managers compensation. 	Approved by all attending members with no dissenting opinions	Submitted to and approved by the Board of Directors as a resolution

II. Other Required Information:

1. If the Board of Directors refuses to adopt or amends the recommendations of the

Remuneration Committee, the convening date, session, content of the proposal, resolutions made by the Board of Directors, and measures adopted by the Company following opinions of the Remuneration Committee (if the remuneration approved by the Board of Director is more favorable than the recommendations made by the Remuneration Committee, the deviation and reason shall be described) shall be described: None.

2. For resolutions made by the Remuneration Committee, if there is any record or written statement of dissenting or qualified opinions of any members, the date of the Committee meeting, session, content of the proposal, opinions of all members, and measures adopted following opinions of members shall be described: None.

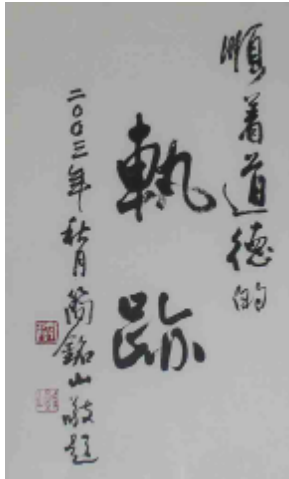
3. Ethical Management

Founded in 1953, SDI has operated for more than half a century under the motto of “Sincerity, Stability, Challenge, Innovation.” Our steady steps have led us from Taiwan to the global arena. Sincerity is a core value at SDI. We insist on our compliance, promises, and right and wrong. These are our foremost concern when formulating and executing business strategies while implementing a corporate culture of integrity and well-maintained risk control system. We have established “Regulations Governing Commercial Behaviors and Professional Ethics” to deliver on our promise of upholding the highest standard of compliance and ethics when company executives and employees conduct business. All employees shall abide by said regulations to maintain trustful relationship with the clients, suppliers and the public while ensuring sustainable growth and development.

CSR Policies

SDI conveys the following corporate social responsibility policies to implement its corporate social responsibility:

- (1) Compliance with laws and regulations: Adhere to labor laws and regulations and company commitments.
- (2) Promoting right to work: Ensuring that all work is voluntary.
- (3) Practicing humane treatment: Preventing labor exploitation, forced labor, and any other form of exploitation
- (4) Abolish discrimination: Practicing equal employment and assignment of workers and promising workplaces free from harassment and discrimination.
- (5) Establishing communication channels: Encouraging employees to communicate with the management, who collect employee opinions and conduct improvement.
- (6) Government agencies remuneration systems: Compliance with remuneration laws and regulations.
- (7) Professional training for employees: Enhancing employee skills and abilities to increase the economic value of employees.
- (8) Emphasizing business ethics: Preventing illegal actions, gifts, and hospitality; avoiding conflicts of interest; establishing fair trade; and protecting client information.
- (9) Respecting intellectual property rights: Respecting intellectual property rights and protecting all technical transfers.
- (10) Implementing information transparency: Disclosing all corporate information required by law.
- (11) Enriching social culture and caring for minorities: Actively engaging in social activities and providing suitable job opportunities to minorities.
- (12) Promoting social responsibility: Incorporating all the responsibilities above into all aspects of operation and partnerships with suppliers.



4. Anti-corruption Measures

- (1) SDI employees and the entire company are held to the highest legal and ethical standards. In order to maintain integrity and trust while improving efficiency, SDI established regulations governing business conducts and professional ethics. All employees shall abide by said regulations to maintain trustful relationship with the clients, suppliers and the public while ensuring sustainable growth and development.
- (2) To fight against corruption, SDI forbids employees to accept gifts in any form with a cash value over NTD1,000, including gift certificates, checks and stocks. In the instances when employees are unable to refuse or return gifts received, the gifts shall be dealt with in the following manners:
 - (a). Food items shall be distributed evenly among the staff through the supervisor.
 - (b). Other items shall be forwarded to the Management Division to be documented and gifted during the year-end banquet.
 - (c). In cases where determination cannot be made, matters shall be forwarded to the supervisor or the Management Division for decision.
- (3) SDI's suppliers shall fulfill their social responsibility and promote mutual trust under the principles of honesty and integrity:
 - (a). The suppliers promise to prepare and fulfill principles of integrity during the entire business transaction, and that all documents and information provided to SDI during negotiation, cooperation and contract fulfillment, including but not limited to business registration, certificates, company and personal information, addresses, notes, warrants as well as product names, specifications, quality, standards, negotiable instruments and warrants shall be authentic and that there is no incidence of fraud, forgery or alteration.
 - (b). The suppliers promise to forbid employees or affiliates to engage in the following conducts toward SDI employees, their families and other stakeholders:
 - The suppliers shall not commit bribery by giving or promising to give money, present, or tangible or intangible interests by any means, including but not limited to dinner invitations, entertainments, meals, transportation expenditures, kickbacks, commissions or other unjust interests.
 - The suppliers shall not engage in misconducts involving joint venture, collaboration, collusion or profit sharing.
 - The suppliers shall not inappropriately obtain confidential information related to business transactions by any means or attempt to complete business transactions with SDI through means in violation of company integrity, such as bid rigging.
- (4). Violation of this agreement by the supplier or its employees shall be deemed as a breach of contract. The supplier and its employees shall be held legally liable for compensation. SDI reserves the right to freeze any funds involved, terminate the contractual or any business relationship and cancel any orders immediately. The supplier shall be responsible for all losses SDI suffers.

1.1.5 Impact Analysis for Direct and Indirect Economy

As a globally leading provider of electronics lead frames and technical services, we pose significant direct and indirect impact on global economy. In terms of direct economic impact, our financial trading undoubtedly influence all stakeholders (investors, clients, employees, suppliers, and local Government agencies and Local communities). As our revenue grow, profitability fluctuate, and additions and changes are made to our operating locations, we can bring about significant indirect economic impact.

Impact Analysis for Direct and Indirect Economy

Investors	<ul style="list-style-type: none"> ● Investors are required to pay dividends tax and receive gain or loss from their shares.
Customer	<p>Advantages:</p> <ul style="list-style-type: none"> ● SDI ranks first in the world in the market for Power products. It has a strategic partnership with the IDM factory, and is an industry icon. In the midst of mergers and acquisitions in the semiconductor industry, being No. 1 does have its advantage. ● SDI has sound corporate governance that allows us to provide customers stable supply and quality services when the external environment and market are volatile. ● In product quality, speedy delivery, service and other areas, SDI has gained customer trust, and continuously developing high-end products (such as automotive electronics) , to enhance future earnings and profitability. ● New stationery products are increasing in terms of sales and patents, which effectively prevents new competitors from joining in. ● There has been a considerable achievement in automated assembly, along with the advance of automated testing technology for new products, which effectively reduces the costs of production. <p>Disadvantages:</p> <ul style="list-style-type: none"> ● The COVID-19 pandemic has caused the global economy to slow down; demand for automotive semiconductors has decreased, resulting in a slight decrease in orders from some clients. ● Automotive products have strict quality requirements, increasing in costs and risks. ● Counterfeiting remains rampant in China, leading to unfair competition. Consumers buy the products without knowing that they are counterfeit, which affects the company’s reputation and profitability and thus results in operating loss.
Employees	<ul style="list-style-type: none"> ● Locations of employee assignment may change, and the number of employees may fluctuate. Employees of a location pay the local income tax, and their income is spent on consumption, which influences the local economic activities. ● For electronics and metal stationery, SDI has established production bases in China. However, the rising labor costs and stringent environmental protection requirements made cost control difficult. ● Due to the upward adjustments in the minimum wage and a shortage of technicians, it is difficult to recruit talent.
Suppliers	<ul style="list-style-type: none"> ● Because of demand in the supply chain, supplier companies create jobs. The income of suppliers and their employees contribute to local income

	<p>taxes and support local economic activities.</p> <ul style="list-style-type: none"> ● The price of raw materials has risen and there has been signs of shortage in medium and high-grade copper.
Local communities	<ul style="list-style-type: none"> ● For its history of more than 60 years, SDI has always paid attention to how our operations impact local communities and residents. As we are committed to environmental, safety, health measures and traffic safety, we have not created potential or actual negative impact on local communities. We have also invited communicated with the local community representatives, and listened to the voices of local residents. ● The company participated in the community-based greening effort by constructing the recreational facilities in the community park, in the shape of the company's stationery products to promote product marketing while encouraging local community residents to exercise. The company also actively communicates with the representatives of the community opposite the park. So far, no complaints have been received.

1.2 Stakeholders and Material Issues

1.2.1 Identification of Stakeholders and Material Issues

1. Identification of Stakeholders

Since 2013, SDI has realized that listening and responding to stakeholders' issues of concern is the key to fulfill sustainability and CSR. Therefore, we have established multiple transparent and effective communication channels with stakeholders to engage in constructive communication, thoroughly understand their issues of concern, emphasize their benefits, and incorporate them into the company's development strategies. With stakeholders' concerns as basis for the company's business decision-making and disclosure of information, we aim to establish guidelines for our sustainable business.

Materiality Analysis Process

Step 1 Identification of stakeholders	Based on the five principles in AA1000 Engagement Standards, we conduct identification of stakeholders, resulting a seven-group category including shareholders, customers (clients, consumers, distributors), employees (full-time employees, unofficial contract workers, immigrant workers, interns), suppliers (suppliers, contractors, immigrant worker agencies), government agencies, local communities (development associations, local communities), and NGOs (RBA, industry associations).	Stakeholders 7 categories
Step 2 Topic and discussion	SDI has concluded a list that comprises 33 topics in aggregate, based on its industrial features, for the CSR Implementation Committee to have discussions about policies.	33 Topics
Step 3 Understanding issues of concern	Through joint meeting of CSR Implementation Committee with top brass, we evaluate the level of concerns of issues that interests stakeholders, to understand their concern and to assess the impact of each issue on the company's operations.	Joint meeting of the CSR Implementation Committee with top brass
Step 4 Material Issues Identification	After acquiring the attention of stakeholders and their rating regarding the level of impact on sustainable operations by senior management, SDI performed matrix analysis and topic sorting and determined the 15 material issues of SDI in 2021 through internal discussions, which were the same as the 15 material issues evaluated in 2020. For the impact boundary, the material issue boundary is defined based on the value chain.	15 Material Issues
Step 5 Review and discussions	Based on the Main Issues identified for the year, we disclosed management guidelines, continued to enhance management, and disclosed relevant information in the CSR Report.	One report

2. Stakeholders' issues and communication platform

We identified seven types of stakeholders, based on internal discussions by our CSR Implementation Committee, stakeholder grouping by peer companies, and the five principles in the AA1000 SES Stakeholder Engagement Standard (dependency, responsibility, influence, tension, and diverse perspectives) to determine the level of importance of stakeholders. These types of stakeholders are, in descending order, customers (clients, consumers, distributors), suppliers (suppliers, contractors, migrant worker agencies), employees (full-time employees, unofficial contract workers, migrant workers, interns), governments, shareholders, NGOs (RBA, industry associations), and local communities (development associations). SDI will continue to incrementally establish comprehensive

two-way communication channels for stakeholders to express their issues of concern, thus listening to opinions from stakeholders and making appropriate and proactive responses.

3. Stakeholders Communication Channels and Issues of Concern

To achieve effective communication with stakeholders, establishing comprehensive two-way communication mechanisms with stakeholders is of paramount importance in achieving corporate sustainability. Through diverse communication channels, we collect opinions from stakeholders and understand their needs and ideas, which helps the company discover blind spots in risks and management beforehand and acquires important basis for adjusting business strategies and achieving sustainability. With our internal process for achieving sustainability, we incrementally implement stakeholders' opinions to respond to their needs with action. The following table shows SDI's stakeholder descriptions, communication channels, and issues of concern:

Stakeholder	Description	Communication Management	Frequency	Issues of concern
Employees	Employees are a corporation's most important asset. We listen to our employees, respond to their concerns in a timely manner, and fulfill our responsibility in taking care of them.	<ol style="list-style-type: none"> 1. Training and drills to improve professional skills. 2. Conduct internal communication with internal memos or announcements. 3. Labor Safety Committee supervises the safety and health care. 4. Conduct bilateral communication through E-newsletter. 5. Employees express comments and suggestions through the staff comment form. 6. Conduct performance interview to provide necessary assistance. 7. The trade union, Employee Welfare Committee and Labor Management Committee conduct bilateral communication. 8. Protect employee health with annual physical checkups. 9. Provide group insurance to provide better care for the employees and their families. 	<p>From time to time</p> <p>From time to time</p> <p>Quarterly</p> <p>From time to time</p> <p>From time to time</p> <p>Every 6 months</p> <p>Quarterly</p> <p>Annual</p> <p>Regular</p>	<ul style="list-style-type: none"> ● Business performance ● Waste water and materials ● Labor-management relation ● Labor health and safety ● Training and Education
Shareholder	Shareholders are the owners of SDI. Their benefits are closely	<ol style="list-style-type: none"> 1. Hold annual shareholder meeting during mid-year and provide complete financial information, future directions and 	Annual	<ul style="list-style-type: none"> ● Business performance ● Compliance with environmental and product laws and

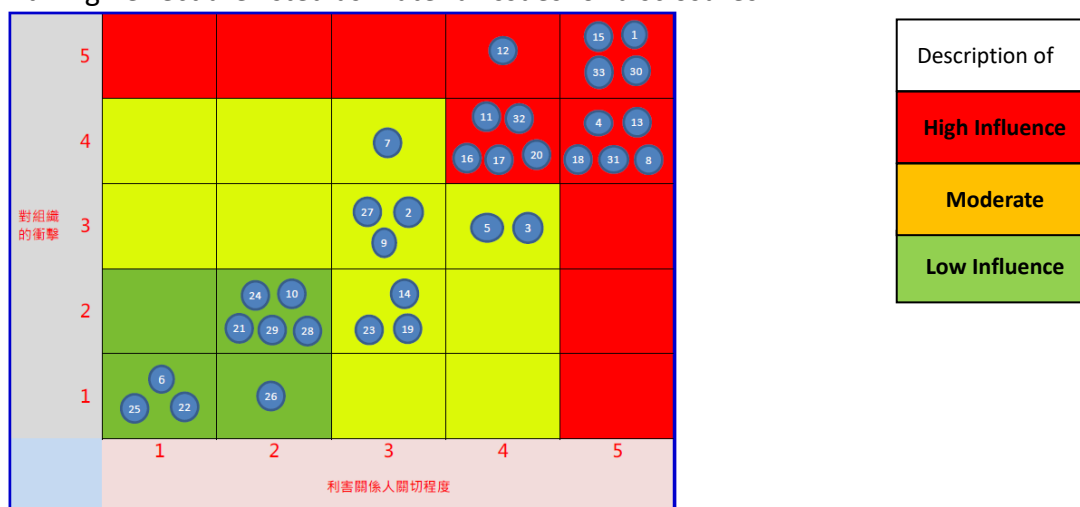
	connected to the business performance of the company. Therefore, shareholders have high expectations for SDI's performance in economy, environment, and social aspects.	<p>communication.</p> <ol style="list-style-type: none"> 2. Establish a service hotline to maintain positive and long-term interaction with investors 3. Announce operational information from time to time according to the regulations of the Taiwan Stock Exchange Corporation. 	<p>From time to time</p> <p>From time to time</p>	<p>regulations</p> <ul style="list-style-type: none"> ● Health and safety of customers
Customer	The development of high-quality, environmentally friendly and Green products, and the establishment of services to the satisfaction of customers are the company's objectives.	<ol style="list-style-type: none"> 1. Update the company website with news concerning environmental protection, health and safety from time to time. 2. Establish service hotline and online inquiry page as consumer services. 3. Regularly conduct marketing and promotion campaign as well as exhibitions. 4. Through RBA SAQ platform, the self-evaluation status is revealed to SDI customers. 5. Conduct regular and irregular meetings with clients to communicate on issues including future prospect, product development, quality and delivery. 6. SDI observes applies for patent owner claim scope statement, and provides international certificates and contracts to protect its patents. 	<p>From time to time</p> <p>From time to time</p> <p>Regular</p> <p>Regular</p> <p>From time to time</p> <p>Regular</p>	<ul style="list-style-type: none"> ● Product and service labeling ● Compliance with product laws and regulations ● Business performance
Local communities	Local communities are the foundation of the company's operations. Only by maintaining	<ol style="list-style-type: none"> 1. Regularly scheduled local community feedback activities, and participate community-oriented development meetings and festivals in local 	Regular	<ul style="list-style-type: none"> ● Water ● Discharge ● Environmental issue complaint mechanism ● Business

	good relations can the company develop sustainably.	<p>communities.</p> <ol style="list-style-type: none"> 2. Invite community chiefs and staffers for unscheduled factory visit and communication. 3. Conduct unscheduled inspections to ensure a clean and tidy plants environment. 	<p>From time to time</p> <p>From time to time</p>	<p>performance</p>
Suppliers	The quality of products and service of suppliers directly influence SDI's operation and production performances. We establish effective communication channels to facilitate mutual benefits and reach the goal of sustainability.	<ol style="list-style-type: none"> 1. Provide technical drawings or product specifications to protect the intellectual property right. 2. Provide quality inspection certification to protect the rights of both parties. 3. Provide complete financial information, future directions and communication in financial reports. 	<p>From time to time</p> <p>From time to time</p> <p>Annual</p>	<ul style="list-style-type: none"> ● Market image ● Compliance with environmental laws and regulations ● Anti-corruption ● Health and safety of customers
NGOs	Only with effective communication management and by implementing social contribution and services can the company develop sustainably.	<ol style="list-style-type: none"> 1. Regularly post social care and charity programs on the company website. 2. Assist the schools, government agencies and companies with the visit. 3. Unscheduled conduct volunteer service programs. 4. Regularly post social care and charity programs on the company website. 5. Publish the monthly revenues on the company website. 	<p>From time to time</p> <p>From time to time</p> <p>From time to time</p> <p>From time to time</p> <p>Regular</p>	<ul style="list-style-type: none"> ● Business performance ● Health and safety of customers ● Product and service labeling ● Compliance with product laws and regulations
Government agencies	SDI adheres to laws and promises to achieve sustainability.	<ol style="list-style-type: none"> 1. Conduct random on-site check for compliance. 2. Conduct on-site visits. 3. Issue paperwork to corporations to provide assistance for various affairs. 4. Conduct on-site labor 	<p>From time to time</p> <p>From time to time</p> <p>From time to time</p> <p>From time to time</p> <p>From time to time</p>	<ul style="list-style-type: none"> ● Labor relation ● Labor health and safety ● Discharge ● Compliance with social laws and regulations ● Compliance with environmental laws

		inspection. 5. Conduct exchanges and mutual learning through corporate visits.	From time to time	and regulations
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1.2.2 Material Topic Identification Method

- Based on the CSR topic analysis process, we include 5 steps such as “Identification Stakeholders,” “Issue Collecting and Topic Classifying,” “Understanding Issues of Concern,” “Identification of Material Issues,” and “Review and Discussion” to decide on the major topics and their priority.
- After concluding 33 issues based on the industry features and discussions regarding the effects and impacts on the organization as well as the level of concern of stakeholders, the impacts and effects are divided into low (green area), moderate (orange area), and high (red area), and issues with high effect are listed as material issues for disclosures.



No.	Topics	No.	Topics	No.	Topics
1	201 Business performance	7	301 Materials	15	401 Labor-employer relation
2	202 Market image	8	302 Energy	16	402 Labor-management relation
3	203 Indirect economic impact	9	303 Water and Effluent	17	403 Occupational Health Safety
4	204 Procurement practice	10	304 Biodiversity	18	404 Training and education
5	205 Anti-corruption	11	305 Discharge	19	405 Employee diversity and equal opportunities
6	206 Anti-competitive behavior	12	306 Waste materials	20	406 Non-discrimination
		13	307 Compliance with environmental laws	21	407 Freedom of association and collective bargaining
		14	308 Environmental assessment of suppliers	22	408 Child labor
				23	409 Forced and compulsory labor
				24	410 Security practice
				25	411 Aboriginal rights
				26	412 Human rights
				27	413 Local communities
				28	414 Supplier Social Assessment

29	415 Public policies
30	416 Health and safety of customers
31	417 Marketing and Labeling
32	418 Client Privacy
33	419 Social and economic laws compliance

2. Material Issues Disclosure and Boundary description

Material Item	Material Issues	Category	Corresponding indicator	Reason for Material Issue	Corresponding indicator chapter	Boundary of Value Chain Impact (Note 1)			
						Upstream	SDI	Downstream	Government agencies
I.	Business performance	Economy	Standards-201	Operation performance	1.1.3 Financial Performance	○	●		
II.	Procurement practice	Economy	Standards-204	Green & on-location procurement	3.3.1 Management of the Green Supply Chain and Contractors	●	●	○	
III.	Energy	Environment	Standards-302	Energy consumption concern	2.1 Energy Conservation and Management		●	○	
IV.	Discharge	Environment	Standards-305	Air pollution emissions concern	2.1 Energy Conservation and Management		●	○	●
V.	Waste	Environment	Standards-306	Pay attention to the handling and flow of waste	2.2.5 Pollution discharge and pollution control		●	○	●
VI.	Compliance with environmental laws and regulations	Environment	Standards-307	Degree of Compliance with Environmental Regulations	1.4.2 Compliance with domestic regulations		●	○	●
VII.	Labor-employer relation	Society	Standards-401	Harmony of employee-employer relations	3.1.1 Overview of manpower employment		●	○	

Material Item	Material Issues	Category	Corresponding indicator	Reason for Material Issue	Corresponding indicator chapter	Boundary of Value Chain Impact (Note 1)			
						Upstream	SDI	Downstream	Government agencies
VIII.	Labor-management relation	Society	Standards-402	Harmony of employee-employer relations	3.1.2 Sound employee-employer relations		●	○	●
IX.	Labor health and safety	Society	Standards-403	Occupational health and safety of the employees	3.1.6 Workplace Harmony		●	○	●
X.	Training and Education	Society	Standards-404	Employee Training and Education	3.1.5 Diversified education and training		●		
XI.	Non-discrimination	Society	Standards-406	Non-discrimination policy for employees	3.1 The SDI Family		●	○	
XII.	Health and safety of customers	Society	Standards-416	Health and safety of customers	4.3.2 Green product design 5.2.2 Reduced packaging, environmentally friendly materials	○	●	●	
XIII.	Marketing and Labeling	Society	Standards-417	Product and service labeling	2.2.1 Management of Green Production 1.4.2 Compliance with domestic regulations 3.2.3 Relations with Customers	○	●	●	●
XIV.	Customer privacy	Society	Standards-418	Customer privacy	3.2.4 Customer privacy protection measures		●	●	
XV.	Socioeconomic laws and regulations compliance	Society	Standards-419	Social laws compliance	1.4.2 Compliance with domestic regulations		●	○	●

Note 1: In the identification of the boundary of SDI's value chain impact, the core of the value chain is SDI itself and its employees; the upstream is the raw material suppliers; the downstream covers customers.

1.2.3 Participation in External Organizations

(I) Participation in External Organizations:

SDI is a member of many professional associations, including educational materials, publications and stationery, and the aim is to promote industry and businesses development.

- Vice Chairman, Taiwan Association of Stationery Industries
- Consultant, Trade-Guild of Books & Educational Tools
- Consultant, Trade-Guild of Books & Educational Tools, Changhua County
- Consultant, Stationery Wholesale Improvement Committee, Taiwan
- Consultant, Stationery Wholesale Improvement Association, Greater Kaohsiung
- Consultant, Central Regional Stationery Wholesale Division
- Consultant, Alpha Stationery Network Association
- Director, The Taiwan Society for Metal Heat Treatment
- Representative Director, Taiwan Mold & Die Industry Association
- Member, Changhua County Industrial Association
- Chairman, Central Region Advancement Association, Taiwan Occupational Health and Safety Systems (TOSHMS)

(II) Involvement in Initiatives, Treaties, and Principles

SDI supports and observes the 10 principles of the sustainable development goals (SDGs) of the UN Global Compact concerning human rights, labor rights, the environment, and anti-corruption. We comply with domestic laws and international regulations, and are committed to ensuring the rights of employees, contractors, and suppliers, in terms of human rights, labor rights, freedom of association, prevention of forced labor, abolishment of child labor, anti-discrimination, anti-corruption, anti-trust, and environmental protection.

1.3 Risk Assessment and Crisis Response Management

Comprehensive risk assessment and crisis management system are the key to the sustainability of SDI. Therefore, we are committed to enhancing our risk management system, based on the existing organizational structure and internal control cycles, to identify and control risk factors, establish prevention, and enable us for timely response.

Table of Organizational Risk Management and Precautionary System:

Category	Description	Response
Economy	Impact on operational stability from rapid change in economic environment	(I) Impact on company profitability from interest rate/exchange rate fluctuations and inflation and response thereto: <ol style="list-style-type: none"> 1. The international and domestic interest rates have been constantly adjusted upward. In response to the financial expenditures, the Company will reinforce its bargaining power with financial institutions to continue reducing its operating costs. 2. For exports, we engage in natural hedging and diversify our use of currencies to minimize impact from exchange rate fluctuations. 3. In the face of inflation, we continue to adjust the costs of materials and develop new products to increase gross profit and minimize the impact on the company from inflation.
		(II) Policies for engaging in high-risk, high-leverage investments, lending of capital, endorsements, guarantees, and derivative products; Main reasons for gains and losses, and response thereto: SDI's procedures and internal control regulations for lending of capital, endorsements, guarantees, and derivative products are mainly for hedging and providing working capital for subsidiaries instead of high-risk, high gain investments.
		(III) Impact of technological changes and industrial changes on the company's financial business, and corresponding measures: The company introduced the ORACLE ERP system since 2000 and completed the transition to R12 in 2010. The ORACLE ERP system has effectively improved the quality of business information and decision-making performance in response to the use of IFRS and changes in the industrial structure.
		(IV) Impact of changes in the corporate image on corporate crisis management and corresponding measures: The Company has been adhering to the operating concepts of integrity, stability, challenges, and innovation when engaging in business activities, and duly implementing internal control measures to respond to challenges arising from operations.
		(V) Risks arising from purchase or sales concentration and corresponding measures: The Company adopts the method of supplier dispersion and customer dispersion for purchases and

Category	Description	Response
		<p>sales to avoid risk concentration.</p> <p>(VI) Risk Control for COVID-19:</p> <ol style="list-style-type: none"> 1. Under the effect of COVID-19 in 2020, overall demand was delayed and only resumed in the second half of 2020, and the increase in end requirements continued into 2021. The Company focused on satisfying customers' requirements by providing sufficient production capacity to avoid the risk of supply chain interruption. 2. The Company continues to implement pandemic control measures and adjusts the pandemic control measures (i.e., all employees are required to wear masks, take body temperature each day, wash hands often, and measures of business trip control, video conferences, and adjustments regarding separate dining times) based on circumstances of the outbreak, to avoid the risk of affecting operations.
	Risk of Raw Material Supply Shortage, Price Fluctuation, and Purchase Concentration	<ol style="list-style-type: none"> 1. We regularly collect information from global materials market and track pricing trends to increase our safety stock coefficient. 2. We diversify procurement plans and search for alternatives for key imported materials to minimize risks of centralized procurement and procurement costs. 3. We enhance our procurement capabilities and actively search for new suppliers to incrementally improve our list of backup suppliers and minimize the risks of centralized procurement.
Environment	Impact from climate change	<ol style="list-style-type: none"> 1. SDI has installed and verified the ISO 50001 energy management system in 2016 to continue to improve energy performance, minimize energy costs, and decrease greenhouse gas emissions and other environmental impacts. 2. We continue to implement energy integration and energy conservation projects and purchase energy-efficient equipment to minimize energy consumption and carbon emissions. 3. We establish hazard response procedures and enhance our plants' responsiveness to natural hazards, including inspecting, repairing, and replacing equipment and training employees on hazard prevention. 4. We form a greenhouse gas emission inspection team to perform energy declaration and voluntary greenhouse gas inspection while regularly tracking carbon emissions and formulate reduction measures. 5. We implement water conservation measures and are considering installing water-recycling equipment.
	Impact on operation from increasingly strict	<ol style="list-style-type: none"> 1. We implement energy conservation measures and achieve actual reduction to obtain the reward of extra greenhouse gas emission quota. 2. We actively invest company resources in pollution prevention, waste treatment, water management, and

Category	Description	Response
	environmental laws	labor safety management to prevent pollution.
Society	Increasing requirement on product safety from consumers	<ol style="list-style-type: none"> 1. We use our core capabilities to develop safer products 2. We continue to improve production management and processes to achieve higher quality and safety. 3. We implement quality inspection on contractors to ensure the supply and safety of materials. 4. We obtain verification from third-party authorities to enhance consumers' trust.
	Increasing environmental awareness in local communities	<ol style="list-style-type: none"> 1. We actively communicate with community residents, listen to their opinions, respond in timely manner, resolve disputes, and establish trust, thus gaining their support. 2. We disclose information in a transparent manner, so that residents receive up-to-date and correct information, minimizing misunderstanding from information asymmetry and incidents therefrom.
	Gaps in technical and professional succession	<ol style="list-style-type: none"> 1. We continue to implement knowledge management (KM) to systematically record and pass on key technologies and experience. 2. We implement talent training policies in systematic, organized, and consistent manner to minimize impact on the company from gaps in professional succession. 3. We emphasize employee training and education, actively cultivating professional talents in various fields.

1.4. Compliance

Regulatory compliance management guideline

I. Policy: Complying with regulations in terms of products, environments, and society.

II. Commitment: Legal compliance.

III. Violations of environmental regulations

Objective items	Goals in 2021	Records in 2021	Goals in 2022	Goals in 2023
Number of Violations	0	1	0	0

IV. Resources: Project formulation and budget allocation implementation by dedicated unit.

V. Action to be taken:

1. Identifying regulatory updates for domestic and special issues.
2. Proposing regulations for discussions from time to time.
3. Performing internal communications with reference to any legal violation cases within the industry, and avoiding similar mistakes.

VI. Performance measurement: Each department shall perform a self-evaluation for their legal compliance.

Applicability: General, Specific

Scope: Within the organization, Outside the organization

1.4.1 Compliance with laws and international standards and regulations

1. Compliance is the key basis for CSR and for corporate sustainability. Based on the company's core value of integrity, we stringently follow laws and regulations throughout the company, handling all operations with principles of fairness, justice, and ethics.
2. Regarding internal regulations, we follow domestic laws and policies and strive to adhere to international initiatives and trends on formulating regulations while constantly adjusting regulations based on policy changes. Moreover, we actively implement compliance training to internalize the importance of compliance in all employees. We also have reporting systems to eradicate and prevent illegal actions. These are our most concrete testament to our business integrity.
3. SDI received ISO 9001 and IATF 16949 quality certifications, ISO 14001 environmental management certification, ISO 45001 occupational health and safety management certification, ISO 50001 energy management systems, and IECQ HSPM-QC 080000 hazardous substance process management certification. The product quality and complete environmental protection mechanism has been approved by international clients, which can reduce the risk of accident occurrences.
4. The finance and accounting of the affiliates are handled independently by designated personnel with internal audit established in accordance with the regulatory requirements.

1.4.2 Compliance with domestic regulations

SDI's compliance in society, product, and environment categories in 2021 is as follows:

1. Social Compliance

SDI complies with human rights regulations, labor regulations, and anti-competition regulations. In 2021, there was no fine imposed on SDI due to the violation of laws and regulations related to society.

2. Product Compliance

- (1). Stationery products: We produce, label, and sell products in compliance with domestic product laws and regulations, including Fair Trade Act, Intellectual Property Rights Protection Act, Personal Information Protection Act, and Consumer Protection Act. SDI was fined on 0 account of marketing violations, received warnings on 0 account of violation, and was involved in 0 accounts of violation of the voluntary principle in 2021. Therefore, we achieved the goal of not being fined and receiving no warning. In the future, our challenge is to maintain this cautious attitude and continue a basic consensus that all employees follow the laws and regulations.
- (2). Electronics lead frames: SDI offer semiconductor lead frame products and manufacturing services. We completely cater to clients' needs and emphasize the importance of clients and trust when designing and manufacturing products. Clients' die designs are mostly proprietary intellectual properties of respective companies and are not allowed to be used by competitors in the same field. Therefore, since the founding of our electronics business, there has never been any incident of violation of law or regulation that resulted in large sums of compensation to clients.

3. Environmental Compliance

SDI adheres to the execution policy of "legal compliance, pollution prevention, and continual improvement" to achieve the final target of zero violations and zero fines, making contributions to the environment on earth.

In 2021, the Company violated some requirements under paragraph 1, Article 36 of the Waste Disposal Act as the storage location of the electroplating sludge deviated from the deployment diagram of the cleaning plan, and improper labeling of copper waste. A fine of NT\$66,000 was imposed, and the Company was required to receive three hours of environmental lectures. Subsequently, the Company performed according to the cleaning plan, and increased the cleaning frequency. Upon the completion of the new plant, the Company will apply for a cleaning plan alteration with the Bureau of Environmental Protection.

Category	Number of cases	Description	Improvement measures
Economic compliance	0	None	None
Environmental compliance	1	Due to the violation of some requirements under paragraph 1, Article 36 of the Waste Disposal Act, a fine of NT\$66,000 was imposed, and the Company was required to receive three hours of environmental lectures.	Performed waste storage according to the cleaning plan of the Company.
Social compliance	0	None	None

2. Environmental Sustainability

The direction of environmental policy: Due to global climate change, industry, and environmental changes, energy has become essential to society and industry. With the progress of society and the development of industry, the result is increased energy consumption and dependency. Hence, the industry must plant stable economic roots and increase competitiveness, so it is critical to purchase new equipment to raise effectiveness. The recent changes in the energy market are an indication of corporate development, which focuses on the green industry, especially carbon reduction and energy efficiency. SDI also follows this trend in the development of its LED products to implement energy conservation policies, provide an alternative green industry, and strive toward SDI’s goal of sustainable management.

SDI adheres to its own business motto and the Government agencies’ energy conservation policies to fulfill its social responsibility, increase energy efficiency, minimize waste of resources, optimize energy use, maximize corporate competitiveness, and thus contribute to national economic competitiveness and the protection of the Earth's environment.

Material Issues: Energy resource, industrial discharge, waste/polluted water and waste, product and service, environmental compliance

2.1 Energy Conservation and Management

1. SDI proposed the “Guiding Principles for Sustainable Energy Policy” in response to governmental agencies in June 2008, hoping to give equal consideration to energy safety and economic development, while also seeking sustainable energy development to satisfy the requirements for future development, and make full use of limited energy, allowing joint prosperity and co-existence between the environment, energy, and economy. In addition, due to the urgency of international energy shortages and GHGs reduction as well as the increasingly severe energy shortage, it has established standards that help improve energy efficiency, and engaged and passed the verification of the ISO 50001 energy management system in 2016, to facilitate the internal energy management of the enterprise for the

Energy management policy

I. The Energy Policy:

1. Comply with energy laws and other relevant requirements.
2. Implement energy conservation measures to reduce greenhouse gas emissions during production.
3. Provide resources to ensure energy goals are met.
4. Introduce the energy-saving design during process and product development.
5. Purchase equipment with high efficiency and low environmental impact.
6. Conduct continuous review and improvement to improve performance of the management system.
7. Make good use of the corporate social responsibility and move towards sustainable management.

II. Energy policy: Compliance with regulations, energy conservation and carbon reduction, energy design and procurement, continuous improvement, and sustainable development.

III. Energy Commitment: The formulation of the target should consider major environmental impacts and improvements to significant energy consumption, and focus on compliance with applicable regulatory requirements and other requirements proposed by the organization to meet the commitment of continuous improvement.

IV. Goal:

1. Comply with the overall energy targets set to be achieved according to the energy policy, and quantify such achievements so far as possible.

Goals in 2021	Records in 2021	Goals in 2022	Goals in 2022
Energy saving rate 1.2%	Energy saving rate 0.97%	Energy saving 1%	Energy saving 1% or above
Natural gas 3 %	Natural gas 3 %	Natural gas 3 %	Natural gas 3 %

2. Carbon dioxide reduction goal: The carbon dioxide goals and plan will be established according to the inventory check results, based on ISO14064-1.

V. Resources: The implementation of the project plan and budgeting shall be conducted by the dedicated unit.

VI. Action:

1. Fix the budgets and execute plans according to the energy management plan.
2. Monitor and check the implementation of energy management by all units.
3. Regularly review the performance and adjust the plans in time.
4. Establish an energy management system.

VII. Energy Performance measurement:

1. Measurable results are obtained based on review of energy policies and relevant objectives and targets.
2. Under the effects of COVID-19, the implementation of the initial old equipment replacement plan was forced to suspend partially in 2020, resulting in the failure in reaching the goal of saving 1.2% of energy in 2021. SDI hopes that it can exceed the goal for energy-saving set after the economic activities have been restored to normal upon the outbreak being controlled during the year.

Applicability: General, Specific
 Scope: Within the organization, Outside the organization

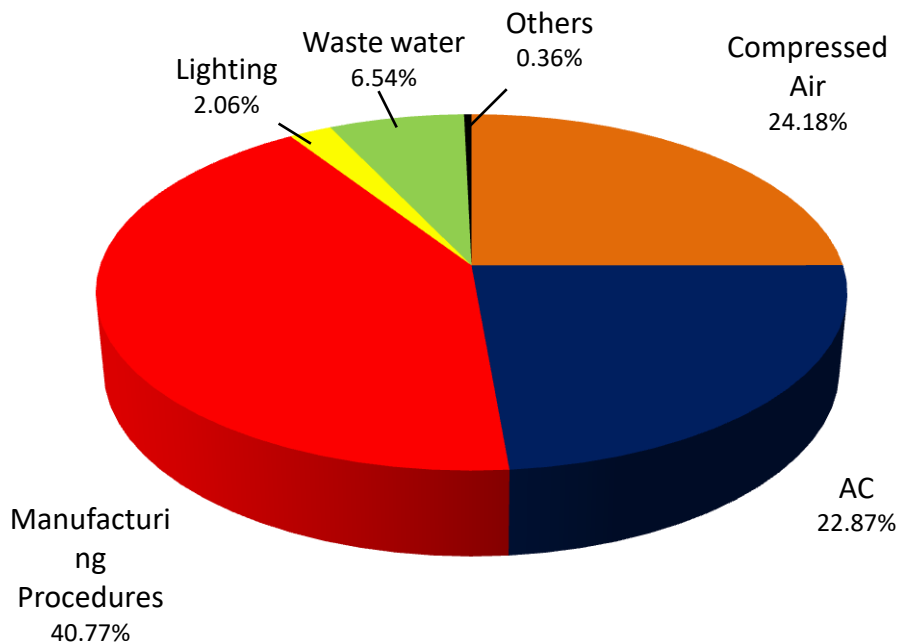
effective use of energy. The Company has arranged to perform the third-year review for ISO50001 in 2022 to maintain certificate validity.



ISO 50001 Environmental Management System Verification

To fulfill its social responsibility and continue implementing energy efficacy improvements, SDI has proposed multiple energy-saving plans, and has been actively striding forward to the goal of saving 1% of power. According to the power-saving plan declared to the Bureau of Energy, Ministry of Economic Affairs, the power-saving rate approved in 2021 was 0.97%.

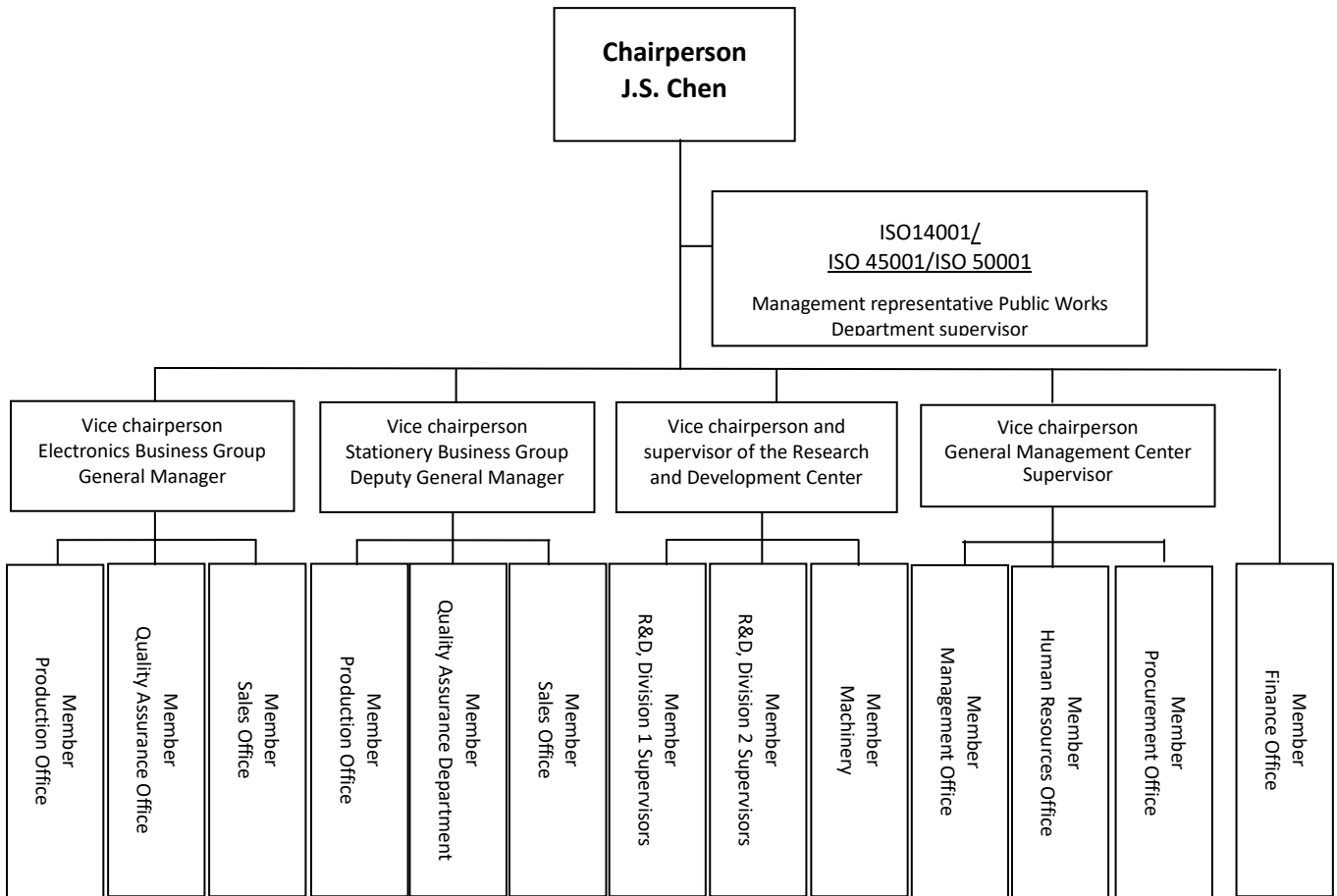
Percentage of major energy consumption in 2021



Total Electricity Used: 61434915 degrees/year

2. A Decision-making Committee is required to be established in response to the requirements for promoting the Company’s environmental/safety and health/energy management system. Therefore, the supervisor of the Public Works Department is appointed as the management representative of the Company for ISO–14001/ISO 45001/ISO 50001. The primary scope of business is as follows:
 - (1) System establishment and promotion.
 - (2) Audit promotion.
 - (3) Supervising the course of system operation.
 - (4) Convening management review meetings.
 - (5) Application for external certification.

Environmental/Safety and Health/Energy Management Decision-making Committee



3. SDI fully complies with governmental measures on energy conservation. In 2019, our Changhua Plant sent energy management staff for training, with four of them already receiving certificates by year's end. SDI also complies with the requirements of the Bureau of Energy, Ministry of Economic Affairs, to complete the declaration form for energy conservation inspection, which demonstrates SDI's commitment.



4. Energy Saving Measures under SDI's Action Strategies:

- (1) For AC system adjustment and control: The AC system accounts for approximately 22.87% of total power consumption. With no prejudice to the temperature, humidity, and comfort level of spaces and the useful life of AC, the Company intends to reduce the power consumption of the AC system to reduce environmental pollution and expenses of the Company, achieving the effect of energy-saving and carbon dioxide reduction.
- (2) To conserve energy, SDI procures high-efficiency machinery to achieve reliable product quality, such as high-performance air compressors, and adds inverters for air supply to be reliable and

energy-efficient: In September 2021, additional frequency converters were installed for partial air compressors in the Nantou Plant. This is estimated to save 236,019kWh of power each year, representing a reduction of 118.48 tons of carbon dioxide emissions.

(3) The Company prioritizes power-saving LED lights when purchasing new lights, and replaces the existing ceramic discharge metal-halide lamps and T8 fluorescent lamps on-site. As of 2021, the Company has replaced all lighting equipment (the replacement ratio in 2021 was 70%), and the Company continues making replacements to stay on the path to energy-saving in the future.

(4) Adjustment to and control of air compressing system in manufacturing procedures:

- In 2021, the Company installed devices that concurrently turn on/turn off with the production machines during its production procedures, to allow production machines to turn off the air compressing system during standby mode to avoid waste.
- In 2021, SDI introduced an equipment energy management system for the stamping press, and the peripheral equipment and the main machine are concurrently turned off or turned on for immediacy; 104,908kWh of power was saved from September to December.
- SDI regularly replaces freeze dryers and air compressors of poor efficiency to allow flexible use during operations and achieve efficiency and benefits. In 2021, four freeze dryers and one air compressor were replaced. Subsequently, old machines will be replaced one after another, depending on their efficiency.

(5) Direct and indirect energy consumption: In terms of energy consumption, to lower the impact on the environment, all departments are committed to improving production and enhancing production efficiency that minimizes redundant energy consumption, thus lowering operation costs.

- Direct energy: Due to the increase in production quantity in 2021, natural gas consumption in 2021 was 653,030m³, an increase of 8.79% from 600,224m³ in 2020.
- Indirect energy: Similarly, due to the increase in production amount and in response to the quality requirements, SDI acquired additional compressed air cleaning equipment. In 2021, the indirect energy (electricity) consumption of SDI was 61,434,915kWh, an increase of 8.66% from 56,534,348kWh in 2019.

(6) Energy intensity:

The energy intensity for power consumption reduced by 15.15% in 2021. The energy intensity for natural gas was reduced by 15.05% in 2021.

Items	2020		2021	
	Total volume	Energy intensity	Total volume	Energy intensity
Power consumption (MJ)	203,523,653	26.18	221,165,694	22.21
Natural gas (MJ)	20,047,481	2.58	21,811,202	2.19
Production value (NT\$000')	7,773,952		9,956,675	

Note: Energy intensity = Total energy consumption/production value of the year (NT\$000')

(7) Emissions of GHGs and other gases from 2020 to 2021

- Emissions of greenhouse gases and other gases in 2020

Items	Source	Consumption		CO2e (Tons)	Methane (CH ₄) (kg)	Nitrous oxide (N ₂ O) (kg)	Way of discharge
		(degrees)	megajoule (10 ⁶ J)				
1	Natural gas	600,224	20,047,481	1127.82	19.81	1.80	Direct discharge (Scope 1)
2	Energy consumption	56,534,348	203,523,653	28775.98	-	-	Indirect energy emission - (Scope 2)

Total (10 ⁶ J)	223,571,134	-	-	-
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• Emissions of GHGs and other gases in 2021 (Note: Changhua Plant does not use natural gas)

Items	Source	Consumption		CO2e (Tons)	Methane (CH ₄) (kg)	Nitrous oxide (N ₂ O) (kg)	Way of discharge
		(degrees)	megajoule (10 ⁶ J)				
1	Natural gas	653,030	21,811,202	1228.265	21.55	1.96	Direct discharge (Scope 1)
2	Energy consumption	61,434,915	221,165,694	31270.372			Indirect energy emission - (Scope 2)
	Total (10 ⁶ J)	242,976,896		-			

• Major gas emissions of Nantou Plant from 2020 to 2021

Items	Major gas emissions	Emissions in 2020 (kg)	Emissions in 2021 (kg)	Calculation method
1.	Nitrogen oxide (NO _x)	961.55	1,046.14	Approximate analysis by coefficients
2.	Volatile organic compound (VOC)	73,107.03	98,263.46	Mass balancing
3.	Particulate matter (PM)	383.66	395.73	Factors (Environmental Report)

• Major gas emissions of Changhua Plant from 2020 to 2021

Items	Major gas emissions	Emissions in 2020 (kg)	Emissions in 2021 (kg)	Calculation method
1.	Volatile organic compound (VOC)	33,202	56,193	Mass balancing

Note 1. According to 2020-2021 emissions statistics.

Note 2. Electricity discharge coefficient in 2020: 1kWh of power generates 0.502kg CO₂; electricity discharge coefficient in 2021: 1kWh of power generates 0.509kg CO₂; 1kWh of power is equivalent to 860kcal or 3.6MJ. Source: Bureau of Energy, Ministry of Economic Affairs

Note 3. 1 cubic meter of natural gas generates 1.879kg CO₂ and concurrently generates 0.000033kg CH₄ and 0.000003kg N₂O; 1 cubic meter of natural gas is equivalent to 8,000kcal or 33.4MJ; source: GHG Discharge Coefficient Control Table Ver.6.0.4.

2.2 Green product

SDI has constantly been introducing concepts of green products, environmental protection, energy-saving, and care for the earth during both product design and production. Since 2014, it has been actively investing in paperless equipment and promoting paperless mold design, and has gained significant achievements. By doing so, SDI saves time and costs, facilitates rapid searching and information provisions, instant modification and adjustments, and confidentiality. Moreover, the reduction of a large quantity of paper used in printing contributes to the environmental protection on earth. The paperless management system is also helpful for reducing the cost of paper. For die manufacturing and processing each year, eighty thousand pieces of paper are required. The cost of publishing each design drawing is NTD2 (including the cost of paper, photocopying materials, and photocopier lease). There is also the labor cost associated with publishing, recalling and destroying drawings, which is about NTD25,000 each month. After introducing the paperless equipment, approximately NTD460,000 can be saved annually. Therefore, SDI's reduction of paper printing is the best practice for loving the Earth and supporting environmental protection.

2.2.1 Green Production Management

1. Compliance with RoHS/IECQ QC080000 Hazardous Substance Management System

RoHS and other regulations governing the use of chemical substance are taking effect around the globe. The ban or limitation on hazardous chemical substance for electronic products is becoming an inevitable trend. RoHS clearly limits or bans the use of lead (Pb), mercury (Hg), cadmium (Cd), hexavalent chromium (Cr6+), polybrominated biphenyls (PBB), poly brominated diphenyl ethers (PBDE), bis(2-ethylhexyl)phthalate (DEHP), benzyl butyl phthalate (BBP) and diisobutyl phthalate (DIBP). WEEE also regulates the recycling of electronic and electric waste. These measures pose direct impacts to the global supply chain. While pressured to update the traditional production system, corporations also need to ensure product compatibility. Therefore, SDI conducts regulatory analysis, identifies customer needs, and formulates strategies from design, production, testing and supply chain management to comply with the environmental regulations. Considering the regulatory and client needs and to reduce risks involving RoHS compliance, SDI established IECQ QC080000 Hazardous Substance Process Management. The QC080000 management system may effectively validate SDI's management efforts and avoid additional product inspection and possible fines. The Electronic Business Group received certification from Underwriter Laboratories and IECQ HSPM (QC080000) on July 27, 2009. Annual reviews are conducted. These are testimonies of SDI's effective management on hazardous substance, compliance with the regulations and fulfilling clients' demands on green products.

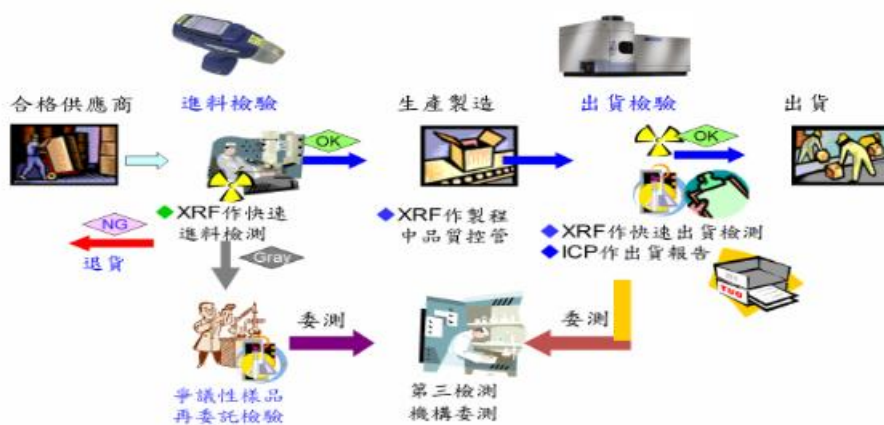


2. SDI conducts risk management for hazardous substance in finished products through monitoring and testing during production. The Company established a hazardous substance management system, offers green products, and incorporates precision testing specialists and equipment such as ICP (Inductively coupled plasma atomic emission spectrometer), GC-MS (gas chromatography-mass spectrometry), UV VIS (UV Visible Spectrophotometer), and EDXRF (X-Ray Fluorescence Spectrometer XRF). SDI can respond to clients' testing requirements in a timely manner, conduct failure analyses, and provide comprehensive solutions.

SDI's QC080000 Hazardous Substance Management Process is as follows:

- (1). Evaluate qualified suppliers and utilize qualified green materials..
- (2). Material inspection: Utilize EDXRF for express quality inspection. Those unfit for HSF (Hazardous Substance) are returned.
- (3). Production: Apply EDXRF for quality control during production..
- (4). Delivery inspection: Adopt EDXRF for express delivery inspection and provide ICP report per client's request.
- (5). Third party inspection: Third party inspection is authorized upon client's request or in cases of dispute

順德工業 QC080000 有害物質管理流程圖



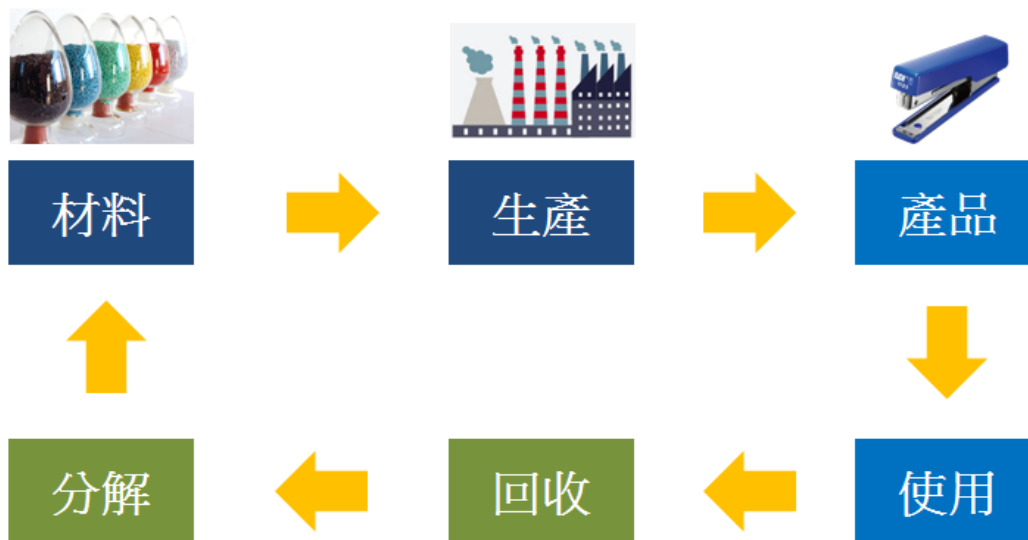
3. SDI integrates IATF 16949 quality management system and ISO 14001 environmental management system with the current procedural management to clearly define hazardous substance free (HSF) policies and implement the following:

- Promote green production process.
- Meet customers' demands on green products.
- Participate in international environmental protection programs.
- Continue to improve and protect the earth.

2.2.2 Application of Materials Recycled From Products

1. Product Responsibility - Environmental Protection through replaceable materials

For SDI's wholly owned hand brand stationery, the main processing materials are plastic and metal. These kinds of materials can be highly recyclable. With low-energy consumption processing, they become reproducible materials for stationery production. In the future, SDI's policy will still be aligned with the same philosophy. Without sacrificing product quality, the ratio of recycled materials in use will be increased to 90% to jointly establish a vision for environmental protection and energy conservation.



Industrial Recycling Concept

2.2.3 Green Product Design Concept

1. Continuation of the product life cycle

Stationery produced by SDI consumes labor, power, and water resources during the manufacturing procedures. Therefore, regarding the products assembly and production efficacy requirements, the design shall comply with the ISO9001 quality management system to minimize the non-conforming rate and energy consumption. Once customers receive products, to extend the useful lives of products, the Company has been developing products with replaceable consumables (such as replaceable pencil sharpeners, electric pencil sharpeners, knives, boxes, and table tape dispensers) for the green design of its products in recent years, which allows consumers to lead a life realizing energy-saving and environmental protection, and saves costs of products. Such measures further affect the consumption habits of Taiwan, Hong Kong, Singapore, and certain countries in Europe for stationery, driving our motivation and ambition for continuing to develop energy-saving stationery.



SDI products with replaceable parts

2. Trust in Safety of Products

During each stage of the product cycle, products and services that affect health and safety are evaluated and improved. SDI keeps abreast of enacted domestic and foreign environmental regulations, including countries and trade organizations to which it may perform sales in the future, and complies with multiple international certifications, such as the restriction of hazardous substance production (RoHS and REACH), the use (CE) and recycle (WEEE, of batteries and packaging) of electric stationery. In the future, even stationery for children will be required to reach the standards equivalent to the “ST” certification to protect growing children and allow everyone to have faith in SDI in terms of our concentrated attention towards environmental and user safety and to believe that SDI always adheres to the concept of sustainable operations, to establish a favorable international corporate image.

ETC ELECTRONICS TESTING CENTER, TAIWAN
 8, Lane 26, Wen-Ming Rd., Lo-Shan, Tim
 Keelung, Taiwan County, Taiwan 11103
 http://www.etc.org.tw
 03-202-9028

Certificate
 of Conformity for Directive 2011/65/EU (RoHS)

This is to certify enclosure(s) are in compliance with Directive 2011/65/EU on the Restriction of The Use of Certain Hazardous Substances (RoHS) in Electrical and Electronic Equipment.

Applicant: SDI CORPORATION
 280, SEC 2, CHANG NAN ROAD, CHANG HUA, 500 TAIWAN

Product/Sample: Electric Pencil Sharpener
Style/Type: 0172

Certificate No: 12-02-QAC-233
 Date of Issue: March 13, 2012

This certificate of conformity is based on evaluation sample(s) of the product mentioned above. It does not imply the assessment of production of the product. The result of this evaluation is available on the RoHS Assessment Report, which is in conformity with 2004/416/EC Article 1, amending RoHS Directive 2011/65/EU.

Chau-Ching Wen
Chau-Ching Wen
 Laboratory Representative
 Electronics Testing Center, Taiwan

To pursue excellence in service quality with a dedicated working attitude.

ETC ELECTRONICS TESTING CENTER, TAIWAN
 Report No.: 12-02-MAS-253-02 EMC TESTING DEPARTMENT Page: 1/7

ETC

CONFORMANCE TEST REPORT
 FOR
EN 62233:2008

Report No.: 12-02-MAS-253-02

Client: SDI CORPORATION
Product: Electric Pencil Sharpener
Model: 0172
Comment/Issue: N/A
Manufacturer: SHIEN DER INDUSTRY (CHANGHUA) CO., LTD

Date test item received: 2012/02/23
Date test campaign completed: 2012/03/27
Date of issue: 2012/03/27

The test result only corresponds to the tested sample. It is not permitted to copy this report, in part or in full, without the permission of the test laboratory.
 Total number of pages of this test report: 07 pages
 Total number of pages of this test photos: 03 pages

Test Engineer <i>Jerry Chen</i> Jerry Chen	Checked By <i>Kevin Lin</i> Kevin Lin	Approved By <i>Jerry Huang</i> Jerry Huang
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CE

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 808, LANE 26, WEN-MING RD.,
 LO-SHAN TOWNSHIP, KEELUNG CITY,
 TAIWAN, R.O.C.
 TEL: (886) 3278170-4
 FAX: (886) 3278170-6
 TEL: (886) 3278168
 FAX: (886) 3278168

Laboratory Accreditation: Electronics Testing Center, Taiwan is recognized, listed and mutual recognition arrangement as following:
 © ISO9001: TUV Product Service
 © ISO14001: TUVSUD, BSMI, TAI, NCC, NVLAP, CCMILAC, UL, Compliance
 © Filing: FCC, Industry Canada, VCCI
 © MRA: Australia, Hong Kong, New Zealand, Singapore, USA, Japan, Korea, China, APAC through NCC
 © FCC Registration Number: 9528, 9194, 9195

ETC ELECTRONICS TESTING CENTER, TAIWAN
 Report No.: 12-02-QAR-008

TEST REPORT
 PRODUCT UPGRADING AND RECYCLING

Report No.: 12-02-QAR-008
Approved by (Signature): *Peter Huang*
Date of issue: 2012/03/09
Contents: 19 Pages

Testing Laboratory Name: Electronics Testing Center, Taiwan.
Address: No. 8, Lane 26, Wenming Rd., Guishan Shiang, Taoyuan County, 33363 Taiwan, R.O.C.
Subcontract Lab.: Environmental Protection and Industrial Safety/ Hygiene Department
Address: No. 8, Lane 26, Wenming Rd., Guishan Shiang, Taoyuan County, 33363 Taiwan, R.O.C.

Applicant's Name: SDI CORPORATION
Address: 280, SEC 2, CHANG NAN ROAD, CHANG HUA, 500 TAIWAN

Test Specification Standard: WEEE (2002/96/EC)
Test procedure: None
Non-standard test method: None

Type of Test Object: Electric Pencil Sharpener
Trademark: ---
Manufacturer: SDI CORPORATION
Model and/ or type reference: 0172
Series Model: ---
Rating(s): ---

1. Selective treatment material/component of waste electrical and electronic equipment is removed in accordance with WEEE Directive Annex II and 75/442/EEC article.
 2. The results shown in this test report refer only to the sample(s) tested.

SDI Product International Verification Application

2.2.4 Water Resources Management

- Facing global environmental change and decreasing water resources, as a part of the global society, SDI executes water-saving measures with no hesitation;
(1) the details are described in the following table:

Use Year	T/Year	Remarks
Water consumption of manufacturing process in 2019	About 1,080,400 tons/year	Due to continuous increase in production capacity
Water consumption of manufacturing process in 2020	About 1,229,600 tons/year	Due to a failure to reach the standards, some products went through rework. Water consumption increased to achieve the quality requirements
Water consumption of manufacturing process in 2021	Approximately 1,361,700 tons	The production capacity continued to increase due to the acquisition of new machines

(2) Water consumption intensity: Water consumption intensity decreased by 12.5% in 2021

Items	2020		2021	
	Total volume	Energy intensity	Total volume	Energy intensity
Water consumption of manufacturing process (ton)	1,229,600	0.16	1,361,700	0.14
Production value (NT\$000')	7,773,952		9,956,675	

- Current water sources for production processes at SDI are tap water (89%) and groundwater (11%). Use of groundwater has been approved by Nantou County Government (See permit below):



- To implement water-saving policies, we engage in the following measures:
 - The RO equipment in the water purification system has been modified for lavatory cleaning and watering of plants
 - Water-efficient fixtures have been added to tap water faucets. Inspections are carried out daily for leakages
 - Production improvements and water recycling measures (e.g. using RO water in scrubbers in the electroplating process) are expected to result in 3% decrease in water consumption per unit revenue annually.
 - Promote water circulation production, and improve the effective use of water resources, facilitating rational use of water for conservation.

2.2.5 Pollution discharge and pollution control

Pollution discharge management guideline

- I. Policy: Compliance with regulations, pollution prevention, continuous improvement, and sustainable development.
- II. Commitment: Identify the sources of pollution with major environmental impacts, formulate directions for improvement, and uphold the commitment to continuous improvement.
- III. Violations of environmental regulations

Objective items	Goals in 2021	Records in 2021	Goals in 2022	Goals in 2023
Violations of environmental regulations	0	0	0	0

- IV. Resources: Project formulation and budget allocation implementation by dedicated unit.
- V. Action to be taken:
 - 1. budget allocation and plan implementation according to the pollution discharge control project.
 - 2. Supervise and verify the implementation of pollution prevention management by all units.
 - 3. Regularly review the performance and adjust the plans in time.
- VI. Performance measurement: Measurable results are obtained based on review of energy policies and relevant objectives and targets.

Applicability: General, Specific

Scope: Within the organization, Outside the organization

1. Pursuit of Environmental Protection

(1). Adhering to the philosophy of environmental and resource protection and improvement, SDI complies with environmental protection policies implemented by governmental agencies, and fulfills its legal responsibility and social obligations to create excellent working environments and safeguard employees' physical and mental health by implementing environmental management. Pursuing the quality policy of "Customer and Quality First," SDI works to accomplish an environmental management policy of "waste reduction, resource conservation, and continual improvements" by enhancing environmental quality. With this belief, SDI implemented the ISO-14001 environmental management system.

SDI obtained ISO-14001 certification in 2004 and conducts regular internal audits. For external audits, the Company commissions British Standards Institution (BSI) and conducts annual safety drills to monitor environmental safety throughout the entire company.

In 2018, verification was has carried out for revision of ISO 14001: 2015, and subsequently certified.



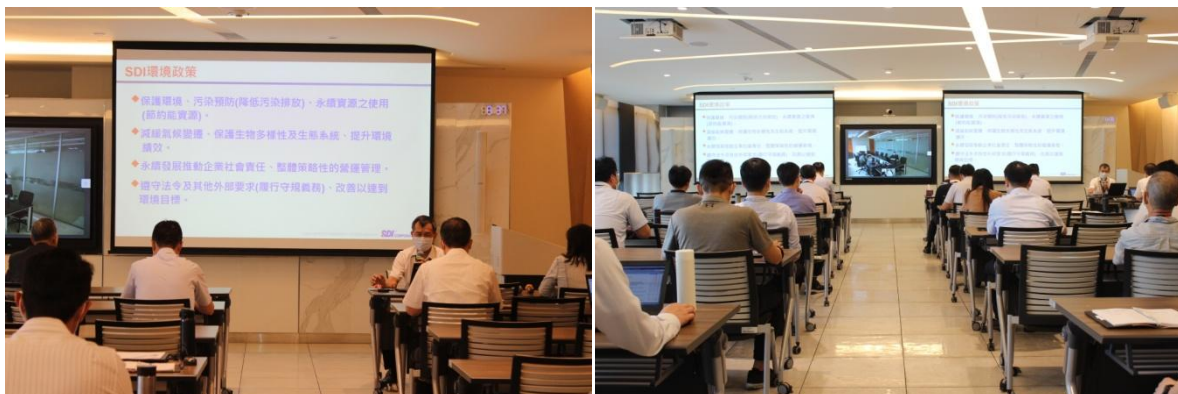
ISO 14001 Environmental Management

(2) Formulating the Environmental Protection Policies

- (a). All environmental management operations comply with government agencies environmental regulations
- (b). Enforce waste reduction and pollution control tasks to achieve the goal of pollution prevention.
- (c). Actively promote energy saving and recycling activities.
- (d). Strengthen environmental training for employees to create pollution free work environment.
- (e). Continuously improve environmental control with correction and prevention.
- (f). Promote environmental policies outside the corporation and protect the environment with the entire society.
- (g). Fulfill corporate responsibility. Incorporate the upstream and downstream suppliers to promote green procurement, green living and green consumption to protect the environment and the earth.

Environmental guidelines: Regulatory compliance, pollution prevention, increased efficiency and continuous improvement.

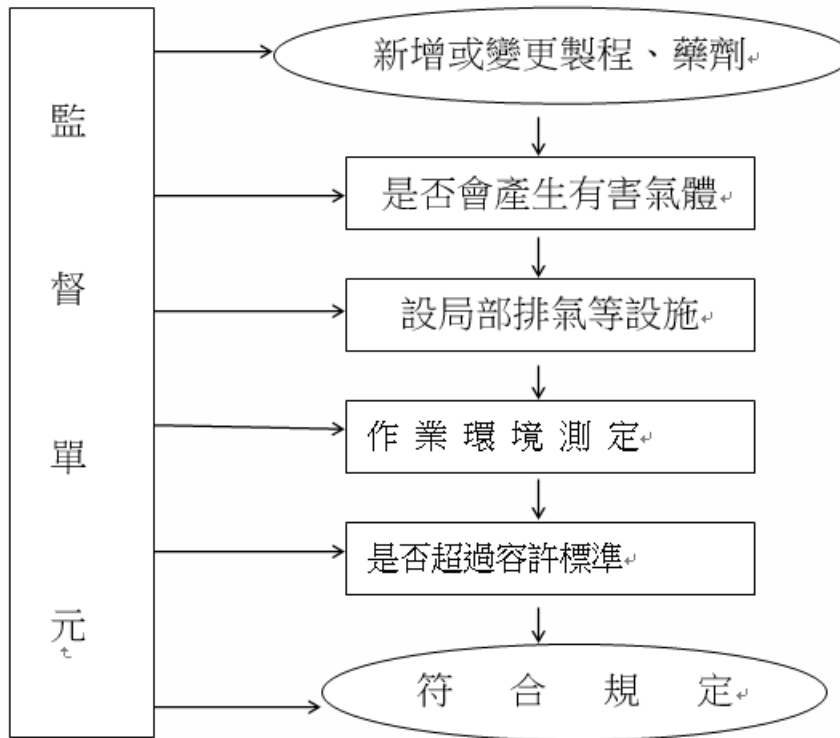
- (3) As of 2021, SDI had promoted 254 improvement solutions, in which 247 are completed, and 7 are in progress. In addition, water with nickel content generated from surface processing procedures is recycled during the procedures for use according to the plan of the year. The initial plan intends to produce 300CMD of ultrapure water by recycling 300CMD of water with nickel content for electroplating procedures. The goal is to reduce 270CMD of wastewater and sludge from wastewater and minimize the use of raw water.



ISO 14001 Environmental Management System management review meeting

2. Air Pollution Prevention and Management at SDI

(1) Control Framework for Hazardous Gas at the Workplace



(2) Other Air Pollution Management Measures:

(a). Fugitive gas is the major cause of air pollution within the plant. The sources are listed as follows:

- Waste gas and dust created during parts processing.
- Acid gas created from the acid treatment during the electroplating process.
- Waste gas created from the use of organic solvents during the electroplating process.
- Hazardous gas created from material storage.
- Hazardous gas created from the wastewater treatment plant.
- Hazardous gas created from combustion in heavy oil boilers.
- Hazardous gas created from cutter grinder.
- Hazardous gas created from plastic injection molding.
- Hazardous gas created during electric discharge machining.
- Hazardous gas created during stamping production.
- Hazardous gas created from the use of organic solvents for cleaning the lead frame.

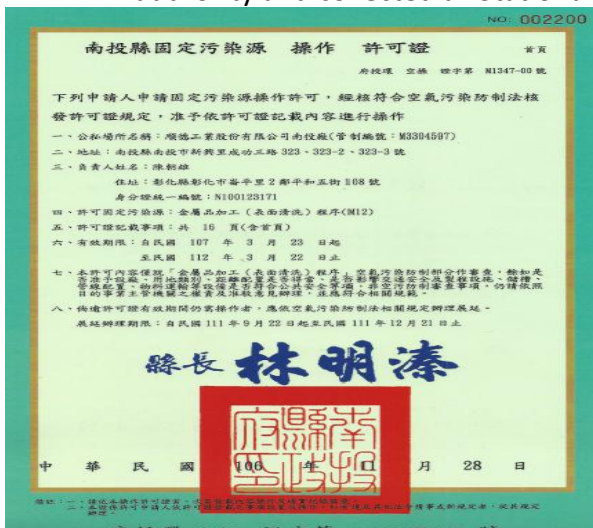
(b). Air control principles:

- Hazardous operation shall be enclosed, automated with isolated local exhaust.
- Incorporate local exhaust with mist suppressant or cover for the plating bath.
- Warning signs shall be installed at hazardous areas
- Protective gears shall be provided for staff working in areas with potential hazard.
- The Company shall have a complete inspection plan in place for the operating environment.
- Regular environmental inspection shall be conducted for hazardous operation.
- When encountering difficulties during operating environment testing and air control, all units may coordinate with the Environmental Engineering Department for solution.





(c). Air control Regulations:

- A. Indoor Air control Regulations:
 - ✓ The air quality of the operating environment shall comply with the labor operating environment stipulated by the Ministry of Labor.

- ✓ Each unit shall designate personnel to be in charge of emergency report and contact when abnormal odors are detected at the operating environment.
 - ✓ As intended in Article 23 of the Occupational Safety and Health Act, self-inspection shall be conducted in areas equipped with local exhaust. The inspected items, frequency and related form shall be stipulated in separate health and safety implementation standards.
 - ✓ Each operation shall compile the data collected from each operating environment testing as a reference for evaluating the performance of air control equipment.
 - ✓ Each unit shall keep in close contact with the chartered hospitals. When the health checkup confirms that employees' health conditions are caused by poor work environment, such cases shall be tracked and filed.
 - B. Outdoor Air Control Regulations
 - ✓ Each flue opening shall be tested for pollutants regularly. The frequency and substance to be tested shall be in accordance with the applicable environmental regulations.
 - ✓ Low sulfur fuel shall be used for the boiler.
 - ✓ The burning of raw materials or waste materials in open air within the plant is strictly forbidden.
- (d). Equipment of pollution source: The Company received the approval of the regulatory authority and collected a "Stationary Source Operating Permit."



- (e). Four items are executed according to the requirements:
- Procedure for Boiler Production – Boiler discharges into the air [PAR, VOCs].
 - Procedure for Manufacturing Lead Frame – Scrubber discharges into the air [H₂SO₄].
 - Procedure for Metal Plating – Scrubber discharges into the air [HCl].
 - Procedure for Cleaning Metal Surface – Condensate/ recovery system and activated carbon adsorption tower, prior to discharging into the air [Dichloromethane, hydrocarbon cleaning agent, 1-Bromopropane].

	
Scrubber	Exhaust Line
	
Condensate recovery system	Activated carbon adsorption tower

(f). Monitor/Discharge:

- The plant shall monitor in accordance with the regulations set forth within the operational manual. The discharge of pollutants shall comply with the “Air Pollution Control Act” under any circumstances. In 2018, boiler used natural gas for fuel instead.
- In accordance to the regulations set forth by the competent authority, the testing of pollutant discharge shall be conducted once every year by registered testing organization and the report from such testing shall be maintained for three years for review.
- Safety operation platform should be established at the point source pollution discharge channel at the plant to allow the testing to proceed smoothly.
- When applying for testing, the Environmental Engineering Department shall submit the proposal for testing going Nantou/Changhua County Environmental Protection Bureau five days prior to the testing and submit the testing result to the Bureau within fifteen days.
- Level B personnel shall be designated for the task of air pollution prevention in Nantou Plant.

(g). Emergency Management:

- When operators found irregular emissions, adjust the equipment to return to the normal condition immediately. When discovering massive pollutant discharge, follow the “Standard Procedure for Emergency Response.”
- The operator shall immediately notify applicable units within the plant. When necessary, stop all or partial operations.
- Upon receiving notifications for poor air quality from Nantou/Changhua County Environmental Protection Bureau, follow the “Operational Procedure for Emergency Response.”

3. Waste Water Discharge

- (1). SDI currently has 3 chemical treatment systems for processing waste water (capacity: 960T/day), one biological treatment system (capacity: 800T/day), and one small-scale batch treatment system (for preprocessing) with high-concentration degreasing agent (capacity:

72T/day). The company's waste water discharge has complied with environmental laws and regulations.

- (2). The company holds two Class A and one Class B waste water treatment licenses, in compliance with environmental laws and regulations, as shown in the following:



(3) Total Planned Discharge of Wastewater in 2021

Plant	Amount of water discharge (ton)		Destination of discharge	Treatment
	2020	2021		
Changhua Plant	2,030	1,924	Dazhu main drain, Changhua City	Anaerobic treatment - septic tank
Nantou Plant	1,128,506	1,232,440	Main drain, Nantou industrial park	Chemical treatment and biological treatment

Note 1. Relevant effluents are all in compliance with the discharge standards.

Note 2. As the Changhua Plant has not installed the water discharge meter, 20% of water consumption is adopted as the discharge calculation coefficient for calculating discharge.

4. Production and Treatment of Waste Materials

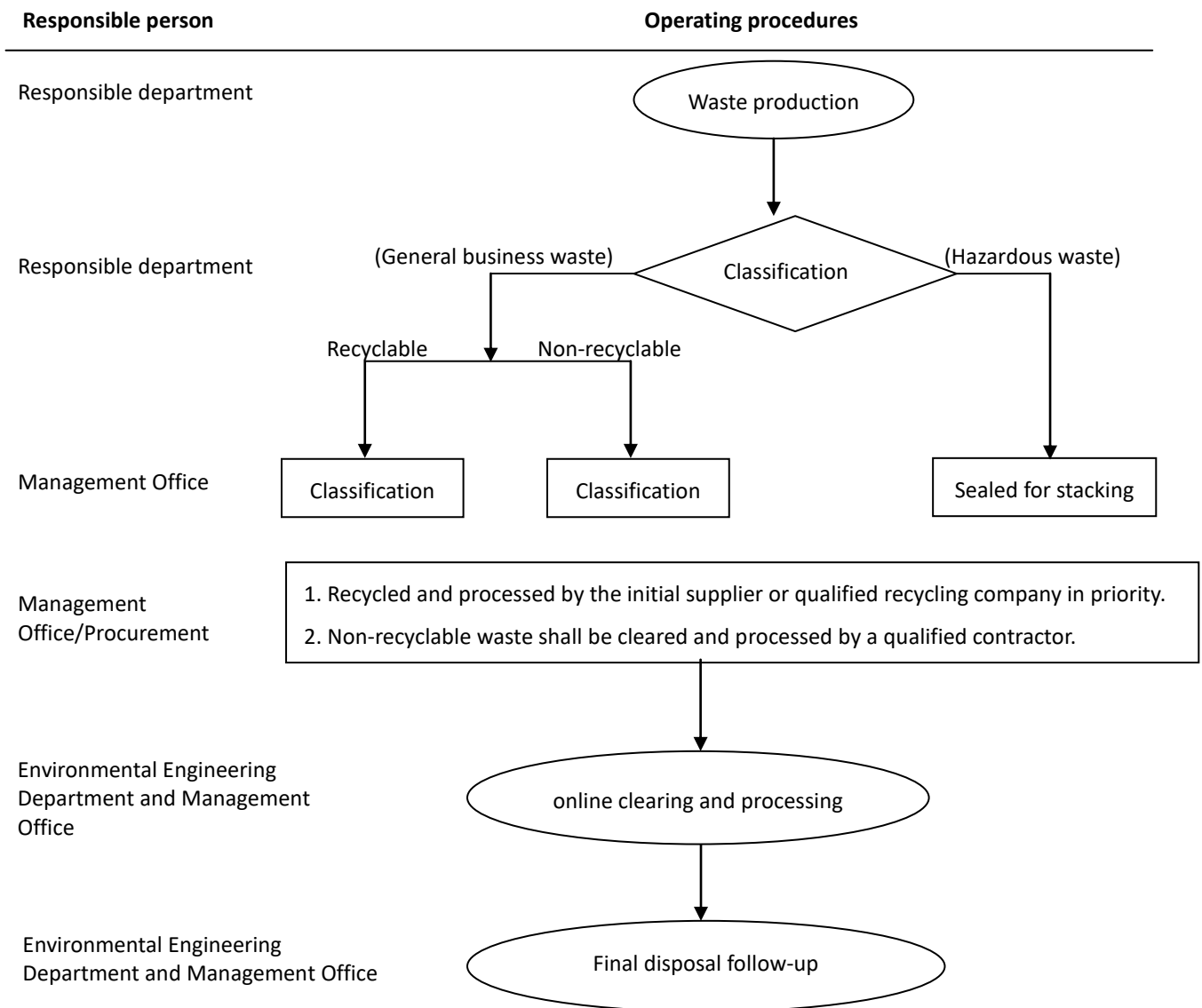
(1) To fulfill its responsibility of waste production source management, avoid causing impacts to the environment, and minimize the burden on the environment resulting from the operating process, SDI prioritizes waste reduction, followed by reuse, and then considers safe processing or disposal as a final step.

SDI adopts source management for waste reduction, implements waste classification, and regularly tracks the processing status of production waste generated from the operations of all departments. In September 2018, the Company suspended the use of TCE in its manufacturing procedures to reduce toxic wastes. It also improved the procedures for hazardous production waste and sludge to reduce the water content in the sludge and reach the standards of waste reduction management plans.

For the cleaning and transportation of wastes, SDI consigned a contractor for handling according to the Waste Disposal Act and relevant requirements promulgated by the Environmental Protection Administration. Before contract signing, the Procurement Office, Management Office, and Environmental Engineering Department shall check whether the expiry and processing items on the contractor's processing permit comply with the requirements of the regulatory authority, and whether the permit is still valid. After contract signing, the Company shall periodically visit the contractor's processing plant for audits to see whether the waste is properly processed, and make records for archiving.

For the consigned cleaning and transportation, SDI submitted a triplicate form declaring the consignment of production waste for joint processing and control at the Production Waste Declaration and Management Information System of the Environmental Protection Administration, according to requirements. After clearing, the Company shall require the supplier to provide appropriate clearing records and documents for archiving.

(2) Waste management procedures are as follows:



● **Status of waste generated from manufacturing procedures:**

Manufacturing procedures	Category of wastes generated	Waste items
Stamping	General production waste	Waste lubricant
		General production waste
		Waste wood mixture
Washing	General production waste	Waste activated carbon
	Hazardous production waste	Waste solvent
Electroplating	General production waste	Waste plastic mixture
		Waste fiber
	Hazardous production waste	Hazardous sludge
Stationery manufacturing	General production waste	Waste lubricant
		General production waste
		Waste wood mixture

● Volume of hazardous sludge and general waste produced by SDI in 2020 and 2021:

Plant	Type of wastes	Category of wastes	Production in 2020	Production in 2021	Treatment	Remarks
Nantou Plant	Hazardous production waste	A-8801 Hazardous sludge	Dry sludge 608.03 tons Wet (not dried) sludge 452.05 tons	Dry sludge 708.72 tons Wet (not dried) sludge 315.03 tons	Chemical treatment	Retaining lawful vendors to handle the wastes
		C-0301 Waste solvent	66.79 tons	32.16 tons	Incineration/thermal processing	
	General production waste	D-0299 Waste plastic mixture	30.75 tons	31.95 tons	Incineration	
		D-1801 General production waste	264.57 tons	307.3 tons	Incineration	
		R-2408 Waste activated carbon	34.19 tons	58.55 tons	Reuse	
Changhua Plant	Hazardous production waste	C-0301 Waste solvent	33.12 tons	31.36 tons	Incineration/thermal processing	Retaining lawful vendors to handle the wastes
	General production waste	D-1801 General production waste	91.7 tons	72.81 tons	Incineration	
		D-0801 Waste fiber	25.7 tons	14.4 tons	Incineration	
		R-1703 Waste lubricant	5.8 tons	13.535 tons	Reuse	
		R-2408 Waste activated carbon	2.72 tons	8.889 tons	Reuse	
		D-0799 Waste wood mixture	45.52 tons	63.774 tons	Incineration	

2.2.6 Environmental Expenditure

1. Considering the compliance with laws and regulations, customers' requirements and the mitigation of RoHS response risks, SDI has established the IECQ QC080000 HSPM (hazardous substance procedure management system) to prove that the Company has duly fulfilled its management responsibility and avoid additional product tests and fines through the effective operation of the QC080000 management system. Furthermore, SDI passed the IECQ HSPM QC080000:2017 verification, evidencing that we have effectively executed hazardous substance procedure management and complied with relevant regulations and customers' requirements for green products.

2. Losses resulting from environmental pollution in the past year

Year \ Item	Pollution	Reprimanded Units	Fine
2021	None	None	None

3. Future corresponding measures and improvement measures: None.

4. Estimated environmental expenditures in the next two years

Year	Pollution prevention equipment to be purchased or other expenditures	Dollar Amount
2022	<ol style="list-style-type: none"> 1. Wastewater treatment solution fee (maintenance fee) 2. Waste disposal fee 3. Inspection application fee 4. Air, land, and water pollution fees 5. Improvements near wastewater treatment plant 6. Engaging environmental protection technicians to perform an overall health inspection for environmental protection equipment and environments 	Approximately NT\$24,000 thousand
2023	<ol style="list-style-type: none"> 1. Wastewater treatment solution fee (maintenance fee) 2. Waste disposal fee 3. Inspection application fee 4. Air, land, and water pollution fees 5. Improvements near wastewater treatment plant 6. Engaging environmental protection technicians to perform an overall health inspection for environmental protection equipment and environments 	Approximately 25,000,000 NTD

3.Social Responsibility

Labor-employer relation, labor-management relation, respect for human rights, and non-discrimination

- I. Policy: Harmonious labor-management relations, respecting human rights, creation of joint prosperity.
- II. Commitment: Respecting human rights, boosting profitability, increasing employee welfare systems, maintaining harmonious labor-management relations, and facilitating sustainable corporate operations.
- III. Objective: Achieve profit target set by the company, respect human rights and allocate welfare benefits according to labor-management consensus, maintaining a mutually beneficial relationship.

Objective items	Goals in 2021	Records in 2021	Goals in 2022	Goals in 2023
Physical labor-management conference (time)	13	13	13	13
No discrimination (case)	0	0	0	0
Child labor (person)	0	0	0	0
Forced labor (case)	0	0	0	0

- IV. Resources: All personnel working together from top down to reach the goal.
- V. Action to be taken:
 - 1. Labor-management relations:
 - (1) Formulate KPIs of relevant departments based on the principle of harmonious labor-management relations and respecting human rights.
 - (2) Provide comprehensive labor-capital communication channels, regularly negotiate and communicate, and establish favorable interactions to avoid the occurrence of labor-management disputes.
 - 2. No child labor: Carry out a review on the age qualification during the employment period.
 - 3. No discrimination: Provide non-discrimination courses, such as workplace illegal infringement communication programs.
 - 4. No forced labor: Prohibit the seizure of personal belongings and identification.
- VI. Performance measurement: Hold labor-management meetings on a regular basis to review the goals of non-discrimination, no use of child labor, and no forced labor.

Applicability: General, Specific

Scope: Within the organization, Outside the organization

3.1 The SDI Family

Employees are SDI’s most precious asset and are key to the company’s sustainability. Therefore, establishing a safe and happy workplace, an environment for learning and growth, and a trusting labor-management relationship, so that all employees can realize their potentials and grow sustainability with the company, is our managerial philosophy and goal.

● Human Rights Management Indicator Table

Items	Description	Goal	No. of event in 2021	Goals in 2022
Non-discrimination	Number of discrimination complaint cases	Zero cases	0	0

Child labor	We have identified practices that are at high risk of child labor and practices that help eliminate child labor.	No child labor	0	0
Forced labor	Total number of labor-capital disputes resulting from rejecting leave-taking of employees (annual leave, national holidays, and typhoon vacations)	No relevant complaint cases	0	0

3.1.1 Overview of manpower employment

SDI's factory locations include Changhua and Nantou. The following is a breakdown of basic employee information based on plant location, gender as well as direct or indirect labor. As of 2021, there are 1,470 employees at SDI. Female employees account for 31.02% while 68.98% are male employees. 75.43% are native workers and 24.57% are of foreign nationality

Note: Part-time employees are paid by hours; there was 0 part-time employee during 2021.

Table 1: Percentage of SDI employees

	Changhua Plant	Nantou Plant	Total
Female	269 (18.30%)	187 (12.72%)	456 (31.02%)
Male	535 (36.39%)	479 (32.59%)	1014 (68.98%)

Table 2: Percentage by gender and direct/indirect labor

	Direct labor		Indirect labor	
	Female	Male	Female	Male
Changhua Plant	113 (7.69%)	242 (16.42%)	156 (10.61%)	293 (19.93%)
Nantou Plant	148 (10.07%)	277 (18.84%)	39 (2.65%)	202 (13.74%)
Subtotal	261 (17.76%)	519 (35.31%)	195 (13.27%)	495 (33.67%)

Table 3: Percentage by Education

	Direct labor		Indirect labor	
	Female	Male	Female	Male
Master's Degree and above	0 (0.00%)	1 (0.09%)	37 (3.40%)	129 (11.86%)
Bachelor's Degree	27 (2.48%)	104 (9.56%)	96 (8.82%)	186 (17.10%)
Junior College	17 (1.56%)	60 (5.51%)	37 (3.40%)	82 (7.54%)
Senior High and Vocational School	93 (8.55%)	103 (9.47%)	19 (1.75%)	47 (4.32%)
Under Senior High and Vocational School	18 (1.65%)	19 (1.75%)	1 (0.09%)	11 (1.01%)
Total	154 (14.15%)	287 (26.38%)	190 (17.46%)	455 (41.82%)

Note 1. The number of persons in the table excludes migrant workers.

Note 2. The percentage shown in the table is based on category/(total number of employees of the Company – number of migrant workers)

Table 4: Percentage of employees by contract type

		Female	Male
Fixed-term contract	General Contract	0 (0.00%)	0 (0.00%)
	Foreign labor	111 (7.55%)	271 (18.44%)
Non fixed-term contract (full-time and part-time)		345 (23.47%)	743 (50.54%)

Note 1. The percentage shown in the table is based on the number of employees in each category/total number of employees of the Company

Note 2. The general contract mentioned refers to “dispatched worker.”

Table 5: Management positions by gender

Gender	Percentage of Supervisors
Female Supervisors	11.76%
Male Supervisors	88.24%

Table 6: New Employees in 2021

	Direct labor		Indirect labor	
	Female	Male	Female	Male
Changhua Plant	24 (21.24%)	47 (19.42%)	24 (15.38%)	26 (8.87%)
Nantou Plant	47 (31.76%)	77 (27.80%)	6 (15.38%)	31 (15.35%)
Subtotal	71 (27.20%)	124 (23.89%)	30 (15.38%)	57 (11.52%)

※Employment rate = (number of employees formally employed by the Company from January to December)/(number of in-service employees of each category on December 31st, 2021)×100%

Table 7: Turnover rate in 2021

	Direct labor		Indirect labor	
	Female	Male	Female	Male
Changhua Plant	10 (8.85%)	15 (6.20%)	4 (2.56%)	4 (1.37%)
Nantou Plant	13 (8.78%)	41 (14.80%)	1 (2.56%)	7 (3.47%)
Subtotal	23 (8.81%)	56 (10.79%)	5 (2.56%)	11 (2.22%)

※Turnover rate = (number of employees formally employed by the Company and applied for resignation/retirement from January to December)/(number of in-service employees of each category on December 31st, 2021)×100%

Table 8: Table of Age Distribution of New and Outgoing Employees

Category	Age Distribution/ New Employees				Age Distribution / Dismissed Employees			
	Under 30	30 - Under 50	50 and above	Subtotal	Under 30	30 - Under 50	50 and above	Subtotal
Number of People	134	14	4	282	53	40	2	95

Percentage	47.52	51.06	1.42		55.79	42.11	20.11
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Note 1. The ratio of new employees less than 30 years old: number of new employees less than 30 years old in 2021/total number of new employees in 2021

Note 2. The ratio of resigned employees less than 30 years old: number of resigned employees less than 30 years old in 2021/total number of resigned employees in 2021 (including retirement)

3.1.2 Sound employee-employer relations

1. Establishment of Unions

Employees of SDI initiated the establishment of the “SDI Corporation Corporate Union” (the “Corporate Union”) according to the Labor Union Act and its enforcement rules, the Civil Associations Act, and relevant laws and regulations. SDI is one of the few enterprises with corporate unions established internally. SDI Corporation Corporate Union was established on July 27th, 1976, with over 46 years of history since its establishment. All employees (excluding migrant workers) are members of the Corporate Union. SDI has favorable labor-management interactions, and the member representative conference is convened each year for member representatives to directly communicate with the senior management representative of the Company. The scope of issues includes salary, welfare, safety, and health. Furthermore, the Occupational Safety and Health Committee also discusses issues of safety and health periodically. Also, directors/supervisors/officers of the Corporate Union convene monthly meetings to discuss operations of the Corporate Union and health and safety issues of employees (accounting for approximately 50%). If employees have any issues that require communications with the Company, they may reach out to the Company’s contact department for negotiation and handling. If the Company has signification changes in its operations, it will notify the Corporate Union within the minimum notice period stated in the Labor Standard Act, for negotiation and handling. P.S. The collective bargaining agreement covers approximately 74% of all employees.

2. Institutionalization of Employee Rights

With efforts made by the Union, employee rights have become increasingly comprehensive. Labor-management relation has become close and harmonious with effective communication, making SDI an exemplary corporation. The Union has aggressively held labor-management meetings with the company, ensuring labor-management relations and future development of the company. By institutionalizing employee rights, we have strengthened labor-management relations, exceeding the requirements of domestic labor laws and international human rights treaties, which ensures employee rights.



2021 Annual Meeting of the Union

3.1.3 Effective Communication Channels

1. Employees' opinion mailbox and online recommendation section: To understand the opinions of employees, SDI has set up five physical employees' mailboxes in its plants, and concurrently provides online employees' recommendation forms. Both of the employee communication methods are anonymous. Employees may reflect their opinions via such channels, and the Company will make responses via open mail and disclose such responses on the public platform for reference, allowing employees to acquire the responding messages.
2. The Company has established a whistleblowing mailbox for anti-bullying in the workplace and avoiding the occurrence of workplace sexual harassment (**Grievance@email.sdi.com.tw**), allows employees to fully express their opinions, as well as the effective handling and privacy protection. If relevant events occur, employees may make complaints via the whistleblowing mailbox and report to relevant responsible departments for case registration and investigation. SDI also designated the 4441 emergency hotline and a unit dedicated to dealing with sexual harassment issues. Meetings are held weekly or monthly within the unit and quarterly meetings are held with the trade union to ensure clear communication channels.

3.1.4 Remuneration and Benefits

1. Recruitment, Retention and Prohibition of Child Labor
SDI follows its operational guidelines and objectives to recruit corporate talents. We provide internships for students through industry-academia cooperation as a way to discover talented recruits who identify with SDI's corporate culture and are willing to work with SDI.
SDI is strict on the prohibition of child labor and established regulations addressing child labor rescue. During the hiring process, the candidate's age is verified carefully to avoid any inappropriate hiring. SDI forbids any form of labor exploitation and complies with all regulations. No minors may engage in dangerous tasks. SDI has installed an information system that monitors the daily and weekly work conditions and work hours and help employees balance work and personal life.
2. Employee Rights and Benefits
 - (1) Employees' interests
New employees need to undergo orientation on their first day, which covers worker's rights and channels for filing grievances. "Company Regulations," "Regulations Governing the Prevention, Complaint and Approach for Dealing with Workplace Sexual Harassment" and "Regulations Governing Child Labor Rescue" clearly stipulate and protect employees' work privileges and human rights, including the freedom to work, humanitarian treatment and equal pay. These internal documents and charters are available on the Company's open document platform, accessible to all employees at any time.
 - (2) Salary and Benefits
 - (a). SDI takes employee compensation seriously. It is determined based on employees' educational background, professional skills, work experience and personal contributions. However, it shall not be affected by gender, race, religion, political views, marriage status and whether they member of trade unions.
 - (b). SDI's payroll policy is as follows:

- Fully aware and comply with regulatory requirements and create win-win and sustainable management within the regulatory scope.
 - Conduct payroll survey based on the supply and demand of the labor market to understand the payroll scale and job duties as references for determining salary and wages.
 - Adjust payroll according to revenues and staff performance.
 - To inspire employees, SDI publishes revenue and bonus information to show them the connection between contribution and bonus, which is adjusted according to their position, personal contribution and performance.
- (c). SDI provides labor and health insurance, maternity and parental leave, as well as monthly retirement contribution in accordance with the regulatory requirements. Group insurance policies, such as medicine, accident and cancer insurance, are available for all employees, including full-time, part-time, temp, and foreign workers as well as interns. Employees' families may also enroll at a discounted price. Employees assigned to foreign posts and their families receive even higher coverage as assurance.
- (d). In 2021, employee benefits (including salary, labor and health insurance expenses, retirement pension, and other personnel costs) totaled NT\$1,404,975,786. In addition, the Company has no employee stock ownership trust.

Personnel costs	1,085,291,057
Labor and health insurance expenses	90,116,872
Retirement pension	41,921,796
Other personnel costs	80,381,534
Total	1,297,711,259

(3) Unpaid Parental Leave

Upon fulfilling one year of employment and prior to their children turning three, employees may apply for unpaid parental leave in accordance with the "Act in Gender Equality in Employment" and "Regulations for Implementing Unpaid Parental Leave for Raising Children." The unpaid parental leave shall be less than two years. Once the employee returns, the Company will assign said employee to the original post or a related position, and provide training to help bridging potential gaps.

	Description	Female	Male	Subtotal
2019	Total number of employees entitled to parental leave	18	39	57
	Total number of employees who applied for parental leave	7	1	8
	Total number of employees reinstated	10	1	11
	Number of employees reinstated after unpaid parental leave	11	1	12
	Reinstatement rate of employees after unpaid parental leave	91%	100%	92%
	Total number of in-service employees 12 months after reinstatement	4	0	4
	Retention rate of employees after unpaid parental leave	57%	NA	57%
2020	Total number of employees entitled to parental leave	20	42	62
	Total number of employees who applied for parental leave	6	4	10
	Total number of employees reinstated	6	3	9
	Number of employees reinstated after unpaid parental leave	8	4	12
	Reinstatement rate of employees after unpaid parental leave	75%	75%	75%

	Description	Female	Male	Subtotal
	Total number of in-service employees 12 months after reinstatement	3	1	4
	Retention rate of employees after unpaid parental leave	30%	100%	36%
2021	Total number of employees entitled to parental leave	34	27	61
	Total number of employees who applied for parental leave	13	4	17
	Total number of employees reinstated	6	2	8
	Number of employees reinstated after unpaid parental leave	6	3	9
	Reinstatement rate of employees after unpaid parental leave	100%	67%	89%
	Total number of in-service employees 12 months after reinstatement	4	1	5
	Retention rate of employees after unpaid parental leave	44%	11%	56%

- Note 1. "Number of employees with plan to return in 2019" includes those who applied during 2017 to 2019 with return in 2019.
- Note 2. "Number of employees with plan to return in 2020" includes those who applied during 2018 to 2020 with return in 2020.
- Note 3. "Number of employees with plan to return in 2021" includes those who applied during 2019 to 2021 with return in 2021.
- Note 4. "Percentage of employees who returned in 2019" = Number of employees who returned in 2019/Number of employees with plans to return in 2019.
- Note 5. "Percentage of employees who returned in 2020" = Number of employees who returned in 2020/Number of employees with plans to return in 2020.
- Note 6. "Percentage of employees who returned in 2021" = Number of employees who returned in 2021/Number of employees with plans to return in 2021.
- Note 7. "Retention rate in 2019" = Number of employees who returned in 2019 and stayed for one year / Number of employees who returned in 2018.
- Note 8. "Retention rate in 2020" = Number of employees who returned in 2020 and stayed for one year / Number of employees who returned in 2019.
- Note 9. "Retention rate in 2021" = Number of employees who returned in 2021 and stayed for one year / Number of employees who returned in 2020.



Photos of breastfeeding room

Photos of the day care center

3.1.5 Diversified education and training

Training/ Management Guideline

- I. Policy: Based on occupational development, with operational effectiveness as indicator, cultivate talents to grow with the company.
- II. Commitment: Take stock of the capabilities of various positions by way of special assignment, rotation or training, to strengthen abilities, knowledge, skills and attitudes for comprehensive development.
- III. Objective: Establish a friendly learning environment to strengthen abilities, knowledge, skills and attitudes for comprehensive development.
- IV. Resources: Take stock of the capabilities of various positions and allocate budget, to cultivate high-calibre talent.

Objective items	Goals in 2021	Records in 2021	Goals in 2022
Newly developed on-site courses	12	15	4
Newly developed digital courses	8	11	8

- V. Action to be taken:
 1. Take stock of the capabilities of various positions and allocate budget, to cultivate high-calibre talent.
 2. Contact/inquire professional training organization for assistance.
 3. Regularly assess training effectiveness and compliance with occupational requirements.
- VI. Performance measurement: The achievement of measurable results based on the course-opening status and the lecturing achievements each year.

Applicability: General, Specific

Scope: Within the organization, Outside the organization

1. Staff Training and Development

Employees are SDI's most valuable asset, and quality staff is what has kept SDI going for over six decades. Continuous staff training that addresses corporate needs during different stages is the most fundamental elements that will ensure sustainability for SDI.

SDI is devoted to elevating staff's basic skills and capabilities to enhance competitiveness. In recent years, SDI is focusing on the following incubation measures:

2. Establishing professional skills

SDI is dedicated to talent cultivation, which is evident from the increasing training resources and hours provided. Lately, the focus is shifting toward trainings that will enhance employees' basic skills to develop a more sophisticated system analyzed according to the duties of each position and job description in each department.

Table 1: Costs of Staff Training

Unit: NTD

Year	2019	2020	2021
Training Costs	4,640,248	10,404,512	8,547,766

Table 2 : Number of Training Hours for Employees

Year	Category	In-class courses	Online courses	Total
2019	Training Hours	12,014 Hours	1,041 Hours	13,055 Hours
	Persons	3,139 people	2,304 people	5,443 people

Year	Category	In-class courses	Online courses	Total
2020	Training Hours	21,500 Hours	1,362 Hours	22,862 Hours
	Persons	4,992 people	2,967 people	7,959 people
2021	Training Hours	12,632 Hours	3,442 Hours	16,074 Hours
	Persons	2,348 people	5,393 people	7,741 people

Gender	Male		Female	
Type of Employees	Direct labor	Indirect labor	Direct labor	Indirect labor
Training Hours for this category in 2021	1380.4	11259.3	363.6	3070.2
Number of Persons in this category in 2021	519	495	261	195
Training Hours Per Person in this category for 2021	2.66	22.75	1.39	15.74

Note 1. Average training hours per person in this category in 2021 is: training hours in this category in 2021/number of employees in this category in 2021

Note 2. In 2021, to promote continual improvement plans, relevant courses were established. Students were mostly male indirect workers; therefore, the percentage of the average training hours per person for male indirect workers in 2021 was higher.

3. Creating a Friendly Learning Environment

SDI has a 24-hour production line. As the corporation heads toward multi-national operation, it is important to enable the employees to learn easily and duplicate the knowledge they learn rapidly. Therefore, SDI has introduced online learning so that employees can learn anytime they wish to. The curriculum focuses on high frequency courses, such as training courses for new staff and general courses applicable for all staff. The data on course completion from the past few years is as follow.

Table 3: Hours of Online Courses (Total) Unit: Number of Courses

Year	2019	2020	2021
Number of Online Courses	188	197	208

4. Enhancing international communication skills

In addition to the overall business revenue, it accounts for 88% of the total revenue. The Electronics Group even reached 93%. To connect with international trends and respond to clients' requests in a timely manner, SDI needs R&D and production staff with communication skills. Thus, in addition to basic grammar, vocabulary and TOEIC courses, SDI also offers one on one English lessons, and hires native English and Japanese teachers to provide the most practical training that addresses the staff's needs.

5. Establishing corporate knowledge management system

SDI applied for the knowledge management program from Industrial Development Bureau of Ministry of Economic Affairs in 2008, through which SDI conducted a systematic search of the corporate knowledge. In 2011, SDI received the honor of outstanding vendor for promoting knowledge management, and received funding from the Industrial Development Bureau for the

second time, which allows SDI to pass down KNOW-HOW accumulated over time as internal teaching materials for its employees, to help build a solid foundation for them.

Table 4: Number of pieces of know-how documentation

Year	2019	2020	2021
Number of Documents	1,921	1,886	2,153

- 6. Combining staff improvement with promotion
 In addition to provide skill improvement trainings and in order to motivate staff to grow, SDI's staff advancement system is based on the completeness of employee's skill sets. Staff's passing rate has greatly improved in recent years, and the number of staff promoted is also gradually increasing.

- 7. Training Outcome
 Constantly training talent required by the Company and society is one of the major corporate responsibilities of SDI. To ensure the effectiveness of its talent training system, SDI participated in the certification of the Taiwan TrainQuali System (TTQS) in 2014 and received the Gold Award from the Workforce Development Agency, Ministry of Labor. The Government agencies recognition is a vote of confidence for SDI's continuous dedication to training corporate talents.

- 8. SDI provides courses covering diverse subjects.



9. Employee Education and Training

Employees are the most important asset of a company. To enhance employees' work intelligence, human resources quality, work efficiency, and business development, we have established employee training regulations, with quarterly training going, so that employees can constantly improve themselves and pursue knowledge in all aspects of work, thus adapting to the development of the company and technological innovations. We have introduced a digital learning platform in March 2008. With the digital learning platform, employees can learn more flexibly, with higher initiative and willingness to learn.

Hours and Costs in Training in 2021

Items	Total	Annual individual average
Training Hours	16,074 Hours	16.01
Costs	NT\$8,547.7 thousand	8513

*1. Hours = In-class course hours + digital course hours

*2. Average annual number of training hours per person = Number of training hours/Number of employees (1,088, excluding foreign workers).

*3. Attendance calculation includes part-time workers.

Course statistics by subject in 2021

Category	Hours in 2021	Percentage of 2021
Human resources, Administration	2,050.5	12.76%
Marketing	441.1	2.74%
Information management	481.9	3.00%
Finance, Accounting	69.8	0.43%
Quality assurance	895.5	5.57%
Production management	8,183.5	50.91%
Research and Development	2,068.5	12.87%
Business management	1,623.2	10.10%
Others (include Language)	259.5	1.61%
Total	16,073.5	100.00%

3.1.6 Workplace Harmony

1. Occupational Health and Safety

(1) With the changes in the industrial structure, the scope of occupational safety and health is not limited to a certain field, and the level of safety and health techniques has also improved. Eliminating in advance hazardous factors that may cause injury or death to humans by recognizing risks at the workplace has become an imminent problem to be solved by the Company. Based on the responsibility to protect and safeguard employees' lives, the Company provides safe machines and equipment, complete operating procedures and protection, and comprehensive labor educational training/promotion, as well as health check-ups, to ensure minimizing the occurrence of occupational disasters and accidents. SDI's goal is to achieve "legal compliance, disaster prevention, zero disasters, zero occupational diseases, and zero financial loss."

Occupational Safety and Health Management Guidelines

- I. Policy: Compliance with regulations and disaster prevention.
- II. Commitment: Keeping abreast of regulations, risk management, and making continuous improvements.
- III. Objective: To comply with relevant laws and regulations, zero violations of work safety rules, and zero work safety disasters.

Objective items	Goals in 2021	Records in 2021	Goals in 2022	Goals in 2024
Major occupational disasters	0	0	0	0
Compliance	0	0	0	0

- IV. Resources: Project formulation and budget allocation implementation by dedicated unit.
- V. Action to be taken:
 1. Fix the budget and execute the plan according to occupational safety and health management policy.
 2. Supervise and check the implementation of safety and health management by all units.
 3. Regularly review the performance and adjust the plans in time.
 4. Use safety and health management experience to assist SMEs in disaster prevention and management.
- VI. Supervision and measurement: The competent authority checks relevant statistics and internal statistics of the company.

Applicability: General, Specific

Scope: Within the organization, Outside the organization

- (2) Occupational safety and health management policy: The safety and health management of SDI focuses on the occupational safety and health management systems (ISO 45001 and CNS 45001) to achieve continued improvements through the PDCA cycle. Also, it regularly examines the performance indicators of all departments at meetings of the Company's Occupational Safety and Health Committee and Occupational Safety and Health Management Review Meetings to improve working and environmental safety of employees and their healthcare.
- (3) SDI strictly adheres to relevant requirements under the Occupational Safety and Health Act and its enforcement rules, Rules of Occupational Safety and Health Installations, Labor Inspection

Act and its enforcement rules, Regulations for Reinforcing Occupational Safety and Health Management, Labor Standards Act and its enforcement rules, and Standards for Safety and Health Installations. In addition, when hiring new employees (including migrant workers), SDI provides pre-employment health checks, as well as occupational safety and health educational training. Periodic health checks are provided for in-service employees. SDI provides appropriate safety protection equipment for those who engage in operations with particular hazards to health, implements health checks for particular items, carries out health management, and regularly organizes safety and health education training programs. Such programs relate to the use and management of dangerous articles and hazardous items, methods to avoid unsafe actions and behavior during operations, traffic safety promotions, and fire control training. In 2021, to prevent occupational diseases and long-term night work hazards, 278 employees participated in a special operation health monitoring (due to the impacts of the outbreak, the Company only executed the special operation health monitoring during the year); 857 employees also participated in the fire control, safety and health, and health improvement training organized by the Company (634 employees participated in physical courses and 223 employees participated in on-line courses). Furthermore, to enhance the work and disaster prevention capacity of migrant workers, the Company arranges new employee educational training when they arrive, and organizes special classes or OJT educational training based on the operational requirements of different workplaces to improve the work, safety, and disaster prevention ability of migrant workers.



Earthquake disaster prevention evacuation response training



Toxic chemical disaster prevention evacuation response training

- (4) Healthy labor is closely related to national economic development, and the quality of occupational health management also affects the operational safety and health of workers and

the supply of labor, which is one of the crucial factors for sustainable corporate operation. To effectively prevent the occurrence of occupational disasters and occupational diseases, SDI obtained the certification of the occupational safety and health management system (OHSAS 18001) in 2006. For the newly issued ISO 45001, SDI also engaged a professional consultation company to assist in the conversion of the management system, engaged BSI to carry out an external audit in September 2020, and completed the conversion verification (workers cover relevant personnel executing work and activities under the Company's control, including employees (including migrant workers, and accounting for 99.8%) and non-employees (cleaning, security, restaurant service staff, accounting for 0.2%) to comply with the requirements of ISO 45001. In addition, 5S audit teams are established for all plants to regularly execute work environment and safety and health audits, and carry out internal audits in combination with the occupational safety and health management systems (ISO 45001 and CNS 45001) to supervise the environmental safety, health, and improvement operations of the Company. Moreover, zero occupational disasters is a material indicator for SDI's operation and management. Furthermore, to improve the safety awareness of workers, SDI encourages employees to report the occurrence of any false alert through unsafe event procedures, to provide opportunities for continual improvements and secure the scores for active reports, improving the safety execution performances of the department. No unfavorable (or inappropriate) disposal will be imposed on any reporting person.

- (5) SDI primarily produces metal stationery products, electronic parts and components, and metal molds, and engages in heavy use of machines and equipment for processing. To comply with the requirements of the occupational safety and health management system, it makes arrangements/provides training for occupational safety personnel of all departments to carry out hazard identification and risk evaluations, to identify operations or environments with high risks for continual improvement. In 2021, SDI jointly established 20 safety and health management plans with occupational safety personnel from departments with high risks, and invested necessary support staff and resources for improvement. Furthermore, a total of 16 pregnant female employees received maternal labor health protection in 2021. Nurse practitioners have completed the hazard identification, risk evaluations, and work content confirmation via calls or in person interviews, and provided relevant health education information during the pregnancy period and after giving birth.
- (6) Management has spared no effort in safeguarding employees' physical and mental health and safety. Apart from implementing legal requirements, SDI provides periodical health checks more favorable than the regulations, promotes employees' safety awareness, and implements diverse healthcare opportunities. In 2021, SDI arranged two sessions of health consultations by physicians, and organized a total of four labor health education and health services activities. It also established a safe and healthy operating environment that prevents occupational disasters and diseases.



Physicians engaging in an occupational disease hazard prevention promotional activity

- (7) In 2021, in response to the outbreak of COVID-19, SDI made deployments of the highest standards to implement the pandemic control policy and execute pandemic control action plans. During the pandemic control period, SDI limited the business trips of employees, made pandemic-oriented adjustments on a weekly basis, implemented dining separation for employees, sanitized the plants periodically, and regularly tracked and kept abreast of the development of the outbreak and employees' health status. It also offered flexible work venue and work-from-home plans for employees, following the pandemic control measures.
- (8) SDI deems contractors as crucial work partners. To ensure the work safety of contractors' personnel, our plants implement hazard notice and supervision according to the Occupational Safety and Health Act and relevant laws and regulations, and promote various management systems to reinforce the construction safety of contractors. In addition, SDI has established a contractor qualification review system, and distributed a contractor qualification review form to contractors for completion. After being reviewed by relevant departments, the "List of Contractor Qualification" was established by category. Qualified contractors are prioritized as the long-term suppliers for the procurement and engineering departments. The system is beneficial for the initial understanding of contractor sources by the procurement and engineering departments, and improves the engineering quality, occupational standards, and other practical requirements of contracted operations.

(9) **bsi** regarding the occurrence of occupational injury cases, apa Certificate of Registration

Certificate of Registration
 OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM - ISO 45001:2018

This is to certify that: SDI Corporation 順德工業股份有限公司
 260 臺灣
 Sec. 2, Chang Nan Road 彰化縣
 Changhua 彰化市大竹里
 Changhua County 彰南路2段
 50087 Taiwan 50887

Holds Certificate No: **OHS 578030**
 and operates an Occupational Health and Safety Management System which complies with the requirements of ISO 45001:2018 for the following scope:
 The manufacture of semiconductor lead frame and stationery.
 (Previously certified to BS OHSAS 18001:2007 since 2007-05-11)
 半導體導框製料及零件製造

For and on behalf of BSI: 
 Chris Cheung, Head of Compliance & Risk - Asia Pacific

Original Registration Date: 2020-09-15 Effective Date: 2020-09-28
 Latest Revision Date: 2020-09-15 Expiry Date: 2023-09-27

Page: 1 of 2

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Certificate No: **OHS 578030**

Location	Registered Activities
SDI Corporation Sec. 2, Chang Nan Road Changhua Changhua County 50087 Taiwan 順德工業股份有限公司 臺灣 彰化縣 彰化市大竹里 彰南路2段 50087 50887	The manufacture of semiconductor lead frame and stationery.
SDI Corporation 323, Cheng Kung 3rd Road Nan-Tsing Industrial District Nan-Tsu Nantao County 50087 Taiwan 順德工業股份有限公司 臺灣 南投縣 南港工業區 成德路323號 50887	The manufacture of semiconductor lead frame and stationery.

Original Registration Date: 2020-09-15 Effective Date: 2020-09-28
 Latest Revision Date: 2020-09-15 Expiry Date: 2023-09-27

Page: 2 of 2

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**臺灣職業安全衛生管理系統
 驗證證書**

茲證明
 順德工業股份有限公司
 彰化縣彰化市大竹里彰南路2段260號

實施之職業安全衛生管理系統符合 CNS 45001:2018 之要求

證書編號: C802-100007-03
 原始登錄日期: 中華民國 100 年 09 月 28 日
 發證日期: 中華民國 109 年 09 月 28 日
 有效期限: 中華民國 112 年 09 月 27 日
 驗證機構: 香港商英國標準協會太平洋有限公司
 台灣分公司

bsi.
 總經理 

SDI concurrently calls upon an accident investigation team (including

representatives of the Corporate Union) to discuss the causes of the accident and adopt corrective and preventive measures to realize safety and health management and avoid the recurrence of the accident. In 2021, no case of significant occupational disaster occurred; however, three cases of disabling occupational disaster occurred. The Company has carried out hardware improvement, case communication, and enhanced its educational training according to the occupational disaster investigation procedures to prevent the recurrence of such cases.

Furthermore, for any risk of immediate danger (i.e., fire, earthquake, chemical leakage), employees shall instantly evacuate to the gathering place for refuge according to the evacuation route, based on the principles of the emergency response plan, to protect their life safety and their right to refuse or to stop work where health and safety is in danger. The following are the 2021 statistics on environmental health and safety indicators as required by the environmental health and safety management system:

Target	Evaluation Item Gender	Number of Deaths	Number of Disabling Cases	FR:	SR:	Occupational Disease Rate	Lost Day Rate	Absenteeism Rate
		Resulting from Occupational Injury Number of People		Disabling Injury Frequency Rate	Disabling Injury Severity Rate			
SDI	Male	<u>0</u>	<u>3</u>	<u>1.09</u>	<u>6.94</u>	<u>0</u>	<u>1.8</u>	<u>0.083</u>
	Female	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.091</u>
Other contractors (workers)	Male	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Female	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

*1. Disabling Injury Frequency Rate (FR) = (Number of disabled persons * 106) / Total person-work hours

*2 Disabling Injury Severity Rate (SR) = (Number of days lost * 106) / Total person-work hours

*3 Occupational Disease Rate (ODR) = (total number of occupational disease cases/total working hours) x 200,000

*4. Working Days Lost due to Workplace Injury (LDR) = work loss days in total (days) X 200,000 ÷ total work hours that have passed

*5. Absence rate = absence days/(number of employees * number of working days in the year) * 100% (including occupational injury, sick leave, and physiological stress leave days). * 6. Traffic accidents are not included in the statistics.

Statistics of Occupational Injury Category in 2021 (from January 2021 to December 2021)

Category	Number of cases	SDI		Other contractors (workers)	
		Disabling Injury	Minor injury	Disabling Injury	Minor injury
<u>Slammed or smashed</u>		<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Cut or bruised</u>		<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Human factor engineering</u>		<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Contact with high or low temperature</u>		<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>
<u>Fractured items</u>		<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>

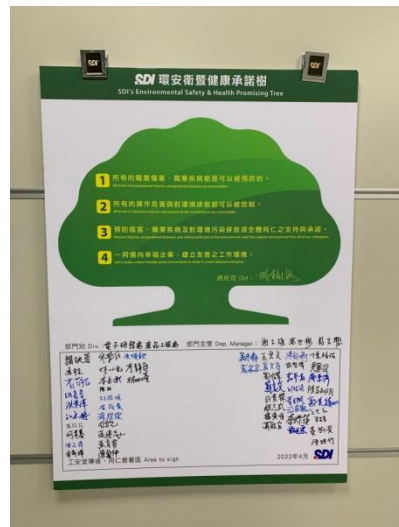
(10) Operation of Occupational Health and Safety Committee

SDI's Occupational Health and Safety Committee is established in accordance with labor regulations, charters, and practices. Members consist of union directors and supervisors (6 in total, over 1/3 of committee seats), corporate managers, occupational safety personnel, and maintenance staff (11 in total) with two-year terms and eligibility for re-election.

According to the requirements of procedures, SDI shall regularly convene a meeting every three months (on March 29, July 14, October 6, and December 28 in 2021), and over two-thirds of members shall attend the meeting. A resolution may be made when receiving the consent of over half of the attending members. In addition, an extraordinary meeting may be otherwise convened, if necessary, to supervise and instruct the implementation of occupational safety and

health management plans. The staff are the most valuable assets of a company. The managerial ranks at SDI places high emphasis on the working environment, development, and care for employees with the goal of creating “Safety, Health, and Comfort” in the workplace. Therefore, the Company aims to establish diversified communication channels and to continue implementing various staff relation projects.

- (11) In recent years, climate change has caused constant natural disasters. To protect the safety of workers, SDI also enhanced its emergency response and evacuation training to allow workers to immediately evacuate to safe operating venues when facing imminent dangers (i.e., fire, earthquake, falling, poisoning and anoxia, electrification) to ensure life safety. Workers will not be punished by the Company for any emergency evacuation.



Occupational safety week promotion and commitment tree signing activity

2. SDI serves as the Chair of the Central Region Advancement Association for Taiwan Occupational Safety and Health Management System (TOSHMS)

In conjunction with the implementation of the Taiwan Occupational Safety and Health Management System (TOSHMS) by Occupational Safety and Health Administration, Ministry of Labor, to effectively utilize the experiences of businesses in TOSHMS, continue to enhance the occupational health and safety systems of businesses, encourage businesses to join TOSHMS, and maximize the effectiveness of TOSHMS, SDI has participated in founding TOSHMS advancement associations or other similar organizations in north, central, and south regions of Taiwan to advance the cause of TOSHMS. Businesses that have been certified by TOSHMS are automatically listed as a member of the TOSHMS advancement association of its region. SDI has shouldered the responsibility of Vice Chair of the Central Region Advancement Association for TOSHMS to help facilitate the operations of the system. On one hand, the advancement association organizes training and exchange activities for TOSHMS to improve the safety and health management skills of business employees. On the other, the advancement association maintains communication channels with the Occupational Safety and Health Administration, with whom we organize TOSHMS seminars to advance safety and health management.



Photos of events related to the Taiwan Occupational Safety and Health Management System (TOSHMS) in 2021

3. Assisted the Changhua County Government in organizing activities

SDI has long been supporting Changhua County Government in organizing various activities related to occupational safety and health, such as assisting in organizing the 2021 model employee commendation ceremony and workplace safety and health week, to provide information related to occupational safety and health to senior employers and workers who participated in the event for preventing the occurrence of occupational disasters. In addition, SDI encourages employees responsible for occupational safety and health operations to assist in the participation in the 2021 SME Work Environment Assisted Improvement Implementation Plan, co-organized by the Occupational Safety and Health Administration, Ministry of Labor, and Changhua County Government, to provide knowledge and resources related to work environment improvements to SMEs, improve work environments of SMEs, protect workers' safety, and indirectly improve the employment willingness of laborers.



Photo of the Mayor of Changhua County awarding the letter of appreciation

4. Retirement Association

To care for the retirement life of employees, SDI has established its Employee Retirement Regulations according to the “Labor Pension Act” and “Labor Standard Act” and established the Labor Retirement Pension Supervisory Committee, according to the law, to appropriate retirement pension on a monthly basis and allow retired employees to apply for such pension according to the law, benefiting their life planning after retirement. If such employees still have the intention of working, they may remain in office or be reassigned to affiliates for services. Furthermore, retired employees established the SDI Retirement Association in March 2012. Adhering to the purpose of “contentment, appreciation, cherishing, and destiny,” the Association cares for all retired employees and regularly holds member meetings and organizes activities under the full support and sponsorship of senior management (including major shareholders) of the Company. Meanwhile, for marriages, funerals, and celebrations, all members spare no effort in helping to always gather all employees of SDI to support and share retirement life together.



Retirement Association Representative Meeting and Traveling Activities in 2021

3.1.7 Labor Rights

For labor rights, we have specifically declared protection of employees' rights in our Company Regulations, Sexual Harassment Prevention Regulations, and other internal documents and regulations. They include basic compliance, right to work, humane treatment, non-discrimination, and sexual harassment prevention. We have also established diverse and effective communication channels, comprehensive remuneration and benefits systems, and diverse training opportunities and programs. In addition, we promote right to work. All work at SDI is voluntary, without slavery or human trafficking.

1. SDI Statement

SDI does not discriminate against any ethnicity, status, language, belief, religion, political view, ancestry, place of birth, gender, sexual orientation, age, marital status, appearance, facial features, disability, or union membership. We also disallow any threatening, forceful, abusive and exploitive harassment, through gesture, language or physical contact. We hereby respect the rights that all workers at SDI so rightfully deserve.

2. SDI Commitment

During the operating course of each stage, SDI prioritizes considerations for laborers' human rights, including employees, customers, suppliers, and business partners. SDI will continue to provide diverse communication platforms and channels for stakeholders, such as the employees' opinion mailbox, to ensure that stakeholders can freely and safely express their opinions, and that SDI can rapidly and effectively respond to stakeholders' recommendations.

3. Treat employees equally without discrimination by nationality

(1) Training activity: New employees are required to participate in mandatory new employee training upon onboarding, to learn the operating procedures of the corporate organization and occupational safety issues related to the work after joining SDI. The content of training includes a corporate introduction, new employee safety and health education training, introduction to the QC080000 management system, introduction to the SDI quality system, and other courses. For foreign employees, the Company has recorded the courses in English, and arranged translators to assist in teaching, offering favorable work environments for foreign employees.

(2) Benefit policy: Taiwanese and foreign employees are entitled to benefits offered by the Company, including birthday gift money, gift money for three main Chinese festivals, self-empowerment activities, free uniforms and safety shoes, preferential lunch/dinner spending only NT\$30, and other subsidies like group insurance and physicians outpatient consultations. Our benefit policy is consistent regardless of ethnicity, or nationality.

(3) Promotion and salary adjustment system: SDI also provides a promotion system for foreign employees to improve foreign employees' intention to stay. For example, the manufacturing department has a position of team leader designated for foreign employees. The position requires the person to possess excellent skills and the ability to eliminate anomalies. In addition to the promotion channel for foreign employees, production bonuses are also offered in accordance with the performance of employees' duties. As such, SDI attaches equivalent attention to Taiwanese and foreign employees, and has zero tolerance for discrimination.

3.1.8 Improving Employee Relations

SDI considers its employees the most significant assets of the Company. Apart from creating a work environment that allows constant challenges for innovation and growth, SDI wishes to jointly create healthy lives for employees to enable employees to achieve work-life balance as well as a goal of good physical and mental health and happiness. To establish good relations with employees, SDI observes the following focuses:

1. Team and Self-actualization

(1) Promote Continued Improvement Activities

- At SDI, improving the quality of products and services to every customer's satisfaction is the mission statement for all employees. To achieve a service standard beyond customers' expectations and enhance SDI's competitive strength, SDI commenced the introduction of Continued Improvement Activities 2.0 in 2019, developed the continued improvement items in 2020, and presented internal lecturers exclusive to SDI in 2021 through the "technical transfer for improving technique and tool courses." SDI engaged well-known business consultants to help enhance the system and culture of continuous improvement. During the project implementation, we provided improvement tools and training on problem-solving logic. By exploring the fundamentals and solving problems through teamwork, we established systematic solutions to the problems. SDI expects to incorporate such improvement tools and logic into the operation of engineers and administrators, so as to achieve business excellence through continuous improvement.
- In 2021, a total of approximately NT\$4 million was invested in Continued Improvement Activities.

Except for the continued operations of the Improvement Team, SDI further sought the establishment of a foundation at the source to offer three courses, and presented 16 professional internal lecturers in total. Through lectures provided by internal lecturers and the establishment of the Improvement Team, the spread of such practices within the Company became more comprehensive and rapid, improving SDI's competitive advantages and customer satisfaction.

(2) Employee Promotion Greeting

Being promoted to a supervisory position in the Company represents the recognition of abilities and performances; such employees are all talents the Company greatly values. Therefore, once an employee is promoted to a supervisory position, the Company will deliver a card signed by the Chairman personally and a flower basket to the home of the employee, allowing the employee and their family members to jointly share the honor and joy. We appreciate our employees who have joined hands with the Company and fought with us; their contributions and growth have driven the increasing prosperity of the Company.

2. Mental Satisfaction and Care

(1) Psychological counseling service

- In addition to physical health, SDI pays attention to the mental health of every employee. Different stages of life always go hand in hand with different sources of stress, such as work, family, or balance between various roles. External support and assistance will help people get through these challenges more easily. In 2019, SDI started to work with psychological

counseling centers to develop “interpersonal communication” and further create a people-oriented, free-communication workplace. SDI also organized a seminar on “positive communication,” where employees had an opportunity to communicate with professional counseling psychologists about mental health issues.

- The seminar was well received. The company started to form long-term partnerships with psychological counseling centers in 2020 to facilitate unimpeded communication within the organization. Seminars on “interpersonal communication” will be organized to teach employees approaches to benign communication, to help employees communicate effectively and reduce personal frustration caused by poor communication.
- In 2021, SDI continued providing free one-on-one psychological counseling resources of confidentiality to employees to help them adjust stress and release emotions. We hope that employees will adopt positive attitudes via the professional counseling provided by psychologists and actively face challenges in life and work. In 2021, 255 employees made use of the toll-free counseling services (phone number starting with 0800), and 128 employees received the one-on-one counseling service in total. One session of workplace bullying understanding and prevention lecture was held, with a total of 50 participants. Leveraging the psychological counseling resources, SDI’s employees are able to face themselves with a more positive, active, and optimistic mindset, and make self-adjustments and healing when feeling stress, improving the sense of happiness and safety for employees.

- Set up 7-11 vending machines

Physical demands are fundamental requirements for people. Choosing your own food is also a way to happiness. The scale of SDI has not reached the level for setting up a convenient store; however, we still offer services of the same level for employees. As such, in 2020, the Company set up 7-11 vending machines that sell popular treats from 7-11 to allow employees to buy delicious snacks and beverages, when necessary, to soothe their tiredness and help them recharge and invest in work.



3. Disease Prevention

(1) Physician outpatient services

Sticking to the idea that prevention is better than treatment, SDI entered into a contract with the Show-Chwan Memorial Hospital in 2012, engaging its medical team to provide on-site primary care and basic medical services for employees. This allows employees to take care of their health during work. In 2021, a total of 19 sessions of physician outpatient service were arranged, and a total of 69 employees received personal counseling. The plan effectively helps employees understand their physical condition initially, to serve as a reference for subsequent actions. Apart from this, physicians also carried out methylene chloride and hydrocarbon organic solvent protection health education, propyl bromide protection health education, and hearing protection health education for employees, with a total of 50 participants, allowing employees to possess relevant basic knowledge and protect their work safety and insure smooth operations.

(2) Corresponding Measures for COVID-19

The outbreak of COVID-19 spread worldwide in 2020, and governments in all countries were committed to preventing the outbreak from spreading further. The domestic outbreak continued. In 2021, the Company adopted corresponding measures for the outbreak to ensure the physical health of employees, and smooth in-house operations.

Corresponding measures primarily included:

- I. Convene emergency response meetings and establish a response team to discuss corresponding measures.
- II. Continue the suspension of business trips abroad: Outbreaks in foreign countries were worse than in Taiwan; considering employees' safety, the Company suspended all business trips abroad and requested customers to carry out business discussions via video conferences.
- III. Promote alternate shifts by plant, region, and work-from-home models: Promote alternate shifts by plants for R&D departments to minimize clustering and reduce the risk to corporate operation.
- IV. Replace self-service meals with lunchboxes: Initially, employees of the Company have lunch at the staff canteen. To minimize the risk of droplet infection and clustering, SDI alternatively offered lunchboxes to allow employees to bring lunchboxes back to their seats for dining.
- V. Mask subscription: Due to the fierce and abrupt outbreak, many employees were not able to purchase sufficient masks. Therefore, the Union and the Employee Welfare Committee of the Company initiated a mask subscription activity for employees in need to purchase sufficient masks for emergency response.
- VI. Provide masks for all migrant workers: At the beginning of the outbreak, Taiwan faced the issue of mask shortages. Due to the language communication of migrant workers, the Company was worried that they would not be able to acquire masks. Therefore, the Company supplied masks to migrant workers for daily replacement from the emergency supplies it procured, to protect migrant workers and all employees working together.
- VII. To maintain learning dynamics, continue accumulating knowledge, and respond to the outbreak by reducing the contact between people, in-class courses were replaced by online video courses, and the content was uploaded to the digital learning platform for employees' further learning.

4. Fitness courses

(1) SDI is convinced that only when employees have a healthy body can they stay focused and delighted at work. Therefore, we provide a variety of physical activities for our employees. To save employees from commuting, SDI cooperates with community centers nearby to provide aerobics courses. Considering the employees' needs for static activities for relaxation, the company also offers courses for stretching and strengthening muscles.

The company has also set up different types of sports clubs to help employees relax and interact with colleagues, establishing a network for support outside work.

5. Parties

(1) Apart from work and life, SDI also attaches attention to the establishment of interpersonal relationships between employees and organizes activities to improve the team spirit of employees. Despite the severe outbreak, for Christmas in 2021, SDI organized the Christmas event of "Christmas YA! SDI Walks You through A Warm Winter" to invest in warm care; by taking photos with the Christmas decorations specially arranged by the Company, employees received a black gift bag in the shape of a large binder clip exclusive to SDI, with gifts. In addition, employees could join the noon "pop-up" lucky draw. By doing so, SDI allowed employees to gather and enjoy a day full of merriness on a cold Christmas Day.



(2) "Changhua Plant Outer Wall Installation Art Christmas Lighting Activity": SDI invited students from the Department of Plastic Arts, Da-Yeh University, to perform the outer wall beautification design. The concept of transmission, flow, and expansion functions of lead frames in life were adopted, together with lively and colorful hues, and the look of lead frames in life was exhibited under changes in LED light boxes and lighting. Besides showing that SDI cares for environmental protection in neighboring communities, it also allows neighboring communities to understand SDI's products.



3.2 Products and Services for Clients

Product Safety and Service Label Management Guideline

- I. Policy: Product labeling is honest, accurate, clear and complete.
- II. Commitment: Clear labeling is required according to the practical nature of the product and customer requirements.
- III. Objective: Comply with product labeling regulations and implement customer privacy protection.

Objective items	Goals in 2021	Records in 2021	Goals in 2022	Goals in 2023
Product labeling violations	0	0	0	0

- IV. Resources: The dedicated units shall provide information and implement labeling according to the requirements of consumers (including customers).
- V. Action to be taken:
 1. The product shall clearly provide instruction for safe use.
 2. When customer provides information, confirm the labeling requirements of the customers (including the consumers).
 3. Shipment shall be clearly marked according to the practical nature of product.
- VI. Performance measurement:
 1. Organization information, and the type of product and service information identified according to labeling process, and the percentage of important products and service categories that need to meet this information requirement.
 2. Violation of the product labeling regulations.
 3. Results of the customer satisfaction survey.

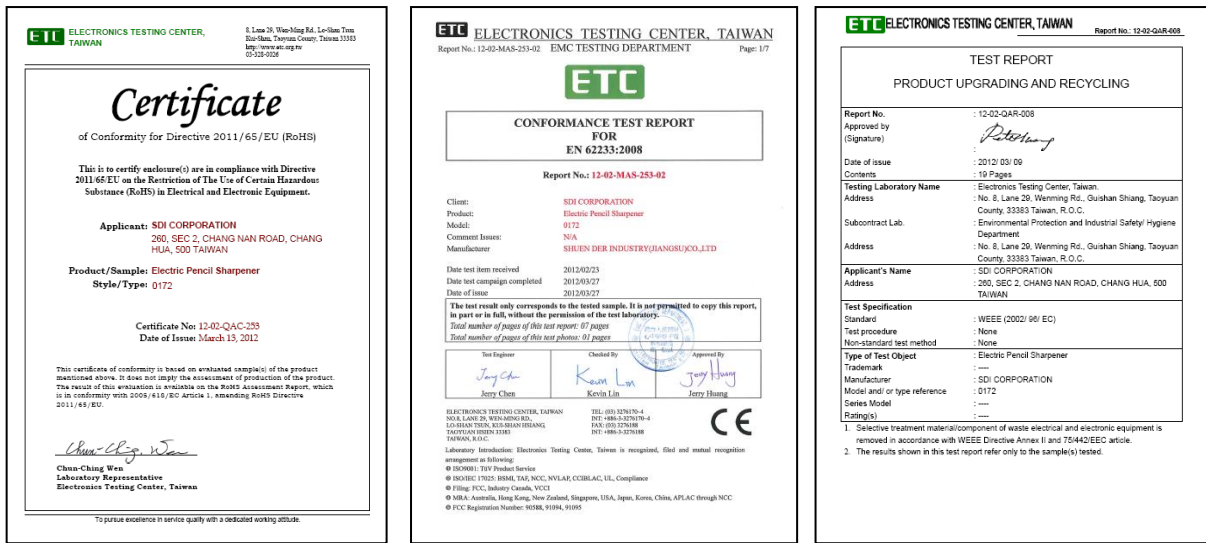
Applicability: General, Specific

Scope: Within the organization, Outside the organization

1. In each stage of the product design process, health and safety, product and service labeling, marketing communication, customer privacy, compliance, and employee health aspects go through stringent evaluation and improvement. SDI also ensures that key products and services all go through such processes.
2. In the product design stage, our R&D team evaluates and confirms the legal compliance of processes. In 2021, no violation of the health and safety regulations relating to products and services was reported.
3. We form the R&D teams consisting of industrial designers, mechanical engineers, and graphic designers to design ergonomic and safe products in compliance with laws and regulations. After stringent testing by our quality assurance department, products are labeled with safety information to ensure the safety of users. We also prevent the sales of restricted or controversial products.
4. For marketing communication, SDI selects excellent salespersons and provides comprehensive customer service, regular visits, and questionnaire surveys to establish healthy cooperating relations. Meanwhile, SDI has established its "General Rules for Business Secret and Data Protection" to duly protect customer privacy and avoid information leakage, theft, or loss of customer data. In 2021, no complaint of customer privacy infringement or loss of customer data occurred.

3.2.1 Product Responsibility Management Guidelines

Awareness of current regulations as well as those undergoing legislative process is important to manufacturers because it affects the number of countries or trade organizations at which the products could be sold. SDI's product design has obtained international certifications, including RoHS and REACH, which place limitations on the use of harmful substances, CE on the use of electric stationery products, and WEEE on the recycling of these products, including the batteries and packaging. In the future, SDI plans to obtain ERP and IPP certifications. ERP and IPP promote ecological design and are currently under negotiation at the EU. SDI is making every effort in environmental protection and user safety to build trust as it strides forward toward achieving sustainable management and building international reputation.



SDI Product International Verification Application

3.2.2 Reduced Packaging Materials, Using Environment-friendly Materials

The packaging materials used in SDI stationery products not only shall highlight the brand's recognition and provide the necessary product information, but also ensure that the products are well protected in the packaging materials to ensure their safe use and aesthetics in the hands of consumers.

In addition, we take into account the fact that consumers may discard the packaging materials, thus impacting the environmental. We thereby continue striving towards the 3R (Reduce/Reuse/Recycle) design for the packaging materials :

- Reduce (to use less): Develop packaging material with reasonable size and strength.
- Reuse (waste reuse): Make the best use of materials, to maximize the reuse value of packaging materials.
- Recycle (recreate into something usable): Use recycle materials without compromising the quality of packaging and product protection.

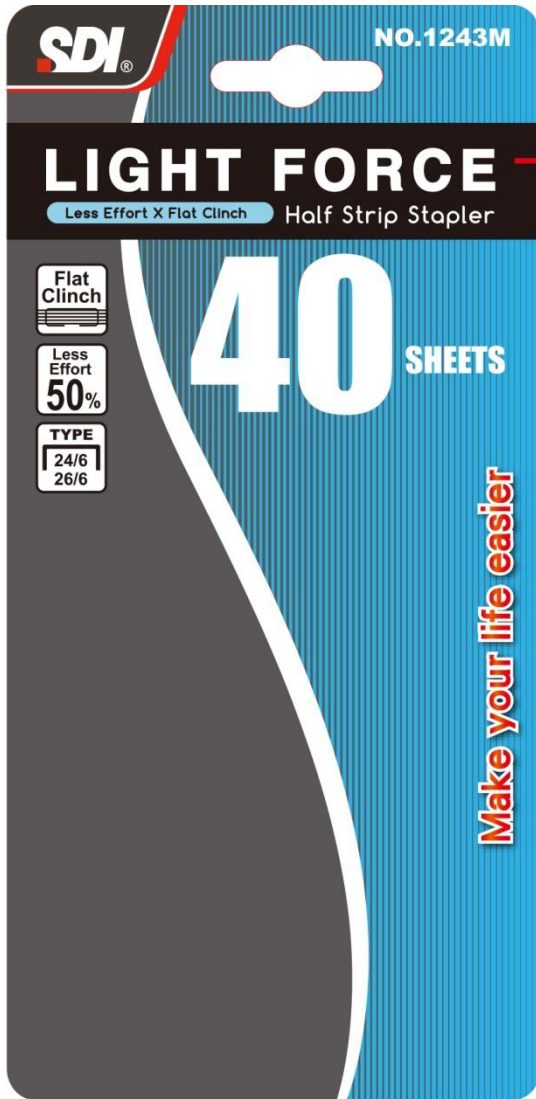
Furthermore, to promote packaging reduction for online shopping, the Environmental Protection Administration invited scholars, packaging material companies, logistics companies, and representatives of major online shopping platforms in 2019 to jointly discuss and formulate the “Guidelines for Packaging Reduction For Online Shopping.” The Guidelines mentioned three aspects to be considered regarding packaging reduction for online shopping, including packaging usage, packaging material, and packaging use requirements, and established restrictions related to packaging for online shopping based on such aspects. Currently, even though the Company is not adopting the sales model of direct online shopping operations, the Guidelines still provide feasible directions for continued progress, and may serve as a reference and goal for further improvement of the Company. Three major aspects include:

Packaging Reduction	<ol style="list-style-type: none"> 1. The packaging for online shopping shall be based on the principle of 90% of product weight corresponding to 10% of packaging weight; that is, the weight of the packaging materials shall be less than 10% of the total weight. 2. The packing tape shall not exceed 2.5 times the sum of the packing box’s length and height.
Environmental Material	<ol style="list-style-type: none"> 1. The packaging material used shall be recyclable and in single material (paper or PE). 2. Packaging boxes (bags) shall be made with 100% recycled paper or with a mixture of over 25% of recycled plastic materials. 3. Cartons shall maintain the initial color of the paperboard, and the printing area of packaging boxes (bags) shall be less than 50%. 4. Packaging boxes (bags), cushioning materials, and packing tapes shall be free of PVC materials.
Recyclable Packaging Materials	Use recycled boxes (bags) that are recyclable, and improve the ratio to 10%.

The issue of continuous improvement of packaging materials is also a long-term, on-going policy for SDI. We are currently conducting an assessment on paper suppliers to see if the raw materials certified by the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC).

As for printing inks on packaging materials for SDI products, we require low-volatility inks. In the future, we plan to select soy inks that meet the American Soybean Association standards to minimize the environmental impact.

The company will actively pay attention to environmental issues, actively shoulder the responsibilities and duties of a global citizen to constantly meet company objectives. In the future, we will continue to design environmentally friendly and sustainable packaging.



產品的包裝除了使用環保材質外，包裝的層次也以最多不超過四層為主要依循規範。

我們用心於地球環境保護的重視！消費者在未來丟棄廢品時，可以輕鬆的拆解產品，作好廢棄物的回收與分類。

 This eco-friendly stapler can be dismantled into different parts for recycling purpose.

SDI NO.1243M

LIGHT FORCE
Less Effort X Flat Clinch Half Strip Stapler

Stand-up Design

Use 24/6 or 26/6 staples
Jam resistant mechanism

Comfortable Grip

50% Less effort

Non-skid rubber base

40 Sheets

Flat Clinch

Less Effort 50%

TYPE 24/6 26/6

Material : Steel Plate, ABS, PC, TPE

Features

- Maximum capacity: 2-40 sheets of 70 g/m² paper.
- **Light force mechanism** for long-term stapling performance.
- Soft plastics on the pressing part for comfortable hold.
- **Flat Clinch Tech** saves up to 30% space over conventional stapling.
- Lockable cap for safe staple loading.

CAUTION

- Children should use this stapler under adult supervision.
- Do not staple without paper inside or it may cause malfunction.
- When reloading, please fill in 1 or 2 full strip of staples, but not fragmentary strip.
- Press to the end when stapling.
- Do not put fingers into stapler.

SDI CORPORATION

4 711734 124301

This eco-friendly stapler can be dismantled into different parts for recycling purpose.

MADE IN CHINA

3.2.3 Relations with Customers

1. Customer Satisfaction Management Guidelines in 2021

- (1). Importance of customer satisfaction management: The stationery industry is becoming fully developed, with a wide range of products. Between competitors, there is often price competition with cheap product. SDI has established an image of high quality among clients with our advantage of localized services. For the control of product quality, we have upheld a consistently stringent attitude. In addition, we also provide consumers with effective complaint channels. They can voice their concerns on our website and our Facebook page, or call our dedicated complaint line to solve the questions on the products or its usage.
- (2). Customer satisfaction management policies: Improving stability of high quality, specialized capabilities, compatibility with rush orders, service attitude of sales personnel, handling of customer complaint, and efficiency in responding to messages.
- (3). Customer satisfaction management system: For survey on customer satisfaction, SDI has dedicated personnel for regularly surveying and assessing customer satisfaction based on our Customer Service Management Procedure and then reporting to managerial ranks with the results. For criteria scoring below standards, related supervisors and employees are informed for review and improvement. In addition, all customer satisfaction survey and analytical results are stored on the PLM system for reference.

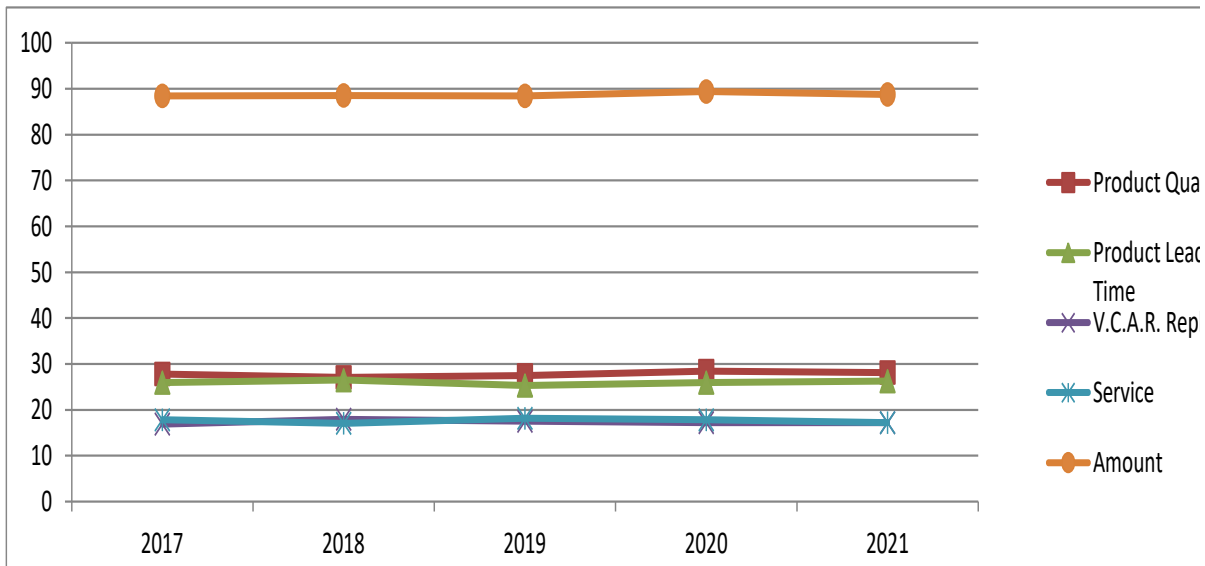
2. Customer Satisfaction - Stationery

- (1). Customer satisfaction survey is one way to communicate with customers. It also serves to understand customer needs in order to establish customer-oriented quality assurance system and corporate philosophy. An annual survey is conducted for the top 20 clients with the highest sales figures. The survey assesses product quality, delivery, reply to customer complaints and services. Additional areas or targets are added accordingly.

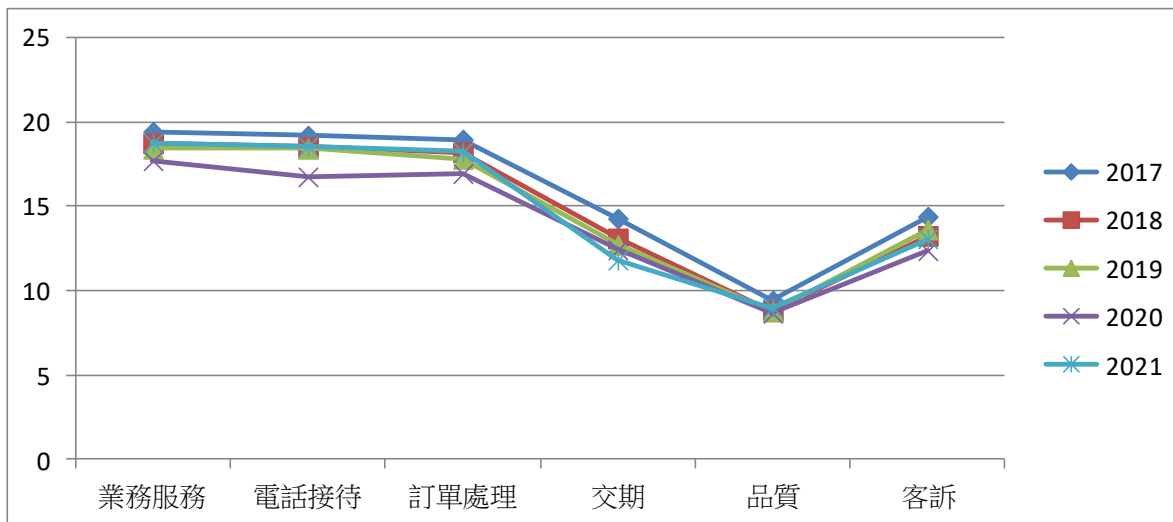
Task	Responsible Unit
Product Quality	Quality Assurance Unit
Delivery Date	Production Management Unit
Reply on Customer Complaints	Quality Assurance Unit
Service	Business Unit

- (2). In regard to the customer satisfaction survey, areas marked as unsatisfactory by customers will be addressed immediately with an improvement notice. The responsible agency is to formulate improvement strategies and respond to customers with feedbacks and improvements within a specified time.

Export: The following is the statistics of customer satisfaction assessment from 2017 to 2021.



Domestic sales: The following is the record of customer satisfaction survey from 2017 to 2021.



3. Customer Satisfaction for Electronics Products

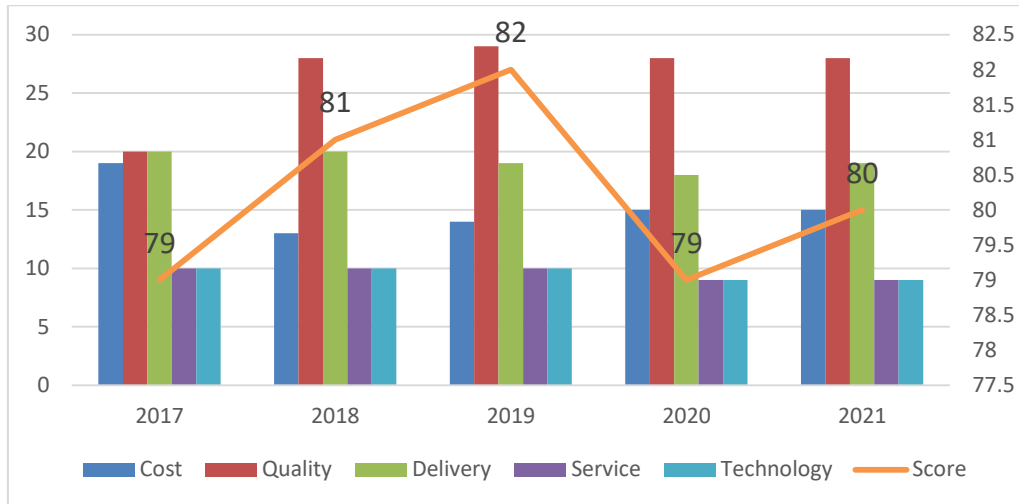
- (1). SDI has always been consistent in customer relations and ensures customer satisfaction through customer evaluation, full understanding of market demand and operational adjustment. Customer feedback also plays a vital role in business improvement.
- (2). For customers' feedback, as the standard customer satisfaction survey form used in prior years by SDI was not able to reflect opinions effectively and instantly, SDI currently adopts three channels for opinion collection, including: 1. supplier evaluation; 2. customer audit; and 3. business trip visit record. The operation time and unit in charge are different by the category of content.

Task	Frequency	Responsible Unit
Supplier Evaluation	From time to time	Business/ Quality Assurance Unit
Customer Audit	From time to time	Quality Assurance Unit
Record on Business Visit	Regular	Sales

- (3). When clients evaluate SDI, SDI would inquire about the results and review its performance as well as past company data to make improvements based on clients' requests and standards. Responses are then provided for the clients within a specified time for confirmation. Quality

Assurance Unit is responsible for addressing concerns listed by clients from time to time during their audits and filing the customer satisfaction issues accordingly.

- (4). There are overlaps between supplier evaluation and customer satisfaction criteria. However, the former covers a wider range of issues and is more detailed, containing environmental protection issues, labor-employer harmony, and operational risk assessment and response. We also emphasize that suppliers must be aware of the changing demands of the market and constantly improve.



< Supplier Evaluation Results of Customer B from 2017 to 2021 > (customer B is one of SDI's customer)

- (5). SDI visits clients on a regular basis to get feedbacks from them directly and forward the comments to corresponding units for improvement.

In 2017, SDI received honorary supplier awards from STMicroelectronics and Infineon Technologies, recognizing the outstanding standards of SDI in terms of quality, delivery terms, and services. After the outbreak of COVID-19, awarding activities were canceled under the effects of the outbreak.

However, SDI prioritizes the development of long-term cooperation and provides premium services to customers during the period of the outbreak.

3.2.4 Customer privacy protection measures

For the protection of client privacy, SDI has established its trade secrets protection general principles:

- (1). SDI identifies the trade secrets it holds, documents them, and include them in the scope of the information protection regulations.
- (2). When in service at SDI, employees shall maintain confidentiality on the company’s technical and trade secrets and confidential information between SDI and a third party through contractual obligations, when employees encounter such information in their duties or contracts. Can not use these information for seeking personal interest or run a similar business, nor giving these information to any third parties without authorization.
- (3). After an employee leaves SDI, aforementioned confidential information shall not be disclosed without prior consent, disclosed for illegal gains, or used for operations similar to that of SDI’s.
- (4). When in service at SDI, employees’ work in R&D, formulas, production standards, cost estimation, and other computer programing, and textual or graphic content, created under the company's directions or within employees’ duties, shall contractually be the property of SDI corporation. Such property shall not be used without prior consent from the company within the period of protection as per Copyright Act, Trade Secrets Act, Civil Code, and other laws.
- (5). High-risk (trade secrets and sensitive personal information) information access shall be regulated to ensure that the protection and management for such access reflect the level of sensitivity of the information in question.

The protection of clients’ privacy is regulated with external laws and internal management hierarchy.

For external measures, SDI signs mutual confidentiality agreements with clients regarding all information related to clients' lead frame designs, including plans, dies, parts, methods, and documentation, with

specific clauses approved by legal services used by both parties to make the agreements legally binding. SDI also signs business contract with clients to enhance the protection of clients' privacy and intellectual property. Such protection is an integral part of SDI as a manufacturing service provider. In terms of internal management hierarchy, all information related to clients is processed and managed with stringent

Customer privacy management guideline.

- I. Policy: Respect for intellectual property rights and privacy protection.
- II. Commitment: Respect intellectual property rights and protect customer privacy.
- III. Objective: Zero customer privacy breach.

Objective items	Goals in 2021	Records in 2021	Goals in 2022	Goals in 2022
Customer privacy breaches	0	0	0	0

- IV. Resources: From top to bottom, all members work together.
- V. Action to be taken:
 1. Examine the status of customer complaint cases.
 2. Provide unblocked complaint or whistleblowing channels.
 3. Execute documents related to non-disclosure clauses before cooperation with customers.
- VI. Performance measurement: Follow up on whether there is any leakage invading customer privacy due to customer complaints, or the status of customer complaints.

Applicability: General, Specific

Scope: Within the organization, Outside the organization

hierarchical systems. For instance, in the disclosure of product plans. For personnel who are not the contacts of the client who owns the product to access their plans, they must submit applications in SDI's PLM system with detailed statements of purpose. The applications shall be reviewed and screened by layers of departments. Any application that does not meet requirements or contains inappropriate content shall be rejected. Firewalls are set up for all computers in the company, the flash drive access on which has been disabled to further prevent subversive attempts at disclosing client secrets. By combining external and internal measures, SDI effectively protects clients' privacy. In the history of SDI's electronics business, there has been no disclosure, theft, or loss of client information that resulted in complaint.

3.3 Relations with Supplier

3.3.1 Green Supply Chain and Contractor Management

Procurement management guideline

- I. Policy: Establish the spirit of supply chain management, jointly strive for economic development and fulfill the obligation of feedback to society.
- II. Commitment: Suppliers are the most important business partners, with whom long-term relationships shall be established for the ultimate goal of sustainable operation.
- III. Goal: Copper is the major item of direct materials, and the copper price changes significantly. Therefore, the target value setting standard regarding the amount and ratio for the local supply of direct materials is unable to be consistent. The target value remained 20%.

Objective items	Goals in 2021	Records in 2021	Goals in 2022	Goals in 2023
Amount and Ratio for the Local Supply of Direct Materials	20%	24%	20%	20%

- IV. Resources: Establish procurement budget according to customer's product requirements.
- V. Action to be taken:
 - 1. Conduct supplier evaluations on a regular basis and provide necessary assistance, to establish long-term relationships and promote sustainable operations.
 - 2. Purchase locally to reduce cost and quality requirement.
 - 3. Comply with customer requirements, refrain from purchasing conflict minerals
- VI. Performance measurement: Conduct monitoring based on quantity and proportion of purchases, and conduct supplier evaluation as well.

Applicability: General, Specific

Scope: Within the organization, Outside the organization

1. Consumption of raw materials:

SDI is one of the top three semiconductor lead frame manufacturers in the world and the largest stationery manufacturer in Taiwan. To meet the various demands from clients and consumers, we see the procurement of raw materials as an important aspect of our operations. When procuring raw materials, we must consider the following two factors to enhance our competitiveness. Internally, reduce the procurement delivery term and minimize inventory. Externally, consider the sustainable development prospect of the semiconductor industry and stationery manufacturing industry in the future, and ensure a stable source of supply of raw materials, which are significant issues.

The volume of major raw materials procured by SDI from 2019 to 2021 is as follows:

Type / year	2019	2020	2021	Renewable rate (%)
Copper	10,181	12,361	14,267	Approx. 45%
Steel and iron	263	358	445	Approx. 40%
Plastics	44	41	62	Approx. 40%

1. Distribution of supply chains:

SDI has always deemed suppliers as our crucial business partners. Through long-term close cooperation, we jointly seek niches to create joint benefits, and seek our final goal of “sustainable operation.” SDI’s suppliers may be divided into raw material suppliers of direct material (Type A Suppliers), packaging material and consumable suppliers of indirect materials (Type B Suppliers), logistics, customs brokers, and other service-oriented suppliers (Type C Suppliers). Qualified suppliers of SDI shall fulfill relevant requirements of the “Supplier Management System,” and the source of direct materials (Type A Suppliers) shall at least fulfill the qualification of ISO 9001 quality system certification and the requirements of SDI’s “Hazardous Substance Process Management (HSPM).”

The following are the percentages of regions from which SDI procured its materials from 2019 to 2021:

Percentage of Direct Materials Purchased by SDI from 2019 to 2021			
Area	2019 (%)	2020 (%)	2021 (%)
China	13.35	24.31	17.72
Japan (Note)	53.83	34.81	49.03
Taiwan	22.18	32.49	24.43
Other	0.14	0.12	0.12
Singapore	7.44	8.05	7.74
Europe	3.06	0.23	0.96
TOTAL :	100%	100%	100%

Note:

- (1) The direct materials used in the lead frame products of SDI are made of copper. Most of the international copper manufacturers are in Japan, and with good quality. Therefore, the proportion of purchases made in Japan is relatively high.
- (2) Most of the materials used in SDI’s lead frame are from customer-specified suppliers, and most of the customer-designated materials are from Japan.
- (3) The transportation of Japanese materials is more convenient than those in Europe. Therefore, if quality copper to be purchased overseas, Japanese copper is still a priority.
- (4) A. The transaction amount with Type A Suppliers (direct materials) accounted for 85% of the total transaction amount for materials in 2021.
 B. The transaction amount with Type B Suppliers (indirect materials) in Taiwan accounted for 90% of the total Type B procurement amount in 2021.
 C. The transaction amount with Type C Suppliers (customs clearing and logistics) in Taiwan accounted for 100% of the total Type C procurement amount in 2021.

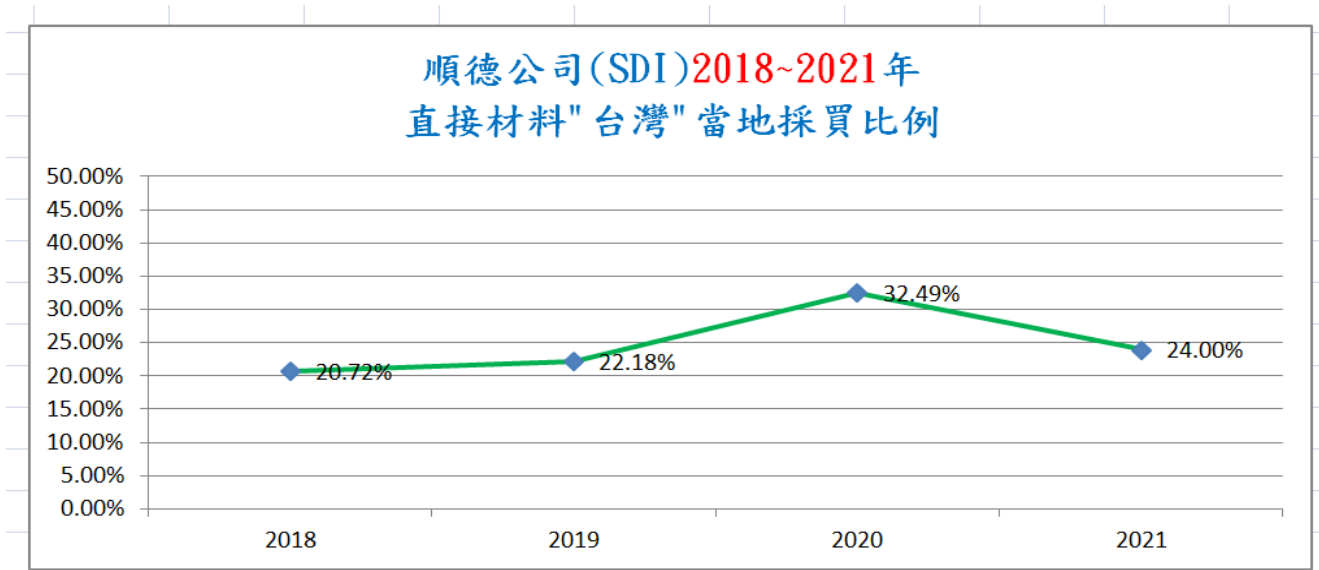
2. Local supplier purchase ratio:

SDI pays great attention to improving its competitive strength and closely follows the status of economic development in Taiwan. Adhering to the philosophy of caring for Taiwan, the Company also actively promotes the project of “Deeply-rooted in Taiwan.” In terms of “direct material” procurement, the Company prioritizes Taiwanese enterprises. From 2018 to 2021, the ratio of the transaction amount of “direct materials” procured by SDI in Taiwan recorded a rising trend as follows

(from 20.72% to 32.49%), and the local procurement ratio in Taiwan for the procurement of indirect materials reached up to 90% in 2021.

In 2021, due to the severe global material shortage caused by the Covid outbreak and the Russia-Ukraine War, enterprises worldwide were facing surging prices and a limited supply of raw materials. To fully satisfy customers' requirements, SDI not only increased the purchase volume of copper in Taiwan but also actively sought the possibility of using other overseas copper.

In 2021, the procurement amount of copper used by SDI's lead frame products accounted for approximately 86% of the total amount of raw materials. The price of LME copper surged significantly in 2021. The price range of LME copper in 2020 was approximately US\$4617.5~7964/MT, and the price range of LME copper in 2021 was approximately US\$7755.5~10724.5/MT, representing an increase of nearly 30%. Therefore, the denominator in the transaction amount ratio increased, which made the ratio of local procurement amount in Taiwan in 2021 drop, representing a reduction in the ratio.



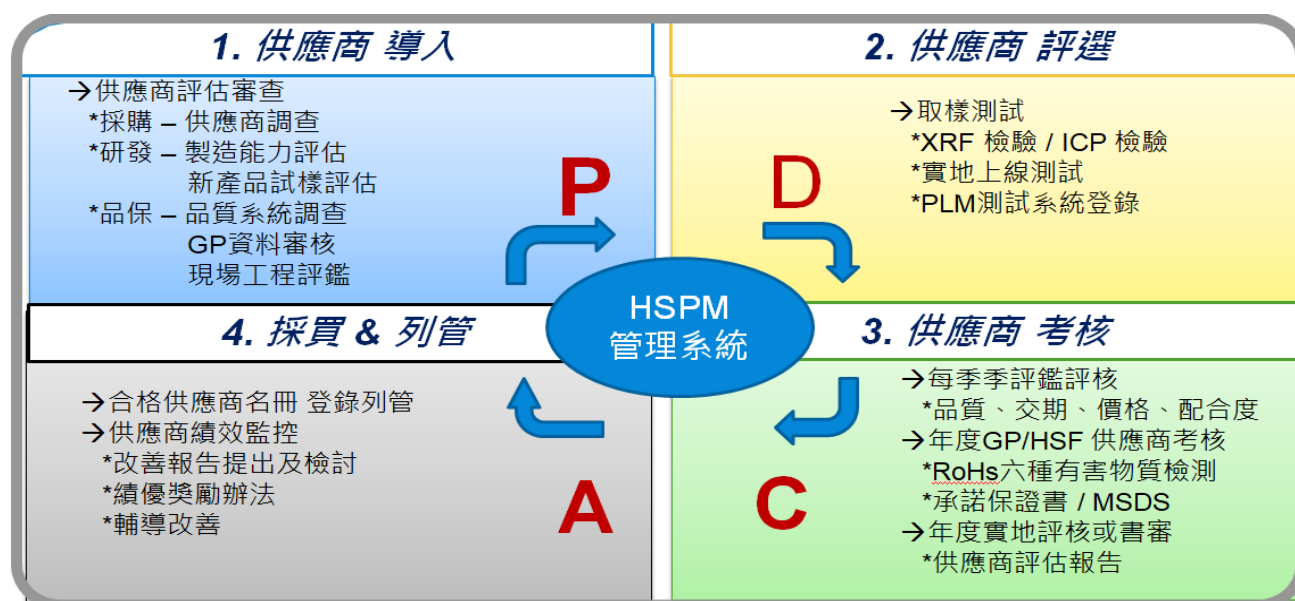
3.3.2 Supplier Evaluation Management

1. Description of supplier management system:

To implement procurement risk management and meet client demands, SDI has established a comprehensive supplier management system based on the P (Plan), D (Do), C (Check), A (Action) management cycle. Suppliers go through a process from “development,” → “verification,” → “procurement,” → “management and evaluation,” → to “continuous improvement” to help SDI minimize procurement costs, shorten lead-time, improve quality, and achieve customer satisfaction.

2. “Supplier evaluation system” in the HSPM management system

Based on the IECQ QC080000 standard and following the global trend of environmental awareness, SDI has established its Hazardous Substance Process Management (HSPM) system, with the P (Plan), D (Do), C (Check), A (Action) management cycle. Suppliers go through the process from “introduction,” → “selection,” → “review,” to → “procurement and control,” so that they comply with our Green Product Management System (GPMS). With this system, we enhance the competitiveness of our corporation.



Description:

Stage 1: Introduction of suppliers

Procurement, R&D, and quality assurance departments conduct detailed evaluation on new suppliers and include them in the Green Product (GP) evaluation system in the HSPM.

Stage 2: Selection of suppliers

For new suppliers or the development sampling test of new products, we are also equipped with “XRF/ICP test equipment” to determine whether the product quality of the supplier complies with the product management requirements of HSPM.

Stage 3: Review of supplier

Qualified suppliers go through annual evaluations. In addition to SDI’s supplier evaluation management system, they are reviewed quarterly based on the four aspects of “quality,” “lead-time,” “pricing,” and “cooperation.” The results of the review serve as key reference for procurement

decisions. “HSPM/GP” evaluation is especially included. We require suppliers to provide “RoHs six hazardous materials screening reports” and “Letter of Commitment” to ensure that the products that they supply to SDI are free of relevant hazardous substances.

Stage 4: Procurement and control

After passing the previous stages of evaluation, new suppliers are qualified to enter SDI’s list of official suppliers for subsequent procurement and “supplier performance monitoring.”

3. Design for enhancing performance: Commendation for outstanding suppliers

SDI’s procurement management system focuses on “procedures and management of suppliers.” We regularly review the performance of suppliers and, based on the results, adjust our supply chain. More importantly, we maintain long-term partnerships with suppliers to ensure stable sources of materials and prevent material shortages. SDI organizes a reward system for excellent suppliers each year (the commendation ceremony was suspended due to the outbreak of COVID-19 in 2019) to publicly recognize and encourage excellent suppliers. It continues adhering to the principles of mutual trust and cooperation to establish solid transaction partnerships with suppliers to ensure the quality, cost, delivery, service, and management of purchases. Suppliers fulfill the requirements of our procurement strategies, creating joint prosperity.



Year-end party in 2017



Year-end party in 2018

Public commendation of outstanding suppliers in 2017 and 2018.

(The commendation ceremony was suspended due to the outbreak of COVID-19 in 2019/2020/2021)

4. AEO Certification

To establish supply chain management, SDI participated in the AEO certification and management program (“Regulations Governing the Certification and Management of the Authorized Economic Operators”) held by the Customs Administration, Ministry of Finance in 2013, and passed the renewal review and verification procedures on December 13, 2019 (the certificate took effect on December 13, 2013), to allow us to qualify for preferential measures, and, by way of international mutual recognition, becoming an integral part of logistics safety supply chain, accelerating customs clearance to boost the company’s competitiveness.



Visited by Deputy directory of Taichung customs and award certification.



3.4 Social Care and Contribution

3.4.1 Social Care by SDI Foundation

1. Social Care and Contribution

Ten years committed to the course and still going strong, SDI aims to expand the social obligation service area.

- Since the founding of SDI Charity Foundation ten years ago, SDI has endeavored to support charitable organizations in the Changhua area, cultivated relationships with local communities and schools, provided care for the disadvantaged groups and local community residents. Now with what we have accomplished in the past ten years, we intend to spread our love farther and expand the charity into the Nantou area.
- SDI was established more than sixty years ago, has gradually moved towards its goal of becoming a century-old enterprise. Understanding deeply about the importance of sustainable growth, SDI established the SDI Charity Foundation in 2007. For the past ten years, the company has focused its effort in assisting the disadvantaged and talent training through educational program the Changhua area, to fulfill its social obligation.
- In 2018, the Foundation announced the establishment of the Nantou Branch to expand the service area and usher in the 10th anniversary. In fact, the company has engaged in industry-university cooperation with Nantou schools for many years, and actively co-organized local charity events. In addition to committing more resource for service and care for the disadvantages in the local area, the decision in setting up a branch office also facilitates the providing of complete service nearby.

2. Working together to support the disadvantaged

For compassion and care for those with disabilities, senior citizens, and disadvantaged groups, SDI has long been supporting local charitable institutions in Changhua, such as Shenq Jyh Special Education Center (聖智啟智中心), Tsz Ai Nursing Institution (慈愛殘障教養院), Christian Joy Nursery, Nantou Hope School (南投希望學園), and Genesis Social Welfare Foundation, that

provide services to persons with physical/mental disabilities and Hondao Senior Citizen's Welfare Foundation, that provides services to elderly people living alone. The supportive programs vary in response to the requirements of the institutions. SDI provides funds for acquiring or updating rehabilitation equipment and life equipment to improve the mobility and quality of life of residents, or for training staff of caring services and purchasing computer equipment to improve the quality and efficiency of care.

3. Since its establishment, SDI Foundation has long been committed to social welfare and charitable deeds behind the scenes. SDI has been continuously donating to The Garden of Hope Foundation, Fuhuo Special Education Center, Christian Joy Nursery, and Holy Rosary Special Education Center, with an amount exceeding NT\$1 million in 2021, for purchase of various equipment and rehabilitation devices. Such funds supplement and improve the caring services and training quality for children of developmental retardation and persons with physical/mental disabilities, and maintain various equipment and rehabilitation devices used in strengthening muscular endurance for the care of persons with physical/mental disabilities and special needs children.



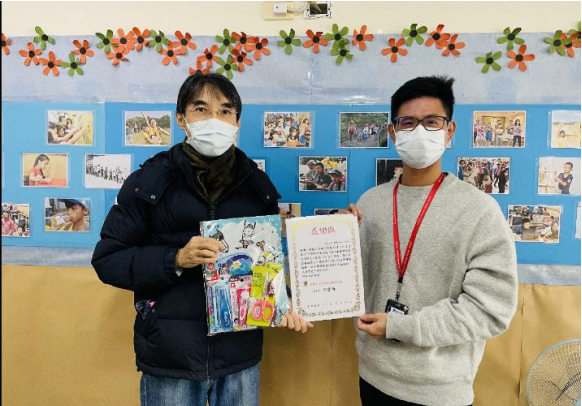
3.4.2 Local Community Communication and Sponsorship

1. Taken from Local Communities/Give Back to Local Communities

Upholding the spirit of “Taken from Society/Give Back to Society,” SDI has always been actively investing in local society and participating in services for and interactions with local communities. Also, it has long been participating in the operation of public welfare groups in local communities (i.e., supporter of Friends of the Police Association of Dajhu and Cihong Police Station, Changhua Precinct, Changhua County Police Department; supporter of Friends of the Police Association of Banshan Police Station, Nantou Precinct, Nantou County Police Department; supporter of volunteer firemen, Changhua E. District Branch, 1st Fire Control Group, Fire Bureau of Changhua

County; supporter of neighborhood community security patrol team, Dajhu Community and Xiangshan Community; supporter of Parents' Association of Dahju Elementary School) and providing necessary equipment, supplies to assist the long-term operation of public welfare groups, giving back to local communities and services. SDI sponsored gifts for annual school festivals, sports day, and other events of Dahju Elementary School and Chang Teh Junior High School, led employees to participate in public welfare activities, raised funds to donate stationery and supplies to social welfare groups and elementary schools (such as Taiwan Rainbow Gospel & Social Welfare Association, I-Link Community Services Association, Changhua High School, Changhua Senior School of Commerce, Chang Teh Junior High School, and Lien Sing Elementary School), and worked with Dahju Community Development Association for events to take care of elderly people living alone, or community care events during special festivals.

● Heart-warming Christmas Event



● Neighborly Community Event – Care for Elderly People Living Alone



Appendix 1: Index for Global Reporting Initiative Standards (GRI Standards)

• General Disclosures

Category/ Material Issues	No.	Content of GRI Indicators	Corresponding Chapter	Page	Remarks	External guarantee
1. Organization Overview						
GRI 102 2016	GRI 102-1	Organization name	1.1.1 About SDI	8		
	GRI 102-2	Events, brands, products and services	1.1.2 Main Brands, Products, and Services	12		
	GRI 102-3	Headquarter location	1.1.1 About SDI	8		
	GRI 102-4	Operation base	1.1.1 About SDI	8		
	GRI 102-5	Ownership and legal form	1.1.1 About SDI	8		
	GRI 102-6	Service market	1.1.2 Main Brands, Products, and Services	12		
	GRI 102-7	Organization size	1.1.1 About SDI	8		
	GRI 102-8	Information about employees and other workers	3.1.1 Overview of manpower employment	63		
	GRI 102-9	Supply chain	3.3.1 Green Supply Chain and Contractor Management	99		
	GRI 102-10	Major changes in the organization and its supply chain	No major changes during the reporting period			
	GRI 102-11	Early warning principle or guideline	1.3 Risk Assessment and Crisis Response Management	37		
	GRI 102-12	External initiative	The Company has not participated in any external initiative			
	GRI 102-13	Membership of the Association	1.2.3 Participation in External Organizations	37		
2.Strategies						
GRI 102 2016	GRI 102-14	Policy maker's statement	Words from the Chairman	5		
3. Ethics and Integrity						
GRI 102 2016	GRI 102-16	Principles, standards and codes of conduct	1.1.4 Corporate Governance	22		
4.Governance						
GRI 102 2016	GRI 102-18	Governance structure	1.1.4 Corporate Governance	22		
5. Communication between Stakeholders						
GRI 102 2016	GRI 102-40	Stakeholder group	1.2.1 Identification of Stakeholders and Material Issues	31		
	GRI 102-41	Group agreement	No group agreement was signed in 2021.			
	GRI 102-42	Identification and selection of stakeholders	1.2.1 Identification of Stakeholders and Material Issues	31		
	GRI 102-43	Guidelines for communicating with stakeholders	1.2.2 Material Topic Identification Method	35		
	GRI 102-44	Key topics and concerns raised	1.2.2 Material Topic Identification Method	35		
6. Reporting Practices						

Category/ Material Issues	No.	Content of GRI Indicators	Corresponding Chapter	Page	Remarks	External guarantee
GRI 102 2016	GRI 102-45	Consolidate entities contained in financial statements	1.1.3 Financial Performance	18		
	GRI 102-46	Define report content and topic boundary.	About the Report	3		
	GRI 102-47	List of Material Issues	1.2.2 Material Topic Identification Method	35		
	GRI 102-48	Information re-edit	This report has not been rewritten.			
	GRI 102-49	Reporting change	The scope and topic boundary of this report have not changed significantly.			
	GRI 102-50	Reporting period	About the Report	3		
	GRI 102-51	Date of the last reporting	About the Report	3		
	GRI 102-52	Reporting cycle	About the Report	3		
	GRI 102-53	Contact person for questions related to the report	About the Report	3		
	GRI 102-54	Declaration in accordance with GRI standards	About the Report	3		
	GRI 102-55	GRI content index	About the Report	3		
	GRI 102-56	External assurance / conviction	About the Report	3		

Management Policy

GRI 103 2016	GRI 103-1	Explain major issues and boundaries	1.2.1 Identification of Stakeholders and Material Issues	31		
	GRI 103-2	Management policy and its elements	Disclosure of Major Issues			
	GRI 103-3	Management policy assessment	Disclosure of Major Topics			

● Specific Standard Disclosures

Types/Major Issues	No.	Content of GRI Indicators	Corresponding Chapter	Page	Remarks	External guarantee
Series of economic indicators						
GRI 201 - Business performance in 2016	GRI 103-2	Economic performance management guideline	1.1.3 Financial Performance	18		
	GRI 103-3	Management policy assessment	1.1.3 Financial Performance	18		
	GRI 201-1	Report the direct economic value generated and distributed	1.1.3 Financial Performance	18		
GRI 204 Procurement practice in 2016	GRI 103-2	Procurement management guideline	2.2 Green product	48		
	GRI 103-3	Management policy assessment	2.2 Green product	48		
	GRI 204-1	Procurement practice	3.3.1 Green Supply Chain and Contractor Management	99		
Series of environmental indicators						
GRI 302 Energy 2016	GRI 103-2	Energy management policy	2. Environmental Sustainability	42		
	GRI 103-3	Management policy assessment	2. Environmental Sustainability	42		
	GRI 302-1	Energy consumption within the Organization	2.1 Energy Conservation and Management	42		
GRI 305 Discharge 2016	GRI 103	Emission management guidelines	2. Environmental Sustainability	42		
	GRI 103-3	Management policy assessment	2. Environmental Sustainability	42		
	GRI 305-2	Energy - indirect (Category B) greenhouse	2.1 Energy Conservation and	42		




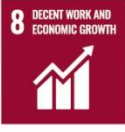


Types/Major Issues	No.	Content of GRI Indicators	Corresponding Chapter	Page	Remarks	External guarantee
		gas emissions	Management			
	GRI 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX) and other major gas emissions	2.1 Energy Conservation and Management	42		ISO 14001
GRI 306 Waste 2020	GRI 103-2	Waste management policy	2.2.5 Pollution discharge and pollution control	54		
	GRI 103-3	Management policy assessment	2.2.5 Pollution discharge and pollution control	54		
	GRI 306-1	Waste production and impact	2.2.5 Pollution discharge and pollution control	54		
	GRI 306-2	Management of waste impact	2.2.5 Pollution discharge and pollution control	54		
	GRI 306-3	Generation of Waste	2.2.5 Pollution discharge and pollution control	54		ISO 14001
	GRI 306-4	Waste disposal and transfer	2.2.5 Pollution discharge and pollution control	54		ISO 14001
	GRI 306-5	Direct disposal of waste	2.2.5 Pollution discharge and pollution control	54		
GRI 307 Compliance with environmental laws and regulations 2016	GRI 103-2	Environmental compliance management guidelines	1.4.1 Compliance with laws and international standards and regulations	40		
	GRI 103-3	Management policy assessment	1.4.1 Compliance with laws and international standards and regulations	40		
	GRI 307-1	Violation of environmental regulations	1.4.2 Compliance with domestic regulations	40		
Series of social indicators						
GRI 401 Labor-employer relation 2016	GRI 103-2	Labor-employer relation management guidelines	3.1.1 Overview of manpower employment	64		
	GRI 103-3	Management policy assessment	3.1.1 Overview of manpower employment	64		
	GRI 401-1	New and outgoing employees	3.1.1 Overview of manpower employment	64		
	GRI 401-2	Benefits for full-time employees (excluding temporary or part-time employees)	3.1.4 Remuneration and Benefits	69		
	GRI 401-3	Parental leave	3.1.4 Remuneration and Benefits	69		
GRI 402 Labor-manage ment relation in 2016	GRI 103-2	Labor-management relation management guidelines	3.1 The SDI Family	63		
	GRI 103-3	Management policy assessment	3.1 The SDI Family	63		
	GRI 402-1	Minimum notice period for operational changes	3.1.2 Sound employee-employer relations	67		
GRI 403 Labor health and safety	GRI 103-2	Occupational health and safety management guidelines	3.1.6 Workplace Harmony	76		ISO 45001
	GRI 103-3	Management policy assessment	3.1.6 Workplace Harmony	76		

Types/Major Issues	No.	Content of GRI Indicators	Corresponding Chapter	Page	Remarks	External guarantee
2018	GRI 403-1	Occupational Safety and Health Management System	3.1.6 Workplace Harmony	76		ISO 45001
	GRI 403-2	Hazard identification, risk evaluation, and accident investigation	3.1.6 Workplace Harmony	76		ISO 45001
	GRI 403-3	Labor health Service	3.1.6 Workplace Harmony	76		ISO 45001
	GRI 403-4	Worker participation in consultation and communication related to occupational safety and health	3.1.6 Workplace Harmony	76		ISO 45001
	GRI 403-5	Training of workers in occupational safety and health management	3.1.6 Workplace Harmony	76		ISO 45001
	GRI 403-6	Health improvement of workers	3.1.6 Workplace Harmony	76		ISO 45001
	GRI 403-8	Workers included in the Occupational Safety and Health Management System	3.1.6 Workplace Harmony	76		ISO 45001
	GRI 403-9	Occupational injury	3.1.2 Sound employee-employer relations	67		ISO 45001
	GRI 404 Training and Education 2016	GRI 103-2	Training and education management guidelines	3.1.5 Diversified education and training	72	
GRI 103-3		Management policy assessment	3.1.5 Diversified education and training	72		
GRI 404-1		Average number of training hours each employee receives per year	3.1.5 Diversified education and training	72		
Human rights performance indicators						
GRI 406 Non-discrimination 2016	GRI 103-2	Non-discrimination management guidelines	3.1 The SDI Family	63		
	GRI 103-3	Management policy assessment	3.1 The SDI Family	63		
	GRI 406-1	Discrimination incidents and improvement actions taken by the organization	3.1 The SDI Family	63		
Product responsibility performance indicators						
GRI 416 Health and safety of customers 2016	GRI 103	Product Responsibility Management Guidelines	3.2 Products and Services for Clients	90		
	GRI 103-3	Management policy assessment	3.2 Products and Services for Clients	90		
	GRI 416-2	Violation of health and safety regulations concerning products and services	2.2.2 Application of Materials Recycled From Products 2.2.3 Green Product Design Concept	48		
GRI 417 Product and service labeling 2016	GRI 103-2	Product Responsibility Management Guidelines	3.2 Products and Services for Clients	90		
	GRI 103-3	Management policy assessment	3.2 Products and Services for Clients	90		
	GRI 417-2	Events that do not follow the information and labeling regulations for products and services	3.2.3 Relations with Customers 1.4.2 Compliance with domestic regulations	92 40		
GRI 418 Customer privacy 2016	GRI 103	Product Responsibility Management Guidelines	3.2 Products and services for clients	90		
	GRI 103-3	Management policy assessment	3.2 Products and services for clients	90		

Types/Major Issues	No.	Content of GRI Indicators	Corresponding Chapter	Page	Remarks	External guarantee
	GRI 418-1	Proven case of complaint regarding customer privacy infringement or loss of customer information	3.2.4 Customer privacy protection measures	97		
GRI 419 Socioeconomic laws and regulations compliance 2016	GRI 103-2	Product Responsibility Management Guidelines	3.2 Products and services for clients	90		
	GRI 103-3	Management policy assessment	1.4.2 Compliance with domestic regulations	40		
	GRI 419-1	Violations of laws and regulations in social and economic arena	1.4.2 Compliance with domestic regulations	40		

Appendix 2:

List of UN Sustainable Development Goals (SDGs)

SDGs	Item	Content	Corresponding Chapter
	SDGs2.1	By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious, and sufficient food all year round.	3.4.1 Social Care by SDI Foundation
	SDGs4.4	By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, or entrepreneurship.	3.1.6 Workplace Harmony
	SDGs5.1	End all forms of discrimination against all women and girls everywhere.	3.1.4 Remuneration and Benefits 3.1.6 Workplace Harmony
	SDGs8.2	Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, including through a focus on high-value added and labor-intensive sectors.	1.1.3 Financial Performance
	SDGs12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.	2.2.5 Pollution discharge and pollution control
	SDGs12.7	Promote public procurement practices that are sustainable, in accordance with national policies and priorities.	3.3.1 Green Supply Chain and Contractor Management

Operation base

Changhua Plant
No. 260, Sec 2, Zhangnan Rd., Dazhu Vil.,
Changhua City, Changhua County
Telephone: 886-4-7383991
Fax: 886-4-7380515

Nantou Plant
No.323, Chengkung 3rd Road, Xinxing Vil., Nantou
City, Nantou County
Telephone: 886-49-2257780
Fax: 886-49-2261218



INDEPENDENT ASSURANCE OPINION STATEMENT

SDI Corporation 2021 Sustainability Report

The British Standards Institution is independent to SDI Corporation and has no financial interest in the operation of SDI Corporation other than for the assessment and verification of the sustainability statements contained in this report.

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

Scope

The scope of engagement agreed upon with SDI Corporation includes the followings:

1. The assurance scope is consistent with the description of SDI Corporation 2021 Sustainability Report.
2. The evaluation of the nature and extent of the SDI Corporation's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

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

Opinion Statement

We conclude that the SDI Corporation 2021 Sustainability Report provides a fair view of SDI Corporation's sustainability programmes and performances during 2021. The report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by SDI Corporation and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate SDI Corporation's efforts recognized by its stakeholders.

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

Methodology

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

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

Conclusions

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

Inclusivity

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

Materiality

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

Responsiveness

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

Impact

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

GRI Sustainability Reporting Standards (GRI Standards)

SDI Corporation provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that sustainable development disclosures with reference to **GRI Standards' disclosures are** reported, partially reported or omitted. In our professional opinion the self-declaration covers the SDI Corporation's sustainability topics.

Assurance level

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

Responsibility

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

Competency and Independence

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

For and on behalf of BSI:


Peter Pu, Managing Director BSI Taiwan

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Statement No: SRA-TW-2021135

2022-09-20

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