



2022 ESG INSIGHT REPORT



STOCK CODE: 2351

ENVIRONMENTAL

With the core philosophy of “sincerity, stability, challenge, and innovation,” SDI is dedicated to environmental protection, social responsibility, respecting human rights, and transparent corporate governance. This commitment ensures that sustainability is deeply ingrained in the Company's culture. While not among the initial wave of companies mandated to address climate change concerns, SDI has proactively aligned itself with the global trend towards achieving net-zero emissions. Both the Changhua and Nantou plants have been installing solar power generation equipment since 2018 and are currently expanding the establishment of renewable energy sources. To fulfill our environmental responsibilities, we're considering the Science-Based Targets initiative's 1.5°C goal in the future.

Environmental Certifications

Certification	Verification Body	Valid Through to
ISO 50001	British Standards Institution (BSI)	Dec. 2025
ISO 14001	British Standards Institution (BSI)	Sep. 2023
ISO 14064	SGS	N/A
IECQ HSPM QC080000	DQS	Jul.2024

Environmental Goals

	2022 Performance	Timeframe
GHG Management		
To reduce carbon dioxide emissions by 25% by 2030	Ongoing	By 2030
Consider the Science-Based Targets initiative's 1.5°C goal in the future	Ongoing	Medium, long-term
Energy Management		
Complete the construction of the energy management system, collect and analyze data on energy usage to propose energy-saving improvements	Ongoing	By 2023
Water Resource Management		
Achieve a daily recycling of 200 metric tons of nickel-containing wash water	280 cubic meters per day ✓	By 2023
Replace the pure water equipment in Building F, reducing chemical and backwash water usage	Ongoing	By 2024
Collaborate with process units to plan a comprehensive water-saving program	Ongoing	Medium, long-term
Waste and Hazardous Substance Management		
Reduce the amount of hazardous waste	-80 tons ✓	Year by year
Reduce the amount of general production waste	-23 tons ✓	Year by year

Environmental Metrics

In 2022, the company conducted a greenhouse gas inventory to assess energy, material use, and carbon emissions across production stages. A standardized mechanism for greenhouse gas inventory was established following ISO 14064-1 and the guidelines for greenhouse gas verification provided by the Environmental Protection Administration. This informed our short, medium, and long-term carbon reduction targets, guiding business decisions. SDI's main emissions source is electricity, accounting for over 90% of total emissions (Scope 1 + Scope 2). GHG inventories are conducted annually.

■ GHG Emissions

	Unit	2019	2020	2021	2022
Scope 1		N/A	N/A	2,087.6404	1,932.7592
Scope 2		N/A	N/A	28,407.3836	27,605.7916
Scope 3	ton CO ₂ e	N/A	N/A	16,338.3694	13,850.4631
Total (Scope 1+2)		N/A	N/A	30,495.0240	29,538.5508
Intensity		N/A	N/A	3.697	3.231

Note 1: Based on emissions data from 2021 to 2022.

Note 2: For the year 2022, the emission factor for electricity is calculated using a Global Warming Potential (GWP) value of 0.495 kg CO₂e per kWh of electricity generated, as per the IPCC Fourth Assessment Report.

Note 3: Greenhouse Gas Emission Intensity = Total Emissions (metric tons CO₂e) / Million Dollars of Revenue; The aforementioned total emissions are calculated for the SDI (Changhua Plant and Nantou Plant), and revenue is sourced from the comprehensive income statement in the annual report.

Data Source: website of Bureau of Energy, Ministry of Economic Affairs

■ Other Indirect Greenhouse Gases

The company, for the first time in 2022, calculated the emissions of various significant other indirect greenhouse gases based on the ISO 14064:2018 standard, the Environmental Protection Administration's Carbon Footprint Database, and the inventory technical documents of the World Business Council for Sustainable Development (WBCSD). The emissions of other indirect greenhouse gases amounted to 13,850.4631 metric tons of CO₂e, as indicated in the inventory results table below (unit: metric tons CO₂e).

Category 3: Transportation		1,710.0612
Upstream transportation and distribution	Greenhouse gas emissions from the transportation process for the procurement of materials and selling products, whose freight was paid by SDI.	1,005.4129
Waste transportation	Greenhouse gas emissions from the transportation process of waste.	39.5400
Downstream transportation and distribution	Greenhouse gas emissions from the transportation for selling products, whose freight was paid by customer, including tracking transportation distance and weight.	665.1083
Category 4: Products used		12,140.4019
Purchased products	1. Procured raw materials related to in-house production.	7,007.8165
	2. Production-related external procurement of energy (electricity and oil), excluding emissions covered in Categories 1 and 2.	4,918.8506
Disposal of solid and liquid waste	Waste disposal inventory, including annual waste disposal quantities (household waste, recyclables, etc.)	213.7352

■ Air Emissions

	Unit	2019	2020	2021	2022
Nantou Plant - NO _x		932.58	961.55	1,046.14	994.59
Nantou Plant - PM	kg	183.85	383.66	395.73	446.11
Nantou Plant - VOC		77,586.79	73,107.03	98,263.46	63,388.45
Changhua Plant - VOC		-	33,202	56,193	74,748

Note 1: According to 2020-2021 emissions statistics.

Note 2: 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.

Note 3: The increase in particulate matter (PM) emissions at the Nantou plant and volatile organic compounds (VOC) emissions at the Changhua plant in 2022 compared to 2021 is mainly due to increased production capacity. In 2023, existing equipment will be gradually replaced with high-efficiency equipment.

■ Water Resource Management

Water Usage	Unit	2019		2020		2021		2022	
Water Withdrawal		Changhua	Nantou	Changhua	Nantou	Changhua	Nantou	Changhua	Nantou
Groundwater	Million Liters	-	122.009	-	114.758	-	126.691	-	113.939
Tap Water		10.761	1,035.696	11.045	1,114.932	9.631	1,382.832	7.793	1,330.443
Total		10.761	1,157.705	11.045	1,229.690	9.631	1,509.523	7.793	1,444.382
		1,168.466		1,240.735		1,519.154		1,452.175	
Water Consumption									
Total	Million Liters	8.608	97.219	8.836	101.184	7.707	277.083	6.234	183.572
		105.827		110.020		284.790		189.806	
Water Usage Intensity									
Water Withdrawal	tons/ Production Value	0.160		0.160		0.184		0.159	
Production Value	NT\$ Thousand	7,303,403		7,773,952		8,247,659		9,142,725	

■ Water Recycling and Reuse

SDI collaborates with water treatment firms to outsource industrial wastewater treatment, then purchases the treated water for production. To achieve wastewater recycling and energy-efficient waste reduction, SDI collaborated with suppliers to establish water recycling and nickel resource recovery equipment in 2022. The plan was to recycle nickel-containing water from the surface treatment process and reused it within the production cycle. Initially, the recycling of nickel-containing water was expected to yield 200 CMD of ultrapure water for electroplating processes. This initiative anticipated reducing 270 CMD of wastewater and the generation of associated sludge, while also decreasing the use of raw water.

■ Wastewater Management

SDI's self-discharged process wastewater amounts to around 4,100 tons daily, monitored by the EPA around the clock. To prevent surpassing wastewater limits, SDI incorporates automatic monitoring at the discharge point to assess water quality. In the future, the automated system will integrate with the energy management system for digital management. Currently, there's a plan to recycle this concentrated water, previously disposed of, back into purified water. The projected investment exceeds 5 million NTD and is expected to reduce wastewater discharge by over 10%.

Wastewater Discharge	Unit	2019	2020	2021	2022
Changhua Plant	tons	2.049	2.030	1.924	1.559
Nantou Plant		1,060.486	1,128.506	1,232.440	1,260.810

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.

■ Waste and Hazardous Waste

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.

	Unit	2019		2020		2021		2022	
		Changhua	Nantou	Changhua	Nantou	Changhua	Nantou	Changhua	Nantou
Hazardous Production Waste		36.21	784.01	33.12	1,126.87	31.36	1,055.91	28.66	978.55
General Production Waste	tons	199.28	307.39	162.92	353.93	173.41	397.8	224.67	323.51
Total		1,326.89		1,676.84		1,658.48		1,555.39	

In 2022, there were no significant fines or non-monetary sanctions were imposed for environmental controversies.

■ Energy Management

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. SDI used ISO 50001:2018 (Energy Management System) as the internal driving framework. Verification was conducted in January 2022, with validity until December 2025.

Energy Use	Unit	2019	2020	2021	2022
Power Consumption		198,149	203,524	221,166	220,163
Natural Gas	GJ	19,443	20,047	21,858	20,780
Total		217,592	223,571	243,024	240,943
Power Consumption Intensity		27.131	26.180	26.815	24.080
Natural Gas Intensity	GJ / NT\$ Thousand	2.662	2.579	2.650	2.273
Total		29.793	28.759	29.465	26.353
Production Value	NT\$ Thousand	7,303,403	7,773,952	8,247,659	9,142,725

The aggregated energy intensity decreased by 14.2% in 2022.

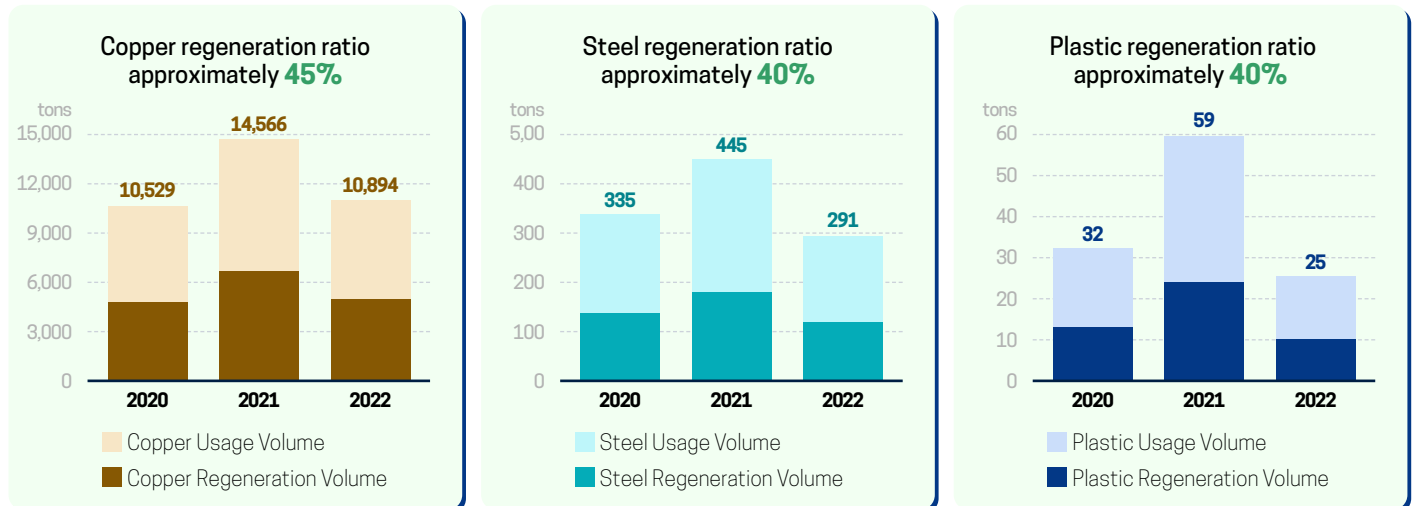
Renewable Energy and Energy Saving Planning

Continued planning for solar power generation within the plant premises. Solar power installations began at the Changhua plant in 2018, with a total installed capacity of 631.94 kWp. The Nantou plant is also under ongoing planning, with an anticipated total solar power capacity of 497.28 kWp.

The primary carbon emission source for SDI is electricity consumption. Apart from enhancing energy efficiency of process peripheral equipment, the Company has initiated the planning of a monitoring system for energy consumption on the premises. In 2022, the entire plant completed the installation of over 500 smart meters and flow meters. Starting in 2023, an Energy Management System (EMS) will be established. Currently, data collection on electricity usage is being tested. The future plan involves integrating EMS-collected electricity data with real-time systems on production machinery to analyze energy efficiency of the plant and equipment. Various energy-saving strategies will be devised based on this analysis.

Recycling and Regeneration Ratio of Key Materials

SDI adheres to the latest international trend of "cradle to cradle" concept for environmental sustainability, promoting the circular utilization of renewable energy. For key raw materials used in electronic products such as "copper," "steel," and "plastic," the process generates scrap materials that are accurately categorized and organized. These materials are then sold back to waste recycling companies that comply with environmental regulations, reducing the generation of waste on Earth and increasing the value of renewable energy utilization.



Green Products

■ Research & Development

In response to revenue growth, continuous investment in research and development (R&D) expenses are maintained to ensure sustainable revenue and business development momentum. Moreover, investment expenses are kept at over 2% of total revenue.

	2020	2021	2022
R&D Expenses (in NT\$ Thousand)	207,140	247,850	254,486
Company Revenue (in NT\$ Thousand)	8,450,611	11,152,550	11,724,279
R&D Expenses / Company Revenue (%)	2.45%	2.22%	2.17%

■ Electronic Products

Effective Packaging Recycling

More than a decade ago, SDI began considering the value of collaborating with customers to activate the use of packaging materials. By altering the design format in collaboration with the customer throughout 2018 and 2019, SDI recycled approximately 28,017 discs and 66,806 sets of packaging boxes, totaling approximately 105 tons, along with 1,512 wooden crates and 174 pallets, focusing on wood materials.

SDI actively seeks suitable vendors to recycle used wooden pallets and crates, which can be reprocessed and reused after being processed by vendors.

In 2022, about 172 tons of wood materials were recycled.

Green Production Management

SDI is in compliance with RoHS/IECQ QC080000 Hazardous Substance Management Systems. 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), dibutyl phthalate (DBP), diisobutyl phthalate (DIBP), and the WEEE (Waste Electrical and Electronic Equipment) Recycling Directive, which directly impacts the global supply chain.

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.

■ Stationery Products

Material Reuse in Products

Plastics and metals are the main raw materials used in SDI's stationery products sold to the market. When these products reach the end of their life cycle, 70% to 90% of the materials can be disassembled for recycling. In addition, the Company's uncompromising commitment to quality requires that most plastic products contain between 20% and 50% recycled content. This means that recycled materials are reused in the manufacturing process, reducing the use of virgin materials and increasing reuse of secondary materials.

Five Major Products Recyclable Materials After Disassembly



Recyclable proportion = Recyclable component weight / Total product weight

Green Product Design Philosophy

In terms of product assembly and production efficiency, SDI complies with the ISO 9001 Quality Management System to reduce defect rates and minimize energy consumption. In product design, we've developed consumables with replaceable components. For instance, in 2022, we introduced two models of replaceable correction tape that allow for the repeated replacement of consumables, thus extending the product's lifespan and avoiding single-use disposal. Additionally, we plan to completely replace PVC packaging with plastic blister packaging by the end of 2023 to prevent dioxin pollution from incineration and promote an energy-efficient and environmentally friendly lifestyle alongside consumers.

Product Quality Management

■ Quality Management Systems

SDI adheres to the principles of Total Quality Management (TQM) with a commitment to "customer first, quality priority, focus on quality, everyone's responsibility" as its quality policy. With a foundation based on the ISO 9001 framework, the company has established a comprehensive management system, including the IATF 16949 Automotive Quality Management System, among others. Quality inspection systems are implemented for production process quality management, with further internal quality control tools such as 8D, PDCA, and project improvement initiatives.

■ Continuous Improvement

Regular Quality Improvement Project (QIP) meetings with customers have shown a positive trend in actual quality performance improvement. For example, through continuous collaboration with key customer companies on product technology enhancement, we have demonstrated improvement results that are appreciated by customers and have significantly reduced the number of external customer complaints.

In 2022, we conducted a total of 13 QIP projects with three major customers, addressing various improvement areas, including mold improvement, AOI coverage rate, product functionality, and more.

	2020	2021	2022
Number of external customer complaints	104	97	72

■ Product Health and Safety

SDI places a strong emphasis on meeting regulations, legal requirements, customer demands, and mitigating RoHS compliance risks. We have established the IECQ QC080000 HSPM (Hazardous Substances Process Management) system to manage harmful substance processes. On July 27, 2009, we received IECQ HSPM (QC080000) certification and have been subject to annual reviews. We implement a comprehensive hazardous substance process management process, conducting outsourced testing on the chemical substances present in our final products each year.

In 2022, we outsourced SGS testing for 56 samples, achieving a 100% pass rate.

In 2022, Finish Quality Control (FQC) conducted random inspections on finished products according to different product categories. We performed internal EDXRF testing on 67 samples, achieving a 100% pass rate.

Stationery Product Certification

For design of stationery products, SDI complies with various international certifications, such as restrictions on harmful substance generation (RoHS, REACH), as well as the use (CE and UL) and recycling (WEEE, batteries, packaging) of electronic stationery.

■ Identification of Climate-Related Risks and Opportunities

From 2022, the SDI included into the annual risk management the identification of climate-related risks and opportunities. Based on the probability and impact of risks analyzed, the company manages these risks and strives to keep them within tolerable limits. The likelihood of occurrence is defined as short-term (within three years, 2022-2024), medium-term (three to five years, 2025-2026), and long-term (five years and beyond, 2027-2030). To mitigate the impact of risks on finances and proactively plan appropriate responses in advance. The risks are categorized into the below:

Risks		Opportunities
Transition	Physical	
▪ Policy and Regulation ▪ Technology ▪ Market	▪ Acute ▪ Chronic	▪ Product and Services

For the complete climate-related risks and opportunities analysis, please see P.84 of the English 2022 ESG Report.

■ Biodiversity Commitment

- Avoid establishing facilities or conducting operations near globally or nationally important biodiversity areas.
- When operating near crucial biodiversity areas, follow a sequence of measures including avoidance, minimization, restoration, and offsetting to reduce ecological impact.
- Aim for a Net Positive Impact on environmental ecology, committing to biodiversity preservation.
- Comply with international and local forest-related laws and specific regulations at operational sites, embracing the Zero Net Deforestation principle and avoiding excessive deforestation.
- Actively collaborate with employees, shareholders, partners, suppliers, and consumers to support biodiversity conservation.
- Avoid or minimize pollutions into the air, water, and land.
- Take action in response to the United Nations Convention on Biological Diversity (CBD) to maintain biodiversity.

SOCIAL



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.

Social Goals

	2022 Performance	Timeframe
Employee Turnover Rate		
Maintain employee turnover rate below 15%.	11.87% ✓	2022
Employee Education and Training		
Total education and training attendances exceeded 7,000.	9,373 ✓	2022
Operational Health and Safety		
Short, medium, long-term goal of 0 major occupational disasters.	0 ✓	Short, medium, long-term
Human Rights		
Complete human rights due diligence assessments for key suppliers.	Ongoing	2025
Align with RBA's human rights-related requirements.	Ongoing	Medium, long-term
Social Supplier Standards		
Integration of "Sustainable Development Initiatives" into SDI's "New Supplier Selection Process" and "Ongoing Supplier Evaluation."	Ongoing	2023

Human Rights

SDI supports and respects international human rights norms such as the Universal Declaration of Human Rights, the United Nations Global Compact, the UN Guiding Principles on Business and Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the Responsible Business Alliance (RBA) Code of Conduct. SDI also adheres to national legal regulations.

Issues	Objectives and Actions	Management and Mitigation Measures
Prohibition of Forced Labor	The Social Responsibility Management Manual explicitly states Promotion of Employment Freedom, Prohibition of Involuntary Labor.	1. Confirm job willingness during interviews. 2. Sign employment agreement upon reporting for duty.
Right to Health	1. Provision of occupational safety education and training. 2. Ensuring health protection measures.	1. Conduct regular occupational health and safety training. 2. Provide protective equipment for employees to work safely in higher-risk environments. 3. Arrange annual medical check-ups and track abnormal results.
Privacy Protection	Preventing violations of privacy rights.	Adhere to the Personal Data Protection Act and use personal data responsibly.

Issues	Objectives and Actions	Management and Mitigation Measures
Child Protection	Revising regulations for child labor, young workers, and vocational students.	Employment of child labor is prohibited as per regulations. Interviewees are required to provide identification documents for verification.
Elimination of Unlawful Discrimination and Equal Pay	1. Equal employment of staff, strictly prohibiting unlawful discrimination. 2. The Social Responsibility Management Manual explicitly states prohibition of improper discrimination: equal employment and commitment to a harassment- and discrimination-free workplace.	1. Increase the employment of indigenous and employees with disabilities. 2. Ensure human rights care for foreign migrant workers.
Working Hours Management	Reduce overtime work of employees.	1. Develop a sound workforce plan, recruit sufficient employees based on production demands to prevent inadequate staffing leading to excessive overtime. 2. Monitor departments with excessive overtime and regularly promote adherence to working hour regulations. 3. Establish incentive measures to encourage employees to enhance work efficiency.
Freedom of Association	The Social Responsibility Management Manual clearly states respect all employees' freedom to establish and participate in labor unions, as well as their right to collective bargaining.	Implement according to regulations and respect employees' freedom of assembly and association.
Prevention of Sexual and Workplace Harassment	Provide a work environment that is free from sexual harassment.	1. Revise procedures for preventing and handling workplace harassment complaints. 2. Organize education and training on preventing sexual harassment and workplace wrongdoing. 3. Establish a complaint channel and receiving unit.

■ Human Rights Training

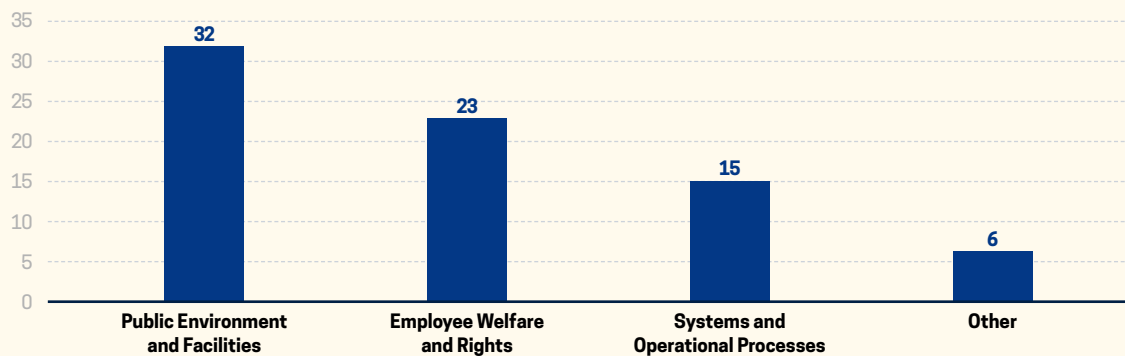
In 2022, an ESG Sustainable Business series of digital courses launched, covering topics related to human rights issues, including Gender Equality, Respecting Human Rights, and Preventing Workplace Wrongdoings. The total number of training participants reached 1,989 individuals, with a cumulative training of 99.45 hours.

Course Topics	Training Participants (persons)	Training Hours (Hours)
[ESG Sustainable Business] Gender Equality	666	33.3
[ESG Sustainable Business] Respecting Human Rights	660	33
[ESG Sustainable Business] Preventing Workplace Wrongdoings	663	33.15
Total	1,989	99.45

■ Employee Feedback Channels

SDI prioritizes employee opinions and rights, ensuring protection from unlawful infringements. We've established a comprehensive employee feedback system, including a colleague feedback mailbox (allows for anonymous reporting), dedicated hotlines for reporting sexual harassment or workplace bullying, and a line for addressing life and work concerns. These channels are seamlessly integrated into SDI's human rights protection training for all employees. For migrant workers, feedback can be expressed at any time through mail, phone, and dedicated bilingual personnel, fostering mutual understanding.

Number of Employee Suggestions and Feedback in 2022



Human Resources Management

SDI maintains the belief that "talent is a critical asset for the company's ongoing development." As such, measures such as incentivizing employees to pursue further education while working and recruiting external talent are employed. Presently, 45% of R&D center employees possess master's and doctoral degrees.

Unit	2019		2020		2021		2022	
	Male	Female	Male	Female	Male	Female	Male	Female
Changhua	556	258	506	246	535	269	537	264
Direct Employees	273	135	223	102	242	113	248	111
Indirect Employees	283	123	283	144	293	156	289	153
Nantou	435	157	424	155	479	187	499	200
Direct Employees	240	84	246	119	277	148	295	157
Indirect Employees	195	73	178	36	202	39	204	43
Total	1,406		1,331		1,470		1,500	

Employee Turnover Rate

Unit	2019	2020	2021	2022
Changhua	13.50	12.30	13.84	10.74
Nantou	19.41	20.87	17.73	13.16
Total	15.98	16.04	15.60	11.87

Gender Pay Equality

SDI is committed to substantial gender equality, upholding the principle of equal pay for equal work, and ensuring that salaries are not differentiated based on gender.

Position	Ratio of the basic salary of women to men
Management Position	1:1.073
Professional Position	1:1.16
Skilled Position	1:1.097

Note 1: Job categories encompass various job levels and positions, where salaries for equivalent roles and ranks are generally the same in principle.

Note 2: Ratio of the basic salary of women to men = Base salary of women employees in each position / Base salary of men employees.

Employee Benefits

SDI has invested NT\$ 1,936,265 thousand in employee benefits, including salary expenses, labor and health insurance expenses, retirement pension expenses, and other personnel-related expenses. We provide a diverse range of welfare systems that surpass legal requirements, as outlined in the following table:

Cash benefits	Year-end bonus, quarterly bonus, performance bonus, Dragon Boat Festival bonus, Mid-Autumn Festival bonus, birthday vouchers, patent bonus, new product development bonus, sales bonus, various cash allowances for marriage, funeral, and celebratory events, as well as employee children/employee scholarships.
Flexible working hours system	Offering flexible working hours.
Club activities	Various club activities such as hiking club, cycling club, badminton club, etc.
Company trip	Provide annual trip subsidy.
Group Insurance	Employees are entitled to company-sponsored group comprehensive insurance.
Physical examination	Regular employee physical examination.
Other benefits	Employee purchase discounts and exclusive space providing complimentary coffee.

Items	Amount (NT\$ Thousand)
Salary expenses	1,582,679
Labor and health insurance expenses	132,353
Retirement pension	77,583
Other personnel costs	143,650
Total	1,936,265

Freedom of Association

SDI respects the freedom of assembly and association in the workplace. The "SDI Enterprise Union" is formed voluntarily by employees and is one of the few company unions in Taiwan.

Approximately 66.4% of employees are members of the company union (excluding migrant workers).

The interaction between labor and management is positive, with an annual convention of member representatives held to facilitate direct communication between member representatives and company leadership. Discussions during these sessions cover topics such as compensation, benefits, safety, and health. If employees have any issues requiring communication with the company, they can engage with the designated company contact person for consultation and resolution at any time.

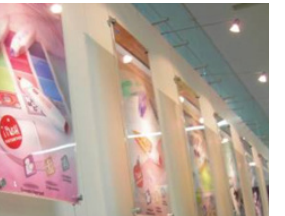
Talent Acquisition and Development

To foster technical expertise, knowledge and skill training is prioritized. Creative development necessitates a design-focused atmosphere and assigning project tasks that address workflow challenges, encouraging independent thinking. A talent white paper, the 2022 manpower strategy has been formulated and concentrates on training resources, providing education and training courses for key talent, and accelerating talent preparation.

Cultivating Professionals

Management Talent Development	New Employee Training	Product Education Training	Professional Technical Training	Software Training Courses	Internal Instructor Training
- Departmental Staff Development - Middle Management Training Program - Business Consultant Training Class - R&D Manager Training	- SDI e-Learning Academy - Training Blueprint	- Power Lead Frame Training - LED Lead Frame Training	- Mold Processing - Mold Resistance - Mold Stamping - Half-Year Internship	- CAD Software Training - CAM Software Training - CAE Software Training	- Digital Course Instructor Training - Software Course Instructor Training - On-the-Job Training Instructor Training - Departmental Weekly/Monthly Meeting Instructor

Innovative Talent Training

Exhibition Observation	Overseas Training	Community Activities	Benchmark Learning	Factory Internship	Creative Space	Project Practice
						

In 2022, the total annual training expenditure amounted to NT\$ 2,841,197, with a cumulative training duration exceeding 10,000 hours. On average, each employee completed approximately 9.78 hours of training, resulting in an average training cost of over NT\$ 2,600 per employee. Training topics include:



Human Resources and Administration



Marketing



Information Management



Finance and Accounting



Quality Assurance



Production Management



Research and Development



Business Management



Others (Include Language)

In recent years, we have been fully committed to promoting the digitization of courses, enabling learning to continue without being constrained by factors such as time, location, or the pandemic. Some in-person courses have been replaced by digital courses. Additionally, in 2021, we launched the Continuous Improvement and Team (CIT) project, which transitioned to being integrated within each department's operations in 2022. As a result, the total annual hours and costs for education and training have decreased accordingly.

2020 Training			2021 Training		2022 Training	
Courses	Hours	Persons	Hours	Persons	Hours	Persons
In-person	21,500	4,992	12,632	2,348	7,131	1,340
Online	1,362	2,967	3,442	5,393	3,294	8,033
Total	22,862	7,959	16,074	7,741	10,425	9,373

■ ESG Related Training

Training Program	Personnel	Completion
- Gender Equality - Respect for Human Rights - Prevention of Workplace Misconduct - Corporate Social Responsibility Manual and RBA Code of Conduct Advocacy	Indirect Personnel in the Taiwan Plant (including new hires and existing employees)	538 Persons
ESG and Employee Code of Conduct		555 Persons
Internal Handling of Material Non-Public Information Procedures		554 Persons
ESG-related regulations and practical responses	Directors and senior executives	27 Hours
Legal responsibilities related to insider trading		30 Hours

■ Industry-Academia Collaboration and Internships

SDI has partnered with National Formosa University, National Chin-Yi University of Technology, National Shiou Shuei Senior Industrial High School, and Wufeng Agriculture and Industrial High School to offer internships to students and attract top talent who align with SDI's corporate culture to join and work with us.

Apart from internships, SDI has implemented various academia collaboration projects regarding research and development:

University	Research Direction	Period
National Central University	Impact of Materials on Surface Treatment	2018/01/01~2019/01/31
	Enhancement of Precision Stamping and Forming Technology	2019/01/01~2019/12/31
	Enhancement of Precision Stamping and Forming Technology	2020/01/01~2020/06/30
	Enhancement of Die Attach Reliability	2021/04/01~2021/09/30
	Die Attach Reliability Enhancement	2022/01/01~2022/12/31
	Verification of Die Attach Reliability	2023/05/01~2023/12/31
National Kaohsiung University of Science and Technology	Improvement of Stamping Plate Component Groove Forming Defects	2018/04/01~2019/03/31
	Improvement of Lead Frame Product Warpage	2019/11/01~2020/10/31

Occupational Health and Safety

■ Occupational Health and Safety Performance Indicators

Training Program	2020	2021	2022
Cases of Serious Occupational Incidents* (passive indicator)	0	0	0
Cases of Improvement of Working Environment	17	17	17
Frequency of Occupational Health and Safety Committee Meetings	4	4	4
Frequency of Emergency Response Drills	4	4	4

* As defined by Article 27 of the Labor Inspection Act

SDI is committed to achieving zero disaster, zero occupational disease, so that workers are healthy and happy to work actively and continuously improve the working environment and machinery and facilities. SDI obtained OHSAS 18001 in 2006, and for ISO 45001, SDI also engaged a professional consulting firm 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, and Intermediary translators accounting for 0.2%) to comply with the requirements of ISO 45001.

In August 2022, we continued to entrust the British Standards Institution (BSI) with regular monitoring and reviews to maintain the validity of our certificate. We aim to achieve continuous improvement through the PDCA cycle and regularly review the performance indicators of various departments during Occupational Safety and Health Committee meetings and Occupational Safety and Health Management Review meetings. Legal compliance is conducted regularly, with annual reviews of safety and health management procedures and operational standards. Furthermore, procurement safety management is incorporated for new machinery and equipment purchases.

■ Occupational Health and Safety Metrics

SDI	2019		2020		2021		2022	
	Male	Female	Male	Female	Male	Female	Male	Female
Number of Deaths Resulting from Occupational Injury	0	0	0	0	0	0	0	0
Number of Disabling Cases	2	0	1	1	3	0	4	0
Total Work Hours	1,699,200	835,200	2,124,000	960,000	1,854,960	911,760	2,095,680	1,030,080
FR: Disabling Injury Frequency Rate	0.79	0	0.64	0.64	1.09	0	1.28	0
SR: Disabling Injury Severity Rate	69.52	0	54.66	4.3	6.94	0	42.86	0
Occupational Disease Rate	0	0	0	0	0	0	0	0
Lost Day Rate	9.65	0	10.9	1.1	1.8	0	8.57	0
Absenteeism Rate	0.22	0.32	0.078	0.087	0.083	0.091	0.089	0.096
Other contractors (workers)								
Number of Deaths Resulting from Occupational Injury	0	0	0	0	0	0	0	0
Number of Disabling Cases	0	0	0	0	0	0	0	0
Total Work Hours	21,600	33,152	24,000	33,600	21,600	36,000	23,680	35,520
FR: Disabling Injury Frequency Rate	0	0	0	0	0	0	0	0
SR: Disabling Injury Severity Rate	0	0	0	0	0	0	0	0
Occupational Disease Rate	0	0	0	0	0	0	0	0
Lost Day Rate	0	0	0	0	0	0	0	0
Absenteeism Rate	0	0	0	0	0	0	0	0

■ Occupational Health and Safety Management Process

Safety Regulations	Hazard Identification	Risk Assessment	Risk Improvement
Adhering to ISO 45001 Occupational Health and Safety Management System and local regulations to establish OHS management procedures.	Annually, regular hazard identification is conducted for operational environment, equipment, machinery, and services within the factory premises to identify potential risks associated with the operational hazards.	Quantitative assessment using weighted evaluation based on hazard severity, frequency of occurrence, and probability of accidents to determine risk assessment and assign risk levels.	Risk levels are assessed and determined using quantitative indicators based on the severity of hazards, frequency of occurrence, and probability of accidents.



■ Occupational Health and Safety Management Process

In 2022, a total of 983 participants (744 in-person courses / 239 online courses) attended training programs including the management of machinery procurement and changes, handling of hazardous substances, traffic safety awareness, emergency disaster preparedness, fire safety, and health promotion.



Supply Chain Management

In order to achieve our goals of sustainable business development and customer-oriented demand, we are dedicated to meeting customer requirements and also prioritized improving the management processes of our upstream suppliers.

■ New Supplier Review Mechanism

In accordance with ISO 9001, IATF 16949, IECQ QC 080000 standards, and global environmental trends, SDI has established a "New Supplier Review Mechanism" as part of its supplier selection process. This mechanism involves a cross-functional team (composed of Purchasing, R&D, and Quality Assurance).

New Supplier Review Mechanism (Cross-functional Team)

Procurement	■ Supplier Basic Information (Including EHS Initial Review) ■ Price ■ Lead Time
	■ ISO 9001 Quality System Audit ■ Supplier HSF Environmental Hazardous Substance Investigation Assessment ■ On-site Assessment or Document Review of New Suppliers (Including Sustainability and Social Responsibility Review)
	■ Supplier Process Capability Assessment ■ Sampling and Testing ■ Ability to Produce Products Meeting SDI and Customer Quality Requirements

Starting in 2023, it is anticipated that the "Sustainable Development Initiatives" (as outlined in the diagram below), including elements such as "Labor Rights," "Health and Safety," "Environment," "Ethics," "Continuity of Operations," and "Supply Chain Management," will gradually be integrated into SDI's "New Supplier Selection Process" and "Ongoing Supplier Evaluation."

Supplier Sustainable Development Initiatives

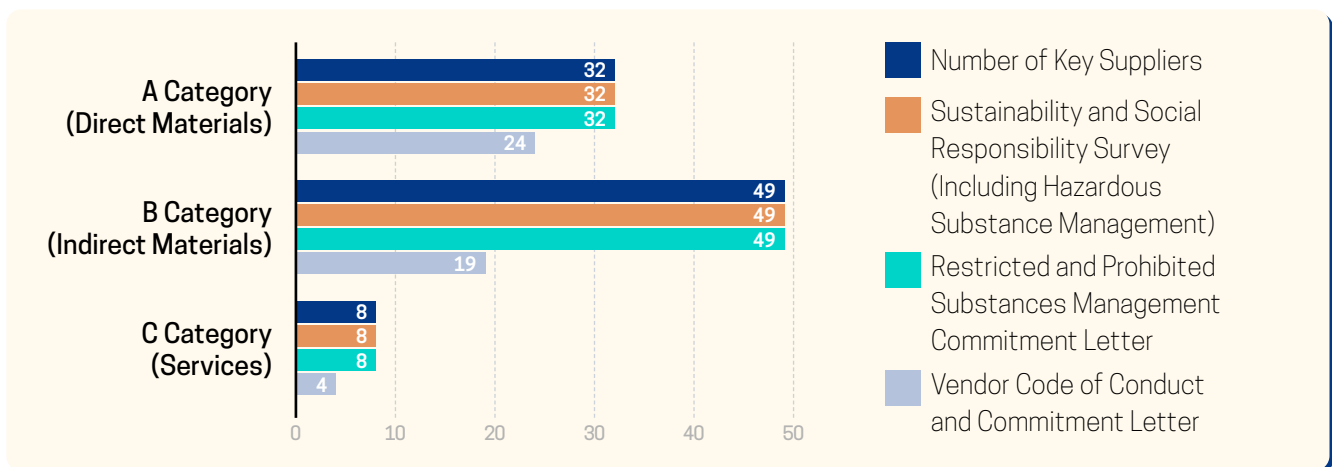
Labor Rights	Employee Working Hours, Regulations, RBA, Complaint Mechanism, Freedom of Association, Policies, Child Labor Prohibition
Supply Chain Sustainability	Supply Chain Sustainability Management, ESG Policies, ESG Assessment
Business Continuity	Responsible Business Alliance, Sustainability Management, Information Security, Risk Management, Business Continuity Planning
Ethics	Employee Code of Ethics, Business Integrity Policy, Social and Environmental Community Engagement, Non-disclosure Agreements, Conflict Minerals
Environmental	Environmental Permits, ISO 14001, Greenhouse Gas Inventory, ISO 50001, Air Quality, Waste Management, Wastewater Treatment
Health & Safety	Worker Safety, ISO 45001, Risk Management, Evacuation Systems, Contingency Measures

In addition to new supplier selection, management, and frequent evaluations and monitoring using QCSD (Quality, Cost, Delivery, Service); SDI has further implemented the GP (Green Products) management system, monitoring of substances harmful to the environment, Corporate Social Responsibility (CSR), and conflict minerals control. We have required suppliers to complete the "Sustainability and Social Responsibility Survey Form" and sign the "Restricted and Prohibited Substances Management Commitment Letter," "Vendor Social Responsibility and Code of Conduct Commitment Letter," and "Conflict Minerals Procurement Policy and Assurance Letter" to establish a comprehensive "SDI Sustainable Supply Chain" system.

Sustainable Supply Chain

1 Sustainability Standards 1. Vendor Code of Conduct for Social Responsibility 2. Supplier Conflict Minerals Procurement Policy Assurance Letter 3. Supplier Commitment Letter for Management of Prohibited Substances Used in Products	3 Management Mechanisms 1. Supplier Sustainability and Social Responsibility Management Assessment Form 2. Supplier Restricted and Prohibited Substances Management Survey Form 3. Supplier Social Responsibility Management Assessment Form 4. Supplier Quarterly Evaluation Monitoring
2 Risk Identification 1. Operational Standards for Assessment of Secure Supply Chain Business Partners 2. Secure Supply Chain Assessment Review Form 3. Business Partner Risk Assessment: Transaction Amount/Transaction Count/ Abnormal Cases 4. Business Partner Safety Self-Assessment For	4 Continuous Improvement 1. Supplier Performance Rewards 2. Assisting Suppliers in Continuous Improvement

■ Relevant Commitments Signed by SDI Suppliers in 2022



■ Supply Chain Risk Management

Class A (Direct Materials) suppliers are relatively critical for SDI, where the stability of cost, quality, and delivery of supply sources has always been a crucial operational focus. Class A (Direct Materials) suppliers are required to hold ISO 9001 certification and undergo annual on-site or written audits based on the IATF 16949 standard. For Class B (Indirect Materials) suppliers, on-site or written audits are conducted following the ISO 9001 standard to ensure their compliance with relevant clauses and SDI's management system.

Management of HSF Risk Grading

To further ensure the elimination of harmful substances from SDI's products, a hazard substance process (HSF) risk grading mechanism is applied to suppliers. The diagram below depicts the effectiveness of SDI's product compliance.

GROUP A (Low Risk)	GROUP B-1 (Moderate Risk)	GROUP B-2 (Moderate Risk)	GROUP C (High Risk)
Alloy Materials (Copper, Iron, Nickel Alloys, etc.)	Complex composition, non-residual in finished products, such as chemicals used for cleaning during process	Complex composition, residual in finished products, such as chemicals used for plating (Gold, Silver, Nickel, etc.)	Complex composition, residual in finished products, such as molding compound used for LEDs
HSF Recognized Data (Annually)			
1. Restricted Substance Investigation Form 2. Commitment Letter (Self-declaration) 3. SDS	1. Commitment Letter (Self-declaration) 2. SDS 3. Provide SGS upon customer demand	1. Commitment Letter (Self-declaration) 2. SDS 3. SGS	1. Restricted Substance Investigation Form 2. Commitment Letter (Self-declaration) 3. SDS 4. SGS

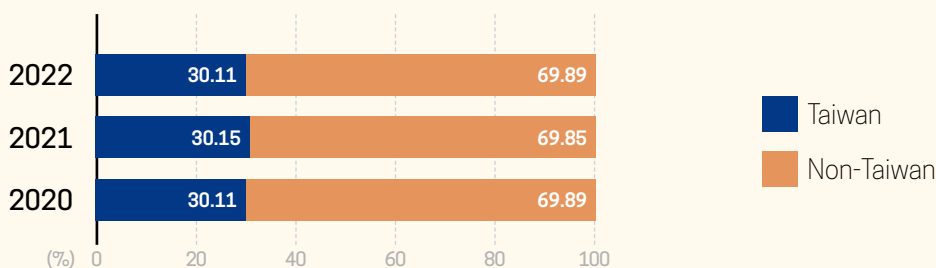
■ Business Partner Risk Assessment

To prevent risk of material or service disruptions due to accidents or unforeseen incidents, SDI conducts regular "business partner risk level assessments". Assessments involve aggregating risk factors based on transactions, including transaction amount, transaction count, and exceptional cases. The assessments establish criteria for risk levels to guide the evaluation of upstream supplier risks. Subsequently, after conducting a risk assessment, SDI implements appropriate management measures for various risk levels, including self-assessment, on-site audits, and guidance.

■ Local Procurement

Due to a significant portion of direct material transactions involving electronic product material copper, which accounted for a substantial 86.04% of total raw material transactions in 2022, and given that copper materials are mostly specified by customers and are often sourced from large manufacturers in Japan, Taiwan's share in direct material usage remains around 30%.

SDI's Local Procurement of Direct Materials (Category A) in 2020 / 2021 / 2022



■ Conflict Minerals Management

As a global citizen, SDI adheres to the requirements of the Responsible Business Alliance (RBA) and the Global e-Sustainability Initiative (GeSI) and commits to not using conflict minerals from conflict-affected or high-risk areas. To prevent the use of conflict minerals such as gold (Au), tantalum (Ta), tin (Sn), tungsten (Wu) from Congo and its neighboring countries, as well as cobalt (Co) and mica in the manufacturing process, efforts are made towards conflict-free mineral management and investigation.

By utilizing the Conflict Metal Minerals Investigation Template including the Conflict Minerals Reporting Template (CMRT) and the Extended Minerals Reporting Template (EMRT), A-class (direct materials) suppliers for metals and chemicals require to cooperate in filling out the investigation forms. Additionally, existing suppliers and new suppliers will be gradually required to sign the Conflict Minerals Procurement Policy and Assurance Letter.

Conflict Minerals Procurement Policy

1. Must uphold social and environmental responsibility.
2. Ensure products do not use conflict minerals from the Congo and its surrounding countries and regions.
3. Trace the origins of gold, tantalum, tin, and tungsten in all products.
4. Communicate the relevant content of the assurance letter to upstream suppliers.

Suppliers
Assurance Letter
Counter-Sign



Suppliers
Inquiry Letter
Response

CMRT & EMRT

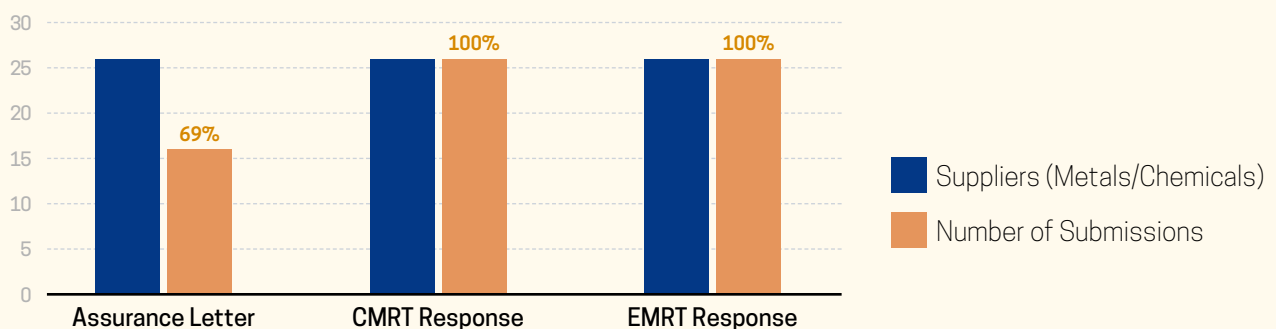
"Conflict Metal Reporting Template"

1. Do the products contain 3TG & cobalt, mica?
2. Is 3TG & cobalt, mica used in the manufacturing process?
3. Are upstream minerals sourced from legal smelters?
4. Are 3TG & cobalt, mica sourced from recycled or scrap materials?
5. Are smelters in the supply chain identified for supplying 3TG & cobalt, mica?

Management and Implementation Performance of Conflict Minerals

Currently, SDI has achieved a 100% response rate from A-class (direct materials) suppliers for the Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) investigation letters for metals and chemicals. Rate of the Conflict Minerals Procurement Policy Assurance Letter by A-class (direct materials) suppliers has reached 69%.

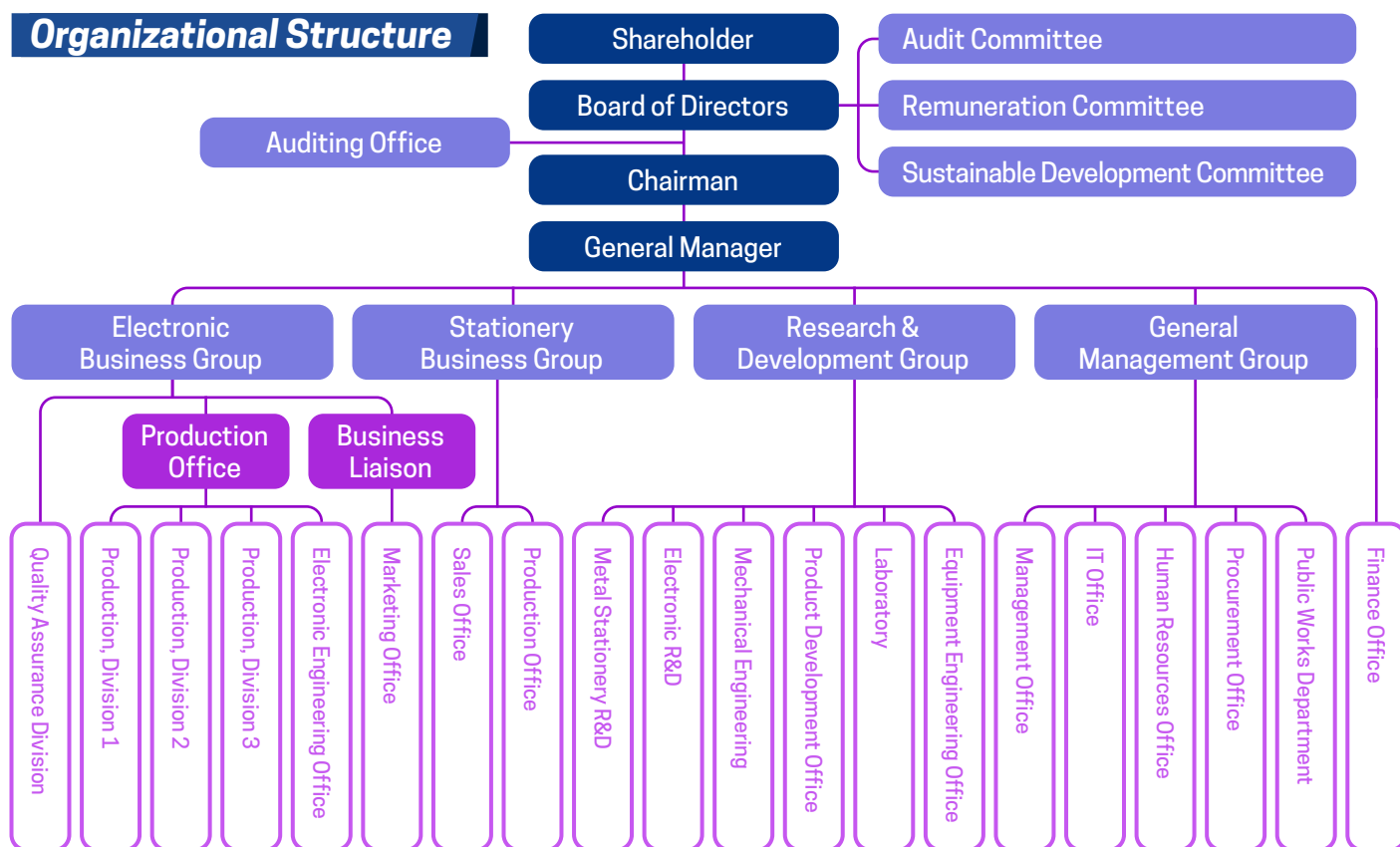
SDI Suppliers Signing Conflict Mineral Procurement Policy Assurance Letter & Responding to CMRT/EMRT Conflict Mineral Inquiry Letter Situation



Starting in 2023, plan to require 100% of suppliers to sign the Conflict Minerals Procurement Policy and Assurance Letter.

GOVERNANCE

Organizational Structure



Board of Directors

The board of directors convenes at least once every quarter and review the Company's operational performance, discuss major investment agendas, future development strategies, and examine key events related to ESG strategies, including legal matters, economic factors, environmental and social impacts, risks and opportunities, and cybersecurity issues. In 2022, a total of 5 board meetings were held, with a total of 32 agenda items, and 4 reports on major operational management projects related to ESG.

Title	Name	Gender	Audit Committee	Compensation Committee	Sustainable Development Committee	Board Attendance
Chairman	J.S. Chen	M				100%
Director	Jerome Chen	M				100%
Director	Wilson Investment Co., Ltd Rep. Wei-Shun Chen	M				100%
Director	Chieh-Hsuan Chen	M				100%
Director	Weite Chen	M			Convener None	80%
Independent Director	Wen-I Chiang	M	100%	Convener 100%		100%
Independent Director	Tsung-Ting Chung	M	75%	100%	None	80%
Independent Director	Kuo-Tsao Tseng	M	100%	100%		100%
Independent Director	Wen-Cheng Cheng	M	Convener 100%		None	100%

■ Board of Directors' ESG Training Program

SDI selects suitable training courses for directors and independent directors. In 2022, the Board of Directors attended a total of 20 hours of ESG-related courses and 42 hours of other governance-related courses. The Board of Directors' members received a total of 62 hours of training in 2022.

Functional Committees



Audit Committee

The purpose of the Audit Committee is to support the Board of Directors in supervising the excellence and honesty of the Company's accounting, auditing, financial reportage procedures, and financial controls.

Meets at least once a year, with 4 meetings in 2022.



Compensation Committee

The Compensation Committee regularly formulates and reviews compensation organization regulations, assesses performance targets for company directors and executives, and periodically reviews the evaluation criteria for their performance. Additionally, the committee reviews annual and long-term performance targets, policies, systems, standards, and compensation structures.

Meets at least twice a year, with 2 meetings in 2022.



Sustainable Development Committee

To ensure integration of sustainable development into the Company's daily operations, the "Corporate Social Responsibility Promotion Committee" was renamed to the "Sustainable Development Committee" in 2022. Subsequently in February 2023, the Board of Directors approved and elevated the committee to a board-level functional committee.

The committee reports the execution outcomes and future work plans for sustainable development to the Board of Directors at least once a year.

Throughout 2022, the promotion teams under the Sustainable Development Committee held multiple meetings to identify sustainability issues relevant to the Company's operations and stakeholders. The meetings decide sustainable development initiatives and collaborate with senior executives from different domains to assess the Company's core operational capabilities and establish medium to long-term sustainable development plans.



Integrity Management

To improve the long-term cultivation of goodwill and overall value of the Company, SDI is committed to establishing policy commitments towards integrity management. The "Regulations on Business Conduct and Professional Ethics," to be followed by all employees in the execution of business activities; for directors, managers, or those with significant control capabilities, the "Code of Business Integrity" and the "Code of Conduct for Ethical Business Operations and Practices" are implemented to prevent breaches of ethical behavior or engagement in illegal activities. Irregular audits are conducted to ensure legal compliance, and relevant education training is implemented.

In 2022

0 lawsuits from legal violations

0 cases of management or employees violating anti-corruption policies

0 reported cases of unlawful behavior from internal and external sources

Directors and senior executives completed external training courses including "ESG-related regulations and practical responses" with a total training duration of 27 hours and "legal responsibilities related to insider trading" with a total training duration of 30 hours.

Code of Ethical Business Conduct

Aside from identification and prevention of conflict of interests, the policy prohibits the following:

- Bribery and receiving bribes.
- Providing illegal political donations.
- Improper charitable donations or sponsorship.
- Offering or accepting unreasonable gifts, hospitality, or other illicit benefits.
- Infringing on trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights.
- Engaging in unfair competition.
- Directly or indirectly harming the rights, health, and safety of consumers or other stakeholders during the development, procurement, manufacturing, provision, or sale of products and services.

Supply Chain Integrity Management

The principle of "Integrity" in business operations extends to the supply chain as well. Starting from 2023, we are planning to require external suppliers to adhere to SDI's ethical and integrity standards, including the "Vendor Social Responsibility and Behavior Code of Commitment." The aim of the code is to promote a safe working environment, protect employee dignity, preserve the environment, and prevent corruption. Any violations of these standards will lead to applicable legal penalties.

ESG Risk Management

In 2020, the board of directors passed the "Risk Management Policy and Procedures", led by the Board of Directors as the highest governance body and overseen by the Audit Committee. The Management Department is the unit responsible for driving and executing risk management initiatives internally. It is responsible for the planning, execution and monitoring of risk management matters. Each operating unit is responsible for identifying, analyzing, evaluating and responding to risks within their respective areas. **Units responsible for promoting and implementing risk management are required to compile and submit a report on the execution of risk management to the board at least once a year.**

■ 2022 Risk Management Identification and Responses

Environmental – Greenhouse Gas Emissions

Risk Description	Potential Impact
The global approach to tackling climate change, including the goal of achieving net-zero emissions, has gained greater clarity. In March 2022, the government officially released the "Taiwan 2050 Net-Zero Emissions Pathway and Strategy General Statement."	1. As quality requirements and production capacity have risen, the company's energy demand has increased as well, leading to a simultaneous increase in indirect emissions from Scope 2 energy and higher operating costs. 2. The replacement of energy-intensive peripheral public equipment used in the process will lead to an increase in operating costs.
Response Approach	
1. In 2022, SDI implemented the operation to inventory greenhouse gas emissions at the Taiwan plant and extended the process to our subsidiaries. 2. By 2022, SDI had completed the energy-saving plan for installing frequency converters in the ice water machines at the Changhua factory 1, and replaced the air compressors in the Changhua factory 1 and the factory 2 with new ones. Additionally, we had implemented the energy-saving plan for the replacement of ice water and cooling water pumps in the Nantou factory. 3. Complete the construction of the energy management system by 2023. Collect and analyze data on energy usage to propose energy-saving improvements. 4. The first stage of reclaimed water recycling has been completed, recovering 150 tons of water daily. The next stage, which will recycle nickel-containing water, is expected to recover 300 tons of water per day.	

Social – Labor Rights

Risk Description	Potential Impact
International human rights organizations and customer demands for suppliers to adhere to the Responsible Business Alliance (RBA) guidelines have become more binding.	To comply with RBA requirements, the company must review and reconsider the layout of its workforce sources. In the future, priority will be given to ensuring sufficient domestic manpower, and the inability to do so may lead to higher operating costs.
Response Approach	
SDI supports and respects international human rights standards and the Responsible Business Alliance (RBA) Code of Conduct, and will continue to advocate and declare that it does not consider regulations to be low standards. SDI will use the RBA guidelines as the company's labor and human rights policy to improve working conditions and strengthen labor-management relations, rather than passing corporate costs on to workers.	

Social – Accumulation of Human Capital

Risk Description	Potential Impact
Due to the declining birth rate in Taiwan and the semiconductor industry's ongoing need for talent, as well as the post-epidemic recovery of the catering, hotel, and retail sectors, recruitment demand has risen dramatically, leading to a shortage in the labor market and talent gap.	Shorthandedness in critical manufacturing processes diminishes customers' trust in suppliers with regards to product quality and delivery, thus having an adverse impact on the company's revenue growth.
Response Approach	
1. In addition to expanding recruitment channels, SDI has cultivated high-level technical talent through the mentoring system and partnered with universities to create a mutually beneficial industry-academia cooperation plan. 2. Establishing a talent white paper, the 2022 manpower strategy concentrates on training resources, providing education and training courses for key talent, and accelerating talent preparation.	

Governance – International Geopolitics

Risk Description	Potential Impact
Global economic development is being impacted by the continued intensification of international geopolitical risks and regulatory requirements.	1. The impact of geopolitical risks on interest rates and exchange rates has increased, and the core CPI indexes of various countries have continued to rise. Except for Japan and China, which are pursuing loose monetary policies, the rest of the world is actively raising interest rates, and the wave of interest rate hikes will continue until 2023. Increase in operating costs such as raw materials. 2. Companies in various industries have begun to adjust their supply chains and relocate production bases. In order to respond to uncertain factors in changes in industrial supply chains, the Company will continue to evaluate the relocation of production bases and increase investment risks.
Response Approach	
1. Spread the risk of rising interest rates on the cost of capital through inventory management and collection policies. 2. By denominating imports and exports in U.S. dollars, the risk of exchange rate fluctuations on profit and loss can be avoided. 3. Actively evaluate and plan the third production base to diversify the risk of geopolitical shocks.	

Whistleblowing System

To eliminate any illegal activities, we objectively consider reports of these activities submitted by employees, customers, suppliers, and stakeholders based on ethical and moral principles. Each reported incident will be promptly investigated, comprehensively documented, and addressed in an unbiased manner. If necessary, we will conduct regular follow-ups. Additionally, we prioritize the safety of all individuals involved. In compliance with both personal data protection regulation and internal policies, all investigations will be kept confidential to prevent possible retaliation towards the whistleblower. Reporting channels are as follows:

Internal

1. Employees can provide information in writing through physical employee suggestion boxes.
2. Employees can also use the dedicated website (<https://www.surveycake.com/s/o0v1m>) or scan the QR code to fill out the employee suggestion form online.



Employee Suggestion

External

Link to the reporting mailbox website:

Website link:

<https://www.sdi.com.tw/service.php>

(Managed by the SDI Management Office).



Customer Service

■ Whistleblowing Complaint Process and Whistleblower Protection Policy



Information Security

The IT department oversees security policies and audited by the Audit Department, and an annual report is presented to the board. This ensures information security for infrastructure, systems, products, and customers. Future plans include enhancing infrastructure, securing applications, and pursuing certifications. To effectively implement information security management, the company has established an information security organizational structure based on the Plan, Do, Check, and Act (PDCA) management cycle, with regular reports of execution outcomes to the board.

A 4-phase strategy involving Planning, Execution, Audit, and Action is implemented with review and continuous improvement measures. Information security education and training is provided to all employees.

		Frequency	Duration	Number of Participants
Course Content	Teaching Method			
Information Security Case Studies and Practice	In-Person	1 session/year	2 hr	76
Information Security Case Studies and Practice	Online	1 session/year	1.8 hr	35
Advocacy Content	Advocacy Method			
Information Security Email Reminders	Mail	7 times/year	0.5 hr	All Employees

Information security-related audits have not identified any major deficiencies, and there have been no significant information security incidents, such as violations of information security leading to customer information leaks or fines.

ESG Management Certifications

Certification \ Plant	Changhua		Nantou Plant	Jiangsu
	Main Plant	Plant 2		
ISO 9001 Quality Management Systems	●	●	●	●
IATF 16949 Automotive Quality Management System Standard	●	●	●	●
QC 080000 Hazardous Substance Process Management	●		●	●
ISO 14001 Environmental Management Systems	●	●	●	●
ISO 45001 Occupational Health and Safety Management Systems	●	●	●	●
CNS 45001 Occupational Health and Safety Management Systems	●	●	●	
ISO 50001 Energy Management System	●	●	●	
ISO/IEC, CNS 17025 General Requirements for the Competence of Testing and Calibration Laboratories	●			