



2021 PixArt ESG Report

PixArt


2021 ESG Report





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PixArt Imaging Social Care



2019

- AUG** PixArt Volunteer Group invited Jinashi residents for a river cleaning initiative.
- SEP** Expanded the reach of the beach cleanup to Evergreen's Forest in Zhunan Township, Miaoli County.
- NOV** Collected and sold second-hand home items and donated all proceeds to the Taiwan Fund Children and Families-Miaoli.
- DEC** Through a collaboration between the World Peace Organization and rural primary schools, the "Christmas PixArt's Dream" event was held to fulfill the Christmas wishes of children in need. Colleagues sent their love and support to rural areas.



2020

- MAY** Donated epidemic prevention resources to St. Joseph's Home in Hukou Township, Hsinchu County.
- JUN** The company orders egg rolls made by mentally handicapped angels of the Saint Joseph Social Welfare Foundation in Hsinchu every month to assist with their development, independence, and encourage them to self-support, find dignity through work, and enrich their lives.
- SEP** Joined the ASUS Foundation's "Recycling Computers for Hope" program.
- OCT** For the fourth consecutive year, colleagues and their families were invited to assist in a beach cleanup and expand our green footprint.
- NOV** Continued to help St. Joseph's Home by donating healthcare equipment and epidemic prevention resources needed by the nursing home.
- DEC** For the second consecutive year, the "Christmas PixArt's Dream" event was held to fulfill the Christmas wishes of children in need. Colleagues sent their love and support to the countryside.



2021

- JAN** The "Recycling Computers for Hope" program initiated by the ASUS Foundation continues.
- FEB** A year of free breakfast for the disadvantaged children of FHES, Hsinchu, courtesy of colleagues, weight-loss-converted funds and independent donations.
- MAR** Fundraising among colleagues continued to supply breakfast to students from low-income families in Wufeng Elementary School in Hsinchu County.
- NOV** The beach cleaning event has been held for five years in a row,, and This year we invited village chiefs and neighborhood support teams to join us. More people than ever before participated in the event and more rubbish from the beach was cleared.
- DEC** This was the third consecutive year of "Christmas PixArt's Dream". This Christmas cookies made by the Saint Joseph Social Welfare Foundation were given to children, making their wishes come true and instilling confidence in children with mental disabilities.





Christmas PixArt's Dream Light Up the Hope of a Remote Area

Christmas is a happy holiday for most people time, but for many vulnerable groups their wishes simply don't come true. Our colleagues would like to work to make the Christmas Dream Project become a regular event every year and work on every year and happen and every year we listen to the wishes of children from rural areas. This is the third year we worked since working with World Vision. Since our colleagues have responded well in the past in dressing up as Santa Claus for children and granting their Christmas wishes, this time we decided to include even more children in the project, from Donghe Elementary School, San-Wan Elementary School and Jing-Shan Elementary School in the project. This was about with 60% more students participating in the project compared to last year. The pandemic did not stop our efforts. PixArt Imaging Science and Technology visited three elementary schools on Christmas Eve and personally delivered gifts prepared by colleagues to children in rural areas.





Our staff members delivered wonderful gifts to children at Christmas.



Regeneration Plan for Old Computers and Information Equipment



Reducing
Carbon dioxide
emissions

8.004_{metric tons}



Saving

666.963_{trees}

With the development of science and technology, how can we give old computers and other devices a new life? After careful evaluation, we decided to donate our old computer equipment to non-profit organizations at home and abroad as part of the ASUS Foundation's Recycled Computer Cultivation Program. In September, 2020 and January 2021, the company recovered 740 pieces of computer equipment. This is equivalent to reduce carbon dioxide emissions by 8.004 metric tons and save about 666.963 trees. This demonstrated our commitment to help the environment and cherish our natural resources.

Every year, about 20,000 people benefit from the software and hardware resources integrated by this project platform. Computer classrooms, digital learning centers, classroom counseling and more are set up by non-profit organizations and schools that receive this equipment to develop social welfare and shorten the digital gap. By allowing disadvantaged children, young students, women, the elderly and disabled people learn through computer courses and digital learning opportunities really helps improve their lives.

ASUS FOUNDATION 華碩文教基金會			關於我們	最新設備	回收成果	再生電腦數位培訓計畫
215	2020/09/25	華碩科技股份有限公司	LCD	90	90	減少 4,779 公噸二氧化碳排放量 相當於減少砍伐 398,232 顆樹木
			NB	57	57	
			PC	88	88	
			其他	198	198	
			總計	433	433	

PixArt Imaging will accumulate computer equipment recovery records and convert the pollution reduction values



Saint Joseph's Social Welfare Foundation Happy Egg Rolls Roll Up the Connection of Love

For years, PixArt has accompanied with mental disability people in Hsinchu Saint Joseph's Social Welfare Foundation to make Mother's Day cards and Christmas gingerbread houses. When we learned about the group of angels in the Foundation making egg rolls on their own, PixArt started placing monthly orders from June 2020. The handmade delights linked the bridge between these lovely angeles and the compassion and care from our colleagues. We wanted to expand our efforts this year. Combined with the Christmas Dream Project, we ordered Christmas cookies from Saint Joseph's Workshop, and made them a holiday gift, granting the wishes the children of remote area. The cookie makers were given plenty of opportunity to practice their skills and sold more cookies than before, finding dignity in work and enriching their lives.



The egg rolls made by people with intellectual disabilities from Saint Joseph's Social Welfare Foundation.

Christmas cookies ordered from Hsinchu Saint Joseph's Social Welfare Foundation.



Speed walking competition turned to fundraising for children in remote areas



| A sports class of Yuandong JHS receiving PixArt's support

The combined health promotion and public welfare event continued from last year to supported year-round breakfast for children living in remote areas. This year, the action extended and we networked with World Vision to offer expanded assistance to even people in need, such as the sports class of Yuandong JHS who live outside the city/county and are from low-income families or single-parent families. Parents had to send their kids to schools far from home for junior high school athletics program. Kids at that age need a lot of energy to practice their sports and relied on outside support for meals during the winter and summer vacations.

In March 2022, we converted the number of steps colleagues accumulated in a walking steps counting competition into funds. With additional donations by individuals as well, the total amount raised covers more than one semester for disadvantaged children to continue their studies and practice.



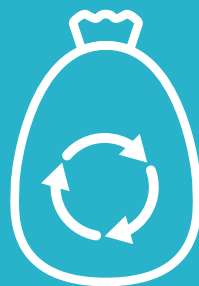


A neighborhood support team joined our efforts and we were able to cover much more ground than before.

Good to have you at the sea, let's clean the beach together!

The original intention of PixArt Imaging was for colleagues to care for the ocean and the environment. This has not changed. The company has responded to the Ocean Initiative of the Wilderness Protection Association year after year and sponsored the Ocean Guardian Fund in their marine conservation efforts. By 2021, the beach cleaning operation had been going on for five consecutive years, allowing us to expand our green footprint from Naliao Beach, Crescent Beach and Xingfu Sandy Bay in Hshincu to the coastline of Miaoli Evergreen Forest.

In October, 2021, colleagues and dependents of the company launched a beach cleaning operation in Miaoli Zhunan Holiday Forest. This time it's a community-engaged event, with village chiefs and neighborhood support teams joining our efforts. and put their marine ecological protection knowledge to the test to influence the next generation. Children who participated got the most out of this experience and were inspired by the efforts of all, helping instill a love for the sea from an early age. On that day, nearly 0.88 metric ton of marine debris was cleared from the beach. We believe that if we continue doing something, we can truly make a difference and help clean the ocean and the environment.



Remove around

0.88

metric ton
of waste




PixArt colleagues take their families to the clean beach action, and do their best for the environment together!

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A Letter from the Chairman of the Committee





With COVID-19 still shadowed the world over the past two years and critical global issues such as zero carbon emissions, climate change and global warming, also emerged more nations and enterprises have taken climate action to mitigate the impact. PixArt is no exception. As a corporate citizen, we are committed to follow social responsibility, good business ethics, corporate governance, and employee health and safety, by building a safe, comfortable, friendly workplace contribute to environmental protection and engage in the local community to build a sustainable future together.

In 2021, we set another record of consolidated revenue, increased by 8% year-over-year and maintained a high gross margin of 57.1% (20.8% net profit margin). Each product-line showed a good performance, and we had a record-breaking quarterly revenue in Q2. The following achievements from last year made contributed to our continue revenue growth: our high-end gaming products, and the TOG mouse; outstanding OTS (Optical Tracking Sensor) series, heart rate monitor sensor chips, the TWS series, the capacitive touch controller, and surveillance and security cameras. Looking to the future, with the development of 5G, AIoT, it will create more smart applications and create more demand for sensors. We will continue our focus in CMOS image sensor, enhance our technologies, create more product values, expand market more actively and create a win-win situation with customers to provide more fun and convenient life experience.

This year, our Sustainability Committee continues propagate on ESG mission and executed RBA internal audit. In response to the topics stakeholders focused and the 17 SDG (Sustainable Development Goals) defined by UN, company defined priorities for CRS topics. The Sustainability Committee and our colleagues reviewed and defined the goal and management guidelines for these topics and coordinate to facilitate corporate social responsibilities.

In corporate governance, we are legally compliant comply with regulations and colleagues to conduct business

with integrity and the code of conduct. The independent directors represent more than half of the board members, showing our respect for board independence and diversities and enhancement of the functions of the board and other committees. On social engagement, we targeted our care for the underprivileged. Working with our long term resources, suppliers and PixArt volunteers, children in remote areas were provided with free breakfast and a Christmas wish come-true project, showing them our love and encouragement during the Christmas holidays, and wishing them all the best success in the future. The 5th annual beach cleaning event we held helped and most of our staff and their family members united for the environment and to protect our nature. Our investments also continued to drive GHG reduction and an energy-saving plan so we can further reduce the impact of our production on our environment. As the pandemic continues around the world, our business team and I will continue to protect the health and safety of our staff, especially amid the critical importance of climate change. PixArt will continue to drive global sustainability with practical and consistent actions, upholding the Company's philosophy of "sharing achievements in governance with shareholders and employees, and make all the best efforts to contribute to society." We aim to create value for stakeholders and society alike to be a positive force of energy in the local community.

Huang, Sen-Huang
Chairman of PixArt Imaging Inc.

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Contents of the Report



Report Overview & Publication Frequency

PixArt Imaging Inc is publicly releasing its CSR report for the first time. In the future we will continue to release a report covering our business performance, excluding financials, and demonstrate our sustainable practices and management.

The first edition will be released in June 2022 and we expect the next to follow in June 2023. The information provided in this report is according to previous report and not remade.

Report Scope

The information revealed in this report dates from January 1 to December 31 2021, and includes the PixArt Imaging Inc headquarters. Foreign branches are not included.

The performance statistics of the economics section in this report stems from PixArt's consolidated 2021 annual report financial statements. The primary scope of disclosure is the headquarters and its subsidiary. Environmental information relates to the headquarters only. The information section in the society category, and more specific information about affiliated companies, can be found in the PixArt 2021 annual report. There were no important changes regarding the organization scale, structure, ownership, or supply chains to note in the period covered in this report.

Reference

This report is compiled according to the GRI Sustainability Reporting Standards, GRI Standards 2016 (GRI 303, GRI 403 cross refers to the 2018 version, GRI 207 cross refers to the 2019 version, GRI 306 cross refers to the 2020 version) and is based on the core GRI Standards options. The GRI content index is attached in the appendix.

External Guarantee/Assurance

The financial statistics revealed in this report are provided by Ernst & Young Global Limited and made in accordance with consolidated financial statements verified and issued by the International Financial Reporting Standards (IFRS). The amounts shown are in NTD. The scope of the environmental and social information in the report is the PixArt headquarters.

External Initiatives

In addition to following the GRI Sustainability Reporting Standards, GRI Standards, to publish the CSR report, PixArt also promotes sustainable cooperate governance in accordance with the 17 Sustainable Development Goals advocated by United Nations. We follow and support human rights conventions including the Universal Declaration of Human Rights, The United Nations Global Compact, UNGC, the ILO Convention, and fulfill goals within the remit of the Responsible Business Alliance (RBA), working on the protection of employee's basic rights. We also implement a human rights policy to ensure that every employee is treated equally. Regarding supply chains, we respond to the Responsible Minerals Initiative (RMI) and request our upstream and downstream suppliers to avoid conflict minerals.

PixArt Follows the RBA Method

PixArt is a leading supplier of CMOS image sensors around the globe. We are a fabless company. However, we hold our manufacturers a very to high standards. As a corporate citizen, we always follow the regulations and laws of the Responsible Business Alliance (RBA) and business operations. PixArt is RBA VAP certified company, and we are committed to sustainable development and proactively respond to clients' requests.

 <p>勞工</p>	<ol style="list-style-type: none"> 1. 公司訂定人權政策，平等對待所有員工 2. 過往未曾有任何違反勞動法令或裁罰紀錄 3. 要求全體同仁遵循勞動法令相關規定 4. 訂有人員遴選政策(禁童工)、性騷擾防治辦法 	 <p>環境</p>	<ol style="list-style-type: none"> 1. 取得IECQ QC-080000無害物質管理系統(SGS認證) 2. 建立品質與無害物質政策，確保產品綠色設計及生產 3. 產品皆符合環保相關法令，符合或超越歐盟等規定標準 4. 積極推動節能減碳、垃圾減量、減塑與環境保護等活動
 <p>管理體系</p>	<ol style="list-style-type: none"> 1. 定期召開管理審查會 2. 通過ISO 9001認證，確保顧客滿意與持續改善 3. 全體員工每年必修RBA與CSR相關課程 4. RBA On-line主動揭露風險等級狀況 5. CSR小組訂定階段目標，定期檢視執行狀況與RBA條文 	 <p>健康與安全</p>	<ol style="list-style-type: none"> 1. 公司無危險作業環境，每年安排體檢及職業健康促進活動 2. 訂定緊急事故處理、母性保護與工作異常負荷預防等辦法 3. 配有專業護理師，亦辦理醫師駐診、各項健康諮詢或講座
		 <p>道德規範</p>	<ol style="list-style-type: none"> 1. 訂定誠信經營守則、道德行為準則、商業交還產辦法等 2. 每年員工進行利益衝突申報，並進行Ethics教育訓練 3. 重視資安系統，妥善保護客戶機密資訊

Current methods & measures (in correspondence with the five parts of the RBA)

RBA-Online						Help	Language	Zoe Huang at PixArt Imaging Inc.
SAQ Version	Status	Last Modification Date	% of Completion	Score	Risk Rating	Options		
Corporate SAQ-2020	Unreleased	10/28/2020	97	89.0	Low	Options +		

Risk rating conditions are released online via the RBA. The SAQ of PixArt's RBA is low risk.

Method in Accordance with Non-conflict Minerals Use

PixArt works with suppliers that have enhanced supply chain management and all are requested to use, verify and guarantee that the direct and indirect materials used for products are non-conflict minerals. In addition, suppliers are required to provide the origin of material documents and trace documents in accordance with the Conflict Minerals Reporting Template to ensure the legitimacy of material origin and prevent conflict minerals from being used. All suppliers we use qualify for this standard (100%).

Business Location

	Phone Number	Address
Headquarter	+886-3-5795317	30076 No.5, Innovation Road 1, Hsinchu Science Park, Hsinchu 30076, Taiwan, R.O.C.
Penang Branch	+604-6136300	Ground and First Floor, Kompleks Eureka, Universiti Sains Malaysia, 11800 Penang, Malaysia
Shenzhen Branch	+86-755-8981-2394	518040, Room 808, Block A, Hailrun Complex, No.6021, ShenNan Blvd., Fu Tian District, Shenzhen, P.R.C.
Tokyo Branch	+81-75-778-5068	〒 604-8006 京都府京都市中京区河原町通二条下る 2 丁目下丸屋町 403 FIS ビル 2F
North America Branch	+1-408-501-6008	1263 Oakmead Parkway, Suite #200 Sunnyvale, CA 94085, U.S.A
Europe Branch	+45-2511-0342	Drewnsensvej 1c, 8600 Silkeborg, Denmark

Contact Information

If you have any comments or questions regarding PixArt Imaging Inc.'s CSR report, please contact us. To fulfill our responsibility in disclosing cooperate information, we will also publish the report on PixArt's official website.

PixArt Imaging Inc

Address: No.5, Innovation Road 1, Hsinchu Science Park, Hsinchu 30076, Taiwan, R.O.C.

Official Website: <https://www.pixart.com/>

Contact: Mr. Kuo

Telephone No.: 03-5795317 #1666

Email: csr@pixart.com

Award-winning Record

- Assessed as a Top 20 OTC-listed company in the Fifth Corporate Governance Evaluation System by the Taiwan Stock Exchange.
- Acquired the Healthy Working Place certification by the Health Promotion Administration, MOHW.
- Received the Excellent Workplace - Health Management Prize from the Health Promotion Administration, MOHW.
- Received the Absolute Anti-pandemic Prize and Enterprise Role Model Prize from the Taiwan Immunization Vision & Strategy Association (instructed by the Taiwan Center for Disease Control).

- Assessed as a Top 20 OTC-listed company in the Sixth Corporate Governance Evaluation System by the Taiwan Stock Exchange.
- Acquired the nursing-friendly breastfeeding room certification from the Public Health Bureau of Hsinchu County Government.
- Received the Anti-pandemic Hero Award from the Taiwan Immunization Vision & Strategy Association (instructed by the Taiwan Center for Disease Control).

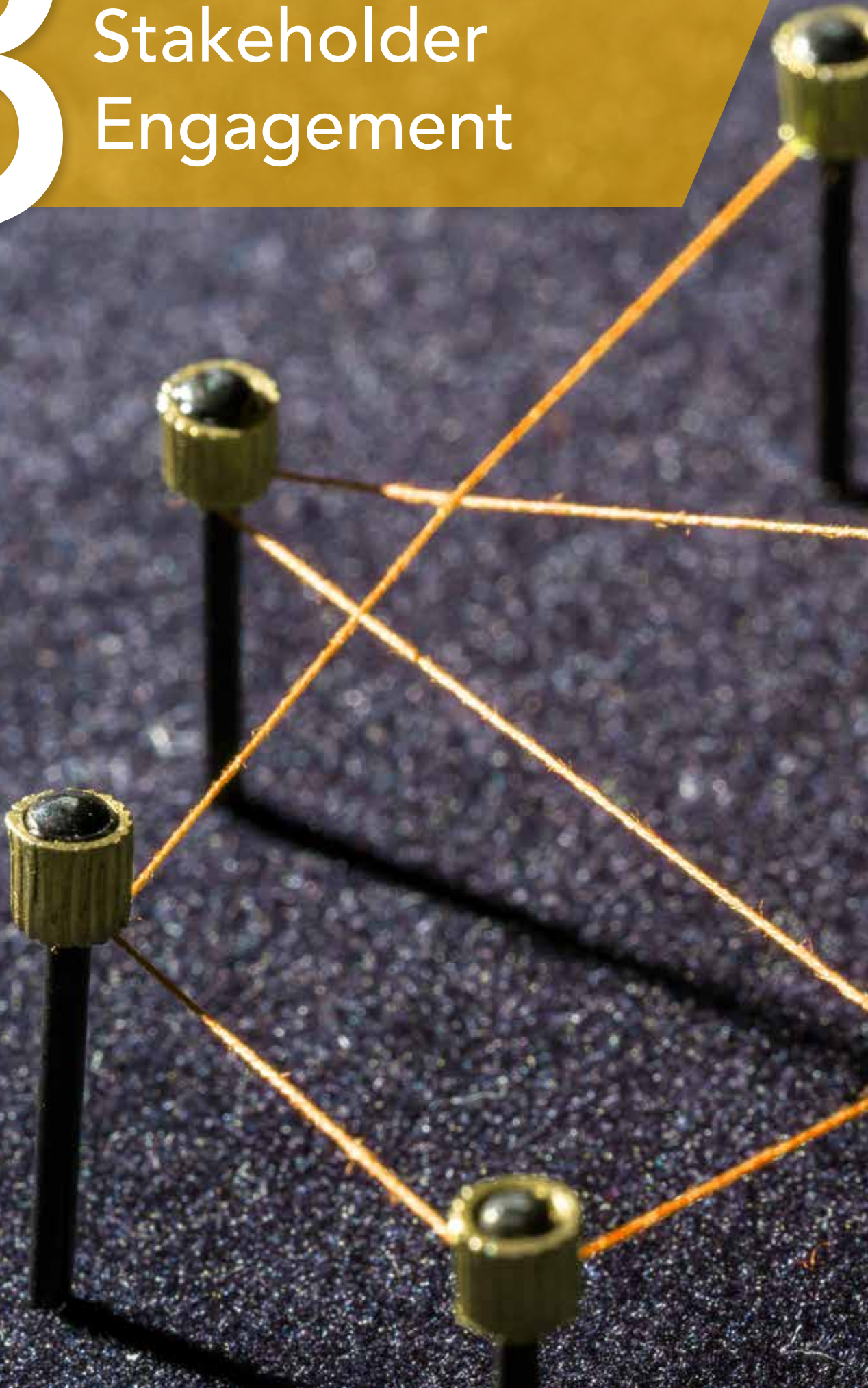
- Assessed as a Top 20 OTC-listed company in the Seventh Corporate Governance Evaluation System by the Taiwan Stock Exchange.
- Received the Excellence in Corporate Social Responsibility Award (New Star of the Year) from Common Wealth Magazine.
- Acquired the 2020 Corporate Health Responsibility Commitment symbol.
- Received the Anti-pandemic Hero Award from the Taiwan Immunization Vision & Strategy Association.

- Top 20% OTC-listed companies in the 8th Corporate Governance Evaluation System by the TWSE
- Excellence in Corporate Social Responsibility Award (ranked 11th of Medium-sized Enterprises) by CommonWealth Magazine
- Anti-pandemic Hero Award, by the Taiwan Immunization Vision & Strategy Association



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Stakeholder Engagement





The Identification & Selection of Stakeholders

We plan a rigorous identification and selection method for stakeholder engagement. Firstly, CSR committee members hold internal meetings to brainstorm about all stakeholders under the 5 principles of the Stakeholder Engagement Standard, AA1000 SES 2015, to identify the 6 stakeholders for the year. This includes (1) Employees, (2) Clients, (3) Stakeholders/Investors, (4) Suppliers and Vendors, (5) Government Authority, and (6) Community/Non-Profit Organizations according to the stakeholders' (1) Dependency, (2) Responsibility, (3) Tension, (4) Influence, (5) and Diverse Perspective to the company.

The Response to Stakeholders' Matters of Concern

PixArt collects stakeholders' opinions through the department heads who have meetings to discuss and integrate company opinions and matters of concern that stakeholders have. Next, we request CSR lecturers from the National Sun Yat-sen University and Leadership Consulting Group to review GRI Standards for congruency. Lastly, the major issues from 2021 are determined during an internal meeting. PixArt will respond to each stakeholder's matters of concern in the report.

Apart from the above standard process, we also established a stakeholder section on the company website and provide a direct email inbox at csr@pixart.com.tw to communicate and connect with stakeholders. If there are any questions, suggestions, or complaints regarding major issues, stakeholders can easily communicate and interact with PixArt via email.

Stakeholders' Matters of Concern, Methods, and Frequency of Communication, and Specific Procedure Form

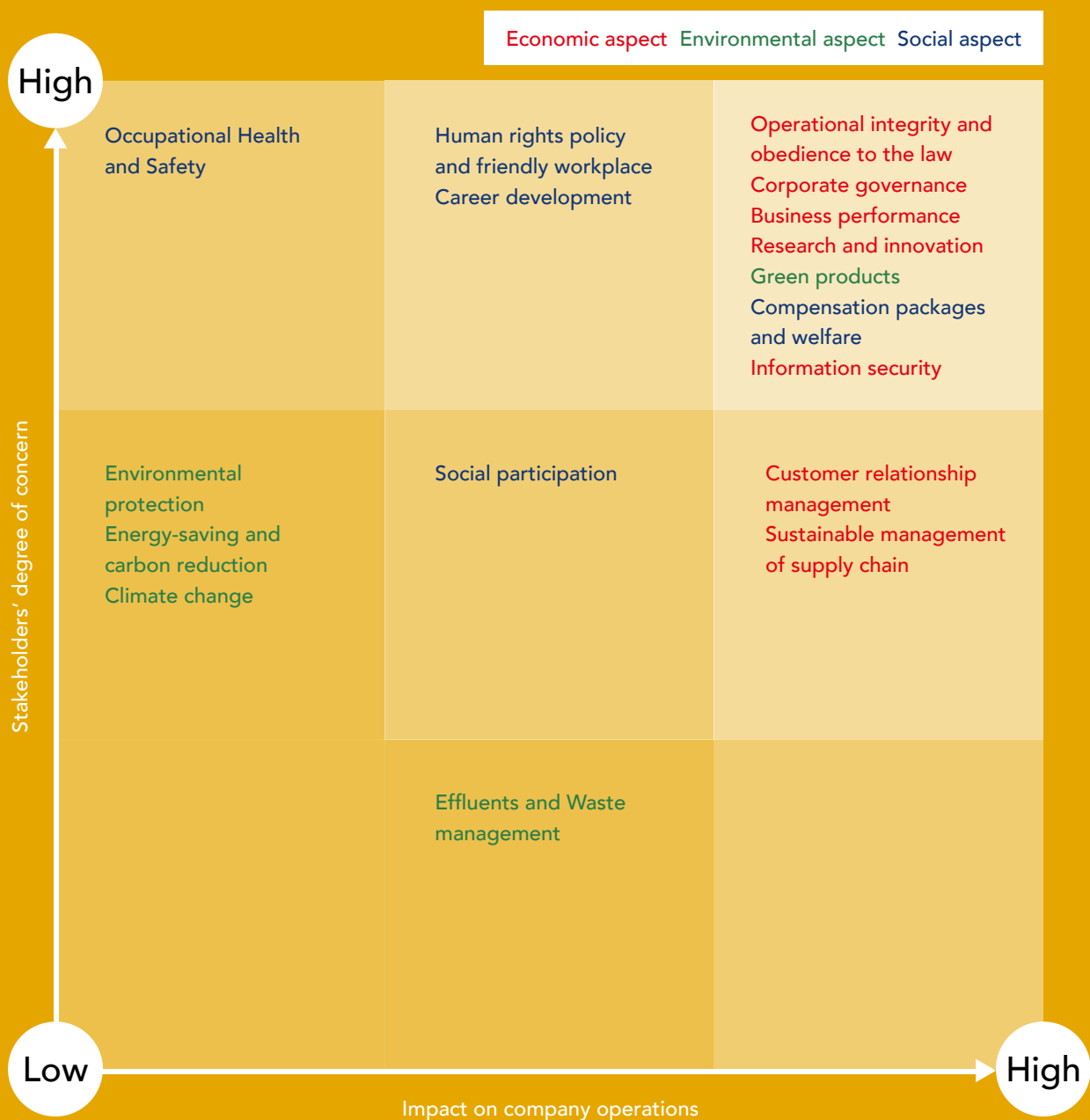
Stakeholder	Matters of Concern	Methods and Frequency of Communication	PixArt's Response & Action
Employees	<ol style="list-style-type: none"> 1. Compensation package and benefits 2. Career development 3. Occupational safety and health 4. Human rights policy and friendly workplace 5. Business performance 6. Corporate Governance 7. Research and innovation 8. Operational integrity and obeying the law 9. Information security 	<ol style="list-style-type: none"> 1. Performance interview (Every 6 months) 2. Educational training (Irregular) 3. Employee satisfaction survey (Regular) 4. Employee Welfare Committee (Irregular) 5. Various events (Irregular) 6. Electronic Bulletin board (24 hours) 7. Employee's feedback zone (Any time) 8. Employee communication hotline/ email inbox (Any time) 	<ol style="list-style-type: none"> 1. Implement performance interviews at least once every 6 months. 2. 968 employees attended in-person classes on scheduled dates (e-learning courses included a total of 1,867 people) 3. Complete the new employee questionnaire and execute improvement work mentioned in the satisfaction survey. 4. Hold Employee Welfare Committee 4 times. 5. Organize various kinds of ball activities and sports programs. 6. 51 various events and 205 company advocacy and explanation sessions were held. 7. Employees can give feedback at any time. 69 feedback cases received in 2021 were resolved and closed. 8. Email inbox and contact information are provided on the company website: hr@pixart.com
Clients	<ol style="list-style-type: none"> 1. Customer relationship management 2. Research and innovation 3. Green products 4. Operational integrity and obeying the law 5. Information security 6. Sustainable management of supply chain 	<ol style="list-style-type: none"> 1. Phone call/ email (Daily) 2. Client visits/ meetings/ audits (Irregular) 3. Customer satisfaction survey (Annually) 4. Voice of Customer (VOC) (Any time) 5. Product exhibition (Irregular) 6. Contact information for client queries is provided on the company website (24 hours) 	<ol style="list-style-type: none"> 1. Respond immediately and contact clients daily. 2. Visit and contact clients irregularly to realize clients' demands. 3. Conducted a satisfaction survey for 22 clients in 2021 and acquired a satisfaction rate of 90.7%. 4. Real-time online client service is provided on the company website and established interactive MSS. 5. International product exhibition was canceled due to the pandemic. 6. Email inbox and contact information are provided on the company website: customer@pixart.com

Stakeholders/ Investors	<ol style="list-style-type: none"> 1. Business performance 2. Cooperate governance 3. Operational integrity and obeying the law 4. Research and innovation 5. Information security 	<ol style="list-style-type: none"> 1. Revenue report (Monthly) 2. Financial report (Quarterly) 3. Institutional investor's conference (Quarterly) 4. Stakeholder meeting (Annually) 5. Stakeholder service section is established on the official website and a contact person is provided (Any time) 	<ol style="list-style-type: none"> 1. Announce on public information station and company website before the 10th of every month. 2. Before announce on public information station and company website according to the announcement period of competent authority. 3. After each quarter is finished, a meeting will be held in the second month of next quarter. Four meetings were held in 2021. The PowerPoint and video files are also released on the same day of the meeting on the public information station and company website. 4. Meeting is held before the end of June. Meeting notice/ Handbook/ Annual report, etc. will be published according to the announced period of the competent authority on a public information station and company website. 5. Stakeholder service section is established on the company website and contact information is provided for stakeholder queries (including contact person, number, and email: ir@pixart.com)
Suppliers and Vendors	<ol style="list-style-type: none"> 1. Sustainable management of supply chain 2. Business performance 3. Research and innovation 4. Green products 5. Operational integrity and obeying the law 6. Cooperate governance 7. Environmental protection 8. Information security 	<ol style="list-style-type: none"> 1. Phone call/email (Daily) 2. Supplier evaluation (Annual) 3. Questionnaire survey and audit (Regular) 4. Contact information is provided on the company website (24 hours) 	<ol style="list-style-type: none"> 1. Immediate response and contacting clients daily. 2. Evaluated 35 suppliers in 2021. 3. On-site audit of 11 suppliers and written document audit of 31 suppliers. 4. Email address and contact information are provided on the company website: supplier@pixart.com
Government Authority	<ol style="list-style-type: none"> 1. Operational integrity and obeying the law 2. Occupational safety and health 3. Effluents and Waste management 4. Environmental protection 5. Energy saving and carbon reduction 6. Research and innovation 7. Climate change 	<ol style="list-style-type: none"> 1. Announce on public information station (according to the regulation) 2. Corporate governance assessment work (Annual) 3. Official document communication (Irregular) 4. Meetings (Irregular) 5. Company website (24 hours) 	<ol style="list-style-type: none"> 1. Process announcement and declaration required for OTC-listed company according to the regulations of competent authority. No violation or punishment is recorded. 2. Execute corporate governance self-assessment work according to the regulations of the competent authority, ranked in the top 6% to 20% in 2021, and was chosen for the TWSE CG Index. 3. Immediately cooperate with regulation work or application plans. 4. Hold meetings irregularly. 5. If the released information of the required announcements and declarations for an OTC-listed company on company website is updated (such as finance/ cooperate governance/ stakeholder information, etc.), this will be published on public information station and released on the company website. If it is not required to be announced or declared, the information will be approved by the company before being released publicly.
Community / non-profit organizations	<ol style="list-style-type: none"> 1. Social participation 	<ol style="list-style-type: none"> 1. Charity events participation and volunteer services (Irregular) 2. Donation and sponsorship (Irregular) 3. Industry- academic collaboration (Irregular) 4. Skills and experience sharing meeting (Irregular) 	<ol style="list-style-type: none"> 1. Participated in 5 different charity events with the participation of 509 staff. 2. Irregular charity donation or sponsorship of empowerment activities. 3. Industry-academic collaborations with the National Yang Ming Chiao Tung University and National Tsing Hua University. 4. Participated in 2 events organized by the NTU System-on-Chip Center

Identifying Major Issues of Concern to Stakeholders

After communicating with stakeholders, PixArt collects the issues that concern stakeholders, processes the identification of the concerns, arranges the order, confirms evidence, and inspects according to sustainability, importance, completeness, and stakeholder tolerance. This is done to ensure that major issues, the impact to the organization, and stakeholders are included in the report. The major issues and topics included in this year's annual report have not changed much compared to the previous year's report.

Matrix Diagram of Major Issues



Major Issues, Impact Range, and Degree of Involvement

● Direct Impact ○ Indirect Impact

Dimensions	Major Issues	Importance to Operations	Stakeholders				
			Employees	Clients	Stakeholder/Investor	Suppliers and Vendors	Government Authority Society/non-profit organization
Economic sphere	Operational integrity and obedience to the law	Operational integrity and obeying the law are the basic rules of the company's operation.	●	●	●	●	●
	Corporate governance	Know and control the changes in the internal and external environment, establish a good corporate governance system to achieve sustainable development goals and fulfill our corporate social responsibility.	●		●	○	
	Business performance	Stable revenue is the main reason the company can operate well in the long term.	●		●	○	
	Research and innovation	Develop products with growth potential. Continue to raise product competitiveness. Continue innovation to ensure company growth.	●	●	○	○	○
	Information security	Protect company information, confidentiality, integrity, and availability. Ensure stakeholder's rights.	●	●		●	
Environment side	Green products	Obey environmental laws and meet international standards. Ensure corporate's responsibility to society and its environmental responsibility.		●		●	●
Social side	Compensation package and welfare	One of the company's important duties is to provide a competitive compensation package and welfare to ensure excellent talent to maintain motivation for company growth.	●		○		●

Management Policy Elements and Evaluation of Major Issues

Dimensions	Major issues	Management policy (brief) and goals (short, mid, long term)	The evaluation and performance of management policy	Correspondence to GRI Standard
Economic sphere	Operational integrity and obeying the law	<ul style="list-style-type: none"> Obey government regulations and conducting business activities with fairness and transparency. Implement operational integrity, create regulations, and arrange for employees to take related educational training courses. 	Goal: implement obeying laws. Assure no major violations are made. No major violations in environmental, social, economic areas this year.	206-1 307-1 406-1 416-2 417-2 417-3 418-1 419-1
	Corporate Governance	<ul style="list-style-type: none"> Establish healthy governance structures for the company. Enhance the functions and operation of the Board of Directors. Maintain stockholders' rights and treat them equally. 	Goal: Complete the functions of the Board of Directors. Assure every different committee operates normally. 1. Ranked in the Top 20% of OTC Companies by the Corporate Governance Evaluation System 2. Accountant Supervisor appointed Head of Corporate Governance with the approval of the Board of Directors and attended an 18 hours advanced course in 2021.	102-18 102-27
	Business Performance	<ul style="list-style-type: none"> Capture market trends and be client-oriented to provide clients with the most complete system design, support, and service while pursuing sustainable management for the company. 	Goal: Increase revenue while capturing market dynamics. Keep high gross margins in revenue. The revenue increased by 8% compared to the previous year, creating a new record of reaching 8.801 billion dollars while the gross margin remained at 57.1%.	102-7
	Research and innovation	<ul style="list-style-type: none"> Accurately grasp market trends. Develop the placement of CIS derivative products in the market proactively. Achieve the goal to make high-quality, low power consumption, microminiaturized products, and the integration of system on a chip. 	Goal: Contribute at least 20% of the revenue, equal to 21.7 billion dollars, as research funds every year (accounted for 25% of the revenue).	Topic can be self-chosen
	Information security	Short-term: Regulate information security policy. Mid-term: Promote employees' information security awareness. Long-term: Establish information security management system.	Conducted information security for all new employees. Promote 4 Business Continuity Plans with 1 drill every year. Instant system recovery in 12 hours.	418-1
Environmental sphere	Green products	<ul style="list-style-type: none"> Devote energy to the design, research, manufacturing, production, and sales of green products. Obey regulations and meet client's demands. Expected to exceed international standards. 	Goal: Products and materials meet environmental regulations and international standards. 1. Completed and acquired IECQ QC-080000 Hazardous Substance Free management system certification. 2. Products and materials are qualified for RoHS, REACH, and Halogen Free standards.	302-5
Social sphere	Compensation package and welfare	<ul style="list-style-type: none"> Provide competitive compensation packages. Offer salaries that are better than the average salary of IC design competitors to maintain excellent talents. 	Goal: Provide competitive compensation packages. 1. Top 3 average and median salary of non-executives, full-time employees among 2021 OTC companies. 2. Provide leave benefits that are better than that of the Labor Standards Act.	202-1 401-2



The background of the slide is a vibrant, abstract composition. The upper portion features a dark blue and black field filled with numerous small, out-of-focus light points in various colors (yellow, orange, blue, green), creating a bokeh effect. Below this, a series of bright, diagonal light trails in shades of orange, yellow, and blue sweep across the frame from the top left towards the bottom right. These trails are composed of many fine, parallel lines, giving a sense of motion and depth. A semi-transparent green trapezoidal shape is positioned in the upper left, serving as a backdrop for the title text.

4

About PixArt

Brand Introduction

Established in July 1998, PixArt Imaging Inc. is headquartered in Hsinchu, Taiwan. PixArt Imaging Inc. currently has excellent cross-national R&D teams in offices spread across the Silicon Valley, Denmark, Malaysia, Japan, Korea, and China. PixArt specializes in CMOS imaging sensors (CIS), capacitive touch controllers, and related imaging applications such as IC design, R&D, production, and sales. In addition to this, the company is involved in extensive innovative design and development of sensor technology and human-machine interface. PixArt also has considerable experience in analog IC design and image sensors, particularly for system management. Besides using new technology and applications to shorten the distance between humans and machines, we also provide the most comprehensive support and services for customized system design. We are currently one of the world-leading suppliers in CMOS image sensor application IC; through our comprehensive SoC solutions, we offer the best image analytics optimization functions to our customers.

Pixar's core technology utilizes CMOS image sensors as its vision for image analytics. In addition to standard sensors, we continuously develop image sensor-related applications including Optical Navigation, Object Motion Sensing, Touching, CMOS Image Sensor, Health Management Heart Rate Monitor Sensor, and Customized ASICs. We are the largest supplier of optical mouse sensor chips and we also lead in mouse sensor chips for conventional PC and high-end gaming applications.

As an insider with keen insight into market trends, we actively contribute to the CIS-derived application market while remaining committed to providing value-adding products with top quality, low power architectures, effective costs, and minimized form factors aimed at SoC integration. Besides offering One-Stop-Shop services to fulfill a comprehensive list of project and application needs, we are also able to shorten the design cycle thanks to our trustworthy relationships with global leaders in wafer fabrication, testing, packaging, and optical lens manufacturing.

In recent years, PixArt has actively been driving collaborations with various industry-leading companies worldwide to develop new applications for Human-Machine-Interaction (HMI). The encouraging response and recognition that we have received inspires and motivates us to accelerate our design pace to offer better and more powerful sensor technologies. Until May 31, 2021, the total capital paid was NT\$ 1,459,652,130.

Net Sales

Annual Products	2020 Fiscal Year		2021 Fiscal Year	
	Amount (Thousands of New Taiwan Dollars)	%	Amount (Thousands of New Taiwan Dollars)	%
CMOS Image Sensor Accessories	8,035,820	98.62	8,695,262	98.80
Others	112,197	1.38	105,380	1.20
Total	8,148,017	100.00	8,800,642	100.00

Note: The above amounts are expressed as the consolidated net operating revenue.

Management Philosophy

- As insiders with a keen insight into market trends, PixArt is dedicated to developing image sensors and relevant product applications with high resolution, integration, and minimized system-on-a-chip (SoC).
- Inspire innovation by providing a challenging and efficient working environment to unleash one's potential and strengths.
- Understand our affiliations with customers and partners to pursue the best interests of both parties.
- Remain respectful of intellectual property rights and reward inventions through strategies like global patenting.
- Share the successes of operating results with shareholders and employees as well as contribute fully to the community.

R&D Expenses Ratio

▼ R&D annual expenses for the past 5 years

					Unit: NT\$1,000
Year/Item	2017	2018	2019	2020	2021
R&D Expenses (A)	1,312,358	1,480,033	1,637,598	1,922,977	2,170,274
Net Revenue (B)	5,118,020	5,513,179	6,075,020	8,148,017	8,800,642
(A)/(B)	25.64 %	26.85 %	26.96 %	23.60%	24.66%

Note: The above amounts are consolidated financial figures.

Economic Performance

PixArt did well in the first half of 2021 due to work and study from home demand. Revenue for 2021 first half grew significantly compared to 2020. Because of supply chain issue, limited capacity and customer inventory adjustment, 2021 second half revenue dropped compared to first half. Nevertheless, our 2021 compined revenue still set a record high, reaching NT\$8.8 billions and a 8% growth over 2020. Gross margin maintained above 57% and earning per share reached NT\$11.32 a 16.5% ROE. Looking to the future, with the advancement of 5G, AIoT technologies, there are more opportunities for sensor technology to be applied and play a key role in cusumer electronis, industry automation, and electrical cars. PixArt will maintain steady and programic practices, concentrate on sensor technology capability, create product value, expand market segment to achieve a win-win goal with customers.

▼ Concise Statement of Profit or Loss- International Financial Reporting Standard (Consolidated Financial Statement)

Unit: NT\$1,000

Year/Item		Financial information of the past 5 years				
		2017	2018	2019	2020	2021
Operating Revenue		5,118,020	5,513,179	6,075,020	8,148,017	8,800,642
Operating Profit		2,848,576	3,178,293	3,514,759	4,718,360	5,022,642
Operating Gains (loss)		756,236	921,804	961,454	1,838,500	1,832,358
Non-operating Income and Expenses		62,395	116,699	77,576	(61,772)	93,376
Income before Income Tax		818,631	1,038,503	1,039,030	1,776,728	1,925,734
Earnings from Continued Operations		662,671	817,216	830,321	1,438,645	1,576,102
Profit or Loss of Discontinued Operations		-	-	-	-	-
Net Income		662,671	817,216	830,321	1,438,645	1,576,102
Other Comprehensive Income		83,631	(69,771)	279,425	941,793	596,679
Total Comprehensive Income		746,302	747,445	1,109,746	2,380,438	2,172,781
Net Income Attributable to Owners of the Parent		702,998	858,358	835,586	1,456,606	1,575,935
Net Income Attributable To Non-controlling Interest		(40,327)	(41,142)	(5,265)	(17,961)	167
Total Comprehensive Income Attributable to Owners of the Parent		786,629	788,587	1,115,011	2,398,399	2,172,614
Total Comprehensive Income Attributable to Non-controlling Interest		(40,327)	(41,142)	(5,265)	(17,961)	167
EPS (Note 1)	Before Retroactive Adjustment (NT\$)	5.52	6.57	6.23	10.60	11.32
	After Retroactive Adjustment (NT\$)	5.52	6.57	6.23	10.60	11.32

Note:

1. Basic earnings per share.
2. Source: 2016-2020 audited financial statements.

Products and Technology Applications

The applications of CIS (CMOS Image Sensor) have grown significantly through the improvement of semiconductor production techniques and image sensor technology. This has an impact on products commonly seen in daily life such as smartphone, advanced Autonomous Driving Assistance System (ADAS), surveillance and security camera systems, digital cameras, mice, game consoles, and wearable/hearable devices. In addition to deliver more convenient, safer, and smarter solutions, these products also enrich our lives.

The CIS industries are divided into two categories—Standard CIS and application-specific CIS. For standard CIS, particular in smart phone market, the resolution of CIS continues to increase and reaches the level of tens of millions. Application for standard CIS on cars and security are also continue to grow. According to marketing reach firm TRS, standard CIS marker was US\$19.7 billions in 2020 and will reach 27 billions in 2024. This is a huge growth potential.

For application-specific CIS market, due to the huge difference from standard CIS and focus on utilizing the image captured by CIS for different applications, it's a small quantity but lost of varity market. The competition is less intensive compared to standard CIS market and has higher profit margin.

PixArt had an excellent performance in product development and market expansion During pandemic in 2021 because of stay-at-home economics. The Optical Mouse Sensor series provided the necessary support for people during home isolation and remote working throughout the pandemic. Gaming Sensor products were also popular as fun entertainment tools to release stress following the chaotic circumstances caused by COVID-19. Other new products such as TWS, OFN, Heart Rate sensors, Gesture Recognition and OTS also received recognition from international enterprises and successfully entered first-class ranks in the global market.

R&D and Innovation

PixArt has always recognized the importance of patent rights to protect research outcomes. There were more than 2998 valid patents across the world in April 2022. For example, from January 1, 2016, until December 31, 2020, patents applied for in the United States were up to 605. This was a patent per capita of 1.30; much higher than the industry patent per capita of 0.16 (Source: www.freepatentsonline.com). For the scale of the company, PixArt is relatively active in patent strategy investment and has long-term and committed contributions, particularly in the technological field such as Optical Navigation and Measurement.

PixArt Products Development Trends

As mobile devices, wearable devices, and battery-powered applications become universal, public calls for low-power consuming electronics have significantly increased. Electronic products are now designed to consume as little power as possible to serve these needs.

Low-Power Consumption

Products today are valued for their lightweight, ultra-thin, small-size, and multifunctional designs. In addition to the continuous improvement of semiconductor production techniques, CIS will continue to reflect the market's demand for small-form-factor and highly integrated products.

Highly Integrated

Following the development of artificial intelligence (AI), a growing number of products utilize AI to add value and differentiate themselves from competitors. A similar adoption of AI technology is emerging for CIS products.

Intellectualization

R&D of Green Products

PixArt is dedicated to developing energy-saving and carbon-reducing products according to international standards. We developed products that use less power while maintain high performance. While the power consumption of competitors' products is still in the range of hundred mW, we launched PS5250 CIS (CMOS Image Sensor) that is ahead of the industry; it's 1080p/30fps video resolution/frames per second standard only needs 73mW power. Furthermore, the PS5260 is a CIS chip equipped with 2 million pixels with WDR and HDR that only needs a 75mW power under 1080p/30fps HDR output - much lower than the average of 200 mW ~350 mW in the industry. In the future, PixArt will continuously develop more energy-saving green products to reduce the environmental impact and maintain the sustainability of the environment and its ecology.

Sensor	PS5250	PS5260
Power	73mW (1080p30)	75mW (HDR 1080p30)

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Corporate Governance





Corporate Governance Policy and Guidelines

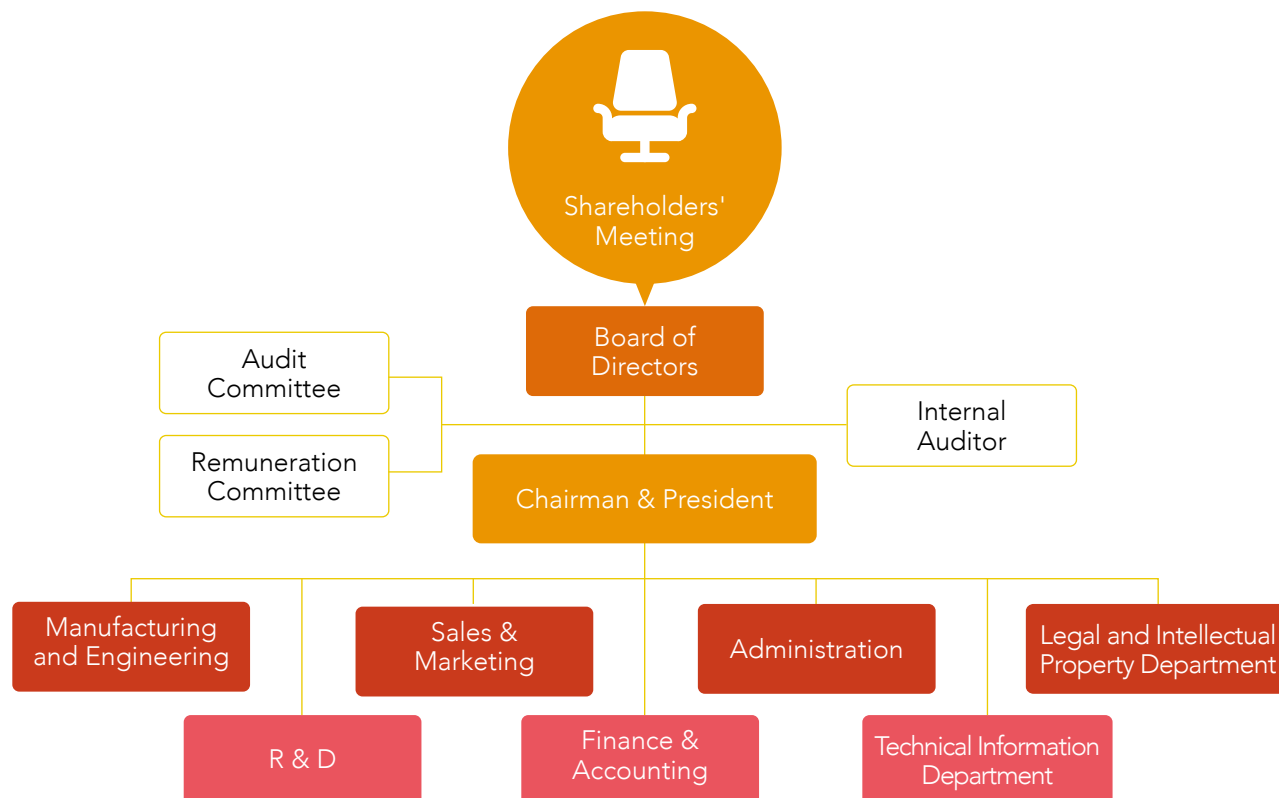
To ensure that relevant institutes are aligned with individual duties, we understand the importance of transparency of corporate governance and the organizational structure. The ultimate goal of the Company's corporate governance is to ensure shareholders' and stakeholders' maximum interest. Through the supervision of the management team and checks and balances of the system, we can reasonably define and allocate the rights and responsibilities of all shareholders, the management team and stakeholders.

Our disclosure of the establishment and composition of the Company's highest governance body ensures that decision-making of the highest management team is conducted in accordance with PixArt's operational purposes, including economic, environmental, and social issues. We are among the Top 6~20% of OTC companies in the 5th, 6th, 7th and 8th Corporate Governance Review, as well as in the Taiwan Corporate Governance 100 Index of the over-the-counter trading center.

Governance Structure

PixArt continues to enhance its information transparency, considers shareholder rights and equal treatment of shareholders, and believes that a sound and efficient board of directors is the basis of good corporate governance. Under this principle, we continue to strengthen the structure and operation of the board of directors and have set up an audit committee, remuneration committee and other functional committees to assist the board of directors to carry out its supervisory and management responsibilities. The organizational charters of the committees are approved by the board of directors, and chairpersons of each committee regularly report to the board on their activities and resolutions.

PixArt Organizational Chart



Diverse Board Members

Among the seven directors of the Company, over half are independent directors with four seats. Independent directors are subject to the Independent Director regulations and shall possess a professional background, be recognized for their independence and conduct their duties part-time. We wish to reach our objective of planning an appropriate corporate innovation development strategy, monitor it effectively, and maintain shareholders' rights and strengthen corporate governance. The boards of directors have held seven meetings with an attendance rate of 100%. The board of directors must possess professional knowledge and rich corporate governance experience, and make extensive reference to international trends and reports to continuously enhance their collective knowledge in environmental, social, and economic fields. To grasp the global risk outlook and increase crisis management capabilities, the board of PixArt actively participates in advanced trainings, totaling 45 hours among the seven directors in 2021.

The independent directors also formed an audit committee and a remuneration committee. All members of the board are selected based on a nomination system. Besides their professional skills, we take into account the conduct and ethical reputation of board members. We also care about diversity and equality of the board, therefore we openly embrace the voice of different genders, ages and ethnic groups. There are four out of the seven directors who serve as independent directors; 57% of the board. The seniority of the independent directors of the Company ranges from 2 to 11 years. Female directors of the Company account for 14%. Five directors are aged 60-69, and two directors are aged 50-59. One director has employee status, accounting for 14%.

Candidates for independent directors are also required to comply with the requirements of the "Regulations Governing the Establishment and Related Matters of Special Committees of Public Companies", including professional qualifications, independence, and part-time work restrictions. All these matters aim to properly plan the corporate innovation and development strategy and effectively supervise the company, safeguard shareholders' rights and strengthen corporate governance.

▼ Diverse Board Members

Title	Name	Gender	Age	Nationality or Place of Registration	Education & Key Previous Positions	Attendance in 2021
Chairman	Huang, Sen-Huang	Male	60~69	Taiwan	<ul style="list-style-type: none"> BS, Electronic Engineering, National Taiwan University President of Chino-excel Technology Corp. Plant director, Hualon Microelectronics Corp. Director of Process Integration Div., United Microelectronics Corp. 	7
Director	Huang, Yu-Tsung	Male	60~69	Taiwan	<ul style="list-style-type: none"> BS, Dept. of Accounting, Tamkang University Independent Director, ITE Tech Independent Director, eCloudvalley Digital Technology Independent Director, Aethertek Independent Director, TOPBI International Holdings Senior Specialist of the Listing Department of Taiwan Stock Exchange Corp. 	7
Representative of	Hsun Chieh Investment Co., Ltd.	—		Taiwan	-	7
Director	Shih, Li-Jen	Male	60~69	Taiwan	<ul style="list-style-type: none"> Ph.D. Electronic Engineering, University of California, Irvine Senior Analyst, Burroughs Corp. Senior Engineer, Rockwell, USA 	7
Representative of	Yuan Ding Investment Corp.	—		Taiwan	-	7
Independent Director	Cheng, Wen-Chin	Male	60~69	Taiwan	<ul style="list-style-type: none"> MS, Electronic Engineering, National Taiwan University LUMENS DIGITAL OPTICS INC. Technical officer & Director Manager, Umax Data Systems Inc. ITRI Information and Communications Research Laboratories Project Manager, Aitech International Corporation ITRI Electronic and Optoelectronic System Research Laboratories 	7
Independent Director	Lin, Jung-Lu	Male	60~69	Taiwan	<ul style="list-style-type: none"> BS, School of Medicine, Senior Attending, Pulmonary Medicine, Mackey Memorial Hospital Adjunct Clinical Professor, Mackay Medical College Department of Medicine Taipei Medical University Specialist doctor, Taiwan Society of Pulmonary and Critical Care Medicine Taipei Medical University Specialist doctor, Taiwan Society of Tuberculosis and Lung Diseases 	6
Independent Director	Liu, Jo-Lan	Female	50~59	Taiwan	<ul style="list-style-type: none"> BS, Department of Accounting, Tunghai University Independent Director, Uniflex Supervisor, Cirocomm Senior Department Manager of the Finance & Accounting Dept. PixArt Imaging Inc. Manager of the Finance Div., Davicom Semiconductor, Inc. 	7
Independent Director	Hsing-Yuan Hsu	Male	50~59	Taiwan	<ul style="list-style-type: none"> MBA, University of the City of New York, USA Deputy Head of the Financial Department, Unimicron Director, Legal Representative of Yan Yuan Investment Director of PixArt Imaging Inc. Manager of the Finance Div., United Microelectronics Corp. Forex Trader in Taishin International Bank. 	7

ESG Committee

PixArt has been dedicated to implementing corporate social responsibility for years, supporting business ethics, employees' rights, health, and a safe environment to embody its corporate values and commitment, as well as following the RBA, committing to honest corporate management and codes of conduct. We have also actively participated in subjects such as environmental protection and sustainability, social welfare, and community pride.

We established the corporate social responsibility management system according to "Corporate Social Responsibility Best Practice Principles", and the CSR Committee (Reformed in 2021 as the Corporate Sustainability Committee), composed of employees from various units of the company. The general manager is appointed as chair of the CSR Committee, formulating strategies with all units to drive the Company's CSR activities.

ESG Committee



PixArt upholds the philosophy of "taking from the community and giving back to society" to fulfill our social responsibility and promote a balance of sustainability of the economy, society, and the environment. We published the "PixArt Social Responsibility Best Practice Principles" in accordance with "Corporate Social Responsibility Best Practice for TWSE/GTSM Listed Companies" and the "Responsible Business Alliance Code of Conduct" for all staff as a guideline for long-term CSR activities. (Renamed as 2021 as the Corporate Sustainability Committee)

ESG Committee Policy

- Management with honesty is our principle. We are against any form of corruption and bribery, and request all employees to abide by the code of conduct and code of ethics.
- We implement corporate governance, comply with laws and regulations, enhance the transparency of operational information, and fully take into account the interests of and impact on stakeholders (including employees, customers, suppliers, communities and the environment).
- We strengthen customer partnerships, provide highly valued services to customers, and are committed to the company's sustainability and development.
- We pursue environmental sustainability, have established a quality and non-hazard substance policy, and ensure the embodiment of green product design and production. We promote an energy-saving and carbon reduction policy and

have implemented all kinds of management measures to reduce the impact of our operations on the environment.

- We embody our corporate values and commitment and consider all our employees the most important assets in the company, upholding our mission of creating a healthy and safe workplace environment.
- We sponsor industrial talent, collaborate with colleges, universities and other organizations, and provide a diversified and long-term collaboration model to cultivate young students to integrate knowledge and practice.
- We collaborate with volunteer groups and use our company resources to actively care for disadvantaged groups, participate in social welfare activities, and create a mutually beneficial situation for local communities and society.
- We share our results with all shareholders and employees and take advantage of many opportunities to give back to society.

Audit Committee

Four independent directors were elected in the general shareholders' meeting of the Company, and the Audit Committee is composed of all independent directors. The Audit Committee meets at least once per quarter, and proposals that are subject to the approval of the Audit Committee in accordance with Article 14-5 of the Securities and Exchange Act are submitted to the Audit Committee for discussion in accordance with the regulations. The internal auditors of the Company also regularly report on audits to the Audit Committee to facilitate the Audit Committee's understanding of the internal control operations of the Company.

The Audit Committee aims to assist the Board of Director in supervising the Company's execution of quality and integrity regarding accounting, auditing, financial report flowcharts and financial control. The Audit Committee held six meetings in 2021 with a total attendance rate of 100%, and discussed issues such as the following:

- | | |
|--|--|
| • Proper presentation of financial reports | • Qualifications, independence and performance evaluation of certified public accountants of the Company |
| • Material transactions of assets or derivatives | • Appointment, dismissal and remuneration of certified public accountants of the Company. |
| • Public offering or issuance of securities | • Assessment of performance evaluations by the Audit Committee. |
| • Compliance with laws, regulations and rules. | • Control and management of existing or potential risks of the Company. |
| • Policies, procedures and effective implementation of internal control systems. | |

Remuneration Committee

The function of the Company's Remuneration Committee is to assess the salary and compensation policies and systems of the directors and managers of the Company from a professional and objective position. The Committee provides proper evaluations and audits of the salaries of the upper management team and the remuneration ratio of employees, as well as assesses and audits the rationality of salaries and remuneration according to the personal capabilities of the management team and the corresponding contribution to and performance within the company, to motivate talent and the enhance company's operation performance. The Committee convenes meetings at least twice a year and may convene meetings at any time as necessary to make recommendations to the Board of Directors for reference when making decisions.

Advanced Governing Team

▼ Board of directors advanced training and total training hours in 2021

(1) Directors and supervisors advanced trainings: All directors in the company have a professional background, and the Company provides relevant advanced training on an ad-hoc basis. Training of the directors in 2021 was as follows:

Title	Name	Training Date	Organized by	Course Title	Training Time
Director	Huang, Sen-Huang	2021/11/02	Taiwan Corporate Governance Association	Corporate Financial Report Fraud and Case Study	3 hours
		2021/12/21		How to Prevent and React to Insider Trading	3 hours
Director	Huang, Yu-Tsung	2021/11/02	Taiwan Corporate Governance Association	Corporate Financial Report Fraud and Case Study	3 hours
		2021/12/21		How to Prevent and React to Insider Trading	3 hours
Director	Shih, Li-Jen	2021/11/02	Taiwan Corporate Governance Association	Corporate Financial Report Fraud and Case Study	3 hours
		2021/12/21		How to Prevent and React to Insider Trading	3 hours
Independent Director	Cheng, Wen-Chin	2021/11/02	Taiwan Corporate Governance Association	Corporate Financial Report Fraud and Case Study	3 hours
		2021/12/21		How to Prevent and React to Insider Trading	3 hours
Independent Director	Lin, Jung-Lu	2021/11/02	Taiwan Corporate Governance Association	Corporate Financial Report Fraud and Case Study	3 hours
		2021/12/21		How to Prevent and React to Insider Trading	3 hours
Independent Director	Liu, Jo-Lan	2021/11/02	Taiwan Corporate Governance Association	Corporate Financial Report Fraud and Case Study	3 hours
		2021/12/21		How to Prevent and React to Insider Trading	3 hours
Independent Director	Liu, Jo-Lan	2021/11/02	Taiwan Corporate Governance Association	Corporate Financial Report Fraud and Case Study	3 hours
		2021/12/21		How to Prevent and React to Insider Trading	3 hours
		2021/12/17	Securities and Futures Institute (SFI)	For Listed and OTC Companies – How to Hedge with Futures cum Corporate Sustainable Operations	3 hours

(2) Accounting directors and internal audit advanced training of the company:

Title	Name	Training Date	Organized by	Course Title	Training Time
Accounting Director	Luo, Mei-Wei	2021/11/02	Taiwan Corporate Governance Association	Corporate Financial Report Fraud and Case Study	3 hours
		2021/12/21		How to Prevent and React to Insider Trading	3 hours
		2021/01/14~2021/01/15	Accounting Research and Development Foundation	Advanced Study for Accounting Managers of Securities Companies and TWSE Issuers	12 hours
		2022/01/20~2021/01/21			12 hours
Internal Audit	Hong, Ying-Hui	2021/09/08	Accounting Research and Development Foundation	The Digital Reformation of The Three Lines of Defense: The Development and Digital Trend of Internal Control, Internal Audits and Legal Compliance	3 hours
		2021/12/30		Profit Models through e-Commerce in the Era of FinTech, and Things to Look Out For in IA and IC	3 hours
		2021/11/02	Taiwan Corporate Governance Association	Corporate Financial Report Fraud and Case Study	3 hours
		2021/12/21		How to Prevent and React to Insider Trading	3 hours

(3) Advanced training of corporate governance directors of the company in 2021:

Training Date	Organized by	Course Title	Training Time
2021/08/19~2021/08/20	Accounting Research and Development Foundation	Advanced Study for Accounting Managers of Securities Companies and TWSE Issuers	12 hours
2021/11/02	Taiwan Corporate Governance Association	Financial Report Fraud and Case Study	3 hours
2021/12/21	Taiwan Corporate Governance Association	How to Prevent and React to Insider Trading	3 hours

Legal Compliance

Ethical Corporate Management

According to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx listed Companies", the Company has set up "Ethical Management Rules", "Moral Behavior Rules", "Moral Operations Rules", "Moral Behavior Operation Procedures and Conduct Guidelines" and "Report Measures" for employees to follow and to promote integrity and ethical operational behavior. Our directors, managers and colleagues are all highly disciplined, which reflects their professional behavior and ethics. The finance department oversees the revision, implementation, interpretation, advisory services and communication content log and other related operational and supervisory execution of the guidelines.

The company set up report hotlines as follows:

Telephone: (886)-3-5795317#1186 Audit Supervisor

E-mail: whistleblower@pixart.com

Mail: 5F, No.5, Innovation Road I, Hsinchu Science Park, Taiwan

PixArt Audit Supervisor

In addition, the Company set up a corporate social responsibility area on its website to disclose relevant ethical management measures and report channels and establish a concrete report and investigation mechanism of the company so the "Ethical Management Rules" and "Moral Behavior Rules" can be implemented, and the legal rights of whistleblowers can be protected. For more details, please refer to the company : <https://www.pixart.com/corporate-stakeholder-engagement/tw/>.

We request not only our employees, but also our suppliers and customers to comply with codes of conduct. In addition to the published codes of conduct and codes of ethics on the company website "Corporate Governance" section, we also set up complaint/appeal channels for matters regarding violations of our codes of conduct or ethics. These channels can also be used for external business behavior or regarding suppliers and customers. Moreover, we are dedicated to ensuring our cooperation with suppliers is carried out in accordance with the RBA Code of Conduct published by the RBA (Responsible Business Alliance).

In 2021, PixArt carried out corruption-related risk assessments in all its operating locations, including PixArt, Audiowise Technology and Penang. The risk assessment identification process determined that the likelihood of corruption occurring in these locations is low.

Trade Secrets

Trade secrets are key to the existence of a company. The protection and management of trade secrets are reinforced through employee training, campaigns, and measures, including document classification, confidentiality labeling, and information-security re-enforcement. To ensure trade secret protection is implemented from the top-down, our legal and IP colleagues run regular checks of the current management approach to confidential information, and attend courses on measures to ensure trade secret protection so we implement up-to-date, sufficient and feasible practice.

Trade secret infringement prevention is categorized as no infringement of trade secrets of other companies by Company employees, and no disclosure of Company trade secrets by Company employees.

Besides requesting employees not to violate anyone's trade secrets (including those of a previous company or workplace) when signing employment contracts, we also hire experts and give lectures to new hires on the subject of "respecting others' trade secrets" and "being liable to the Company and related legislative responsibility should an employee violate trade secret confidentiality".

To ensure that the Company's trade secrets are not breached, in addition to relevant clauses and conditions of not disclosing trade secrets of the Company in employment contracts, the Company also provides lectures to new employees on "the scope of business secrets" and "non-disclosure of the company's trade secrets". Moreover, the Company also takes the following measures to protect its trade secrets: (1) regularly publishes the "PixArt Legal & Intellectual Rights Monthly Newsletter" to reiterate the definition, scope, and protection of trade secrets and latest developments; and (2) Information Technology Department colleagues shall detect the company's internal computers and restrict access to information, output and other means to ensure that the company's trade secrets are not intentionally or negligently disclosed at any time.

Communication and training about anti-corruption policies and procedures

The execution of anti-corruption and integrity policy in 2021 is as follows:

- Ethical Management Code: The Company has formulated the "Ethical Corporate Management Operating Procedures and Code of Conduct", "Ethical Management Principles" and "Code of Ethical Conduct" for staff and promotes them via bulletin boards or emails, and discloses relevant measures on the Company's website and internal sites.
- Training: quarterly trainings on trade secret protection, IPR, information security, and insider trading prevention. Twelve in-person classes for 59 people, 147.5 hours each person, and three online courses (honest operations, insider trading prevention and CSR) were held in 2021. A total of 1,226 people have been trained, and training records retained for future reference.
- New employee orientation: We promote the ethical management policy and information safety each time a new employee joins the Company.
- Appeal status report: The company start investigations immediately after receiving a report or appeal, and notifies related units depending on the individual case. The investigation results are reported to supervisors. No reports or corruption matters occurred in 2021.
- Identifying potential un-ethical risks in operational activities: The Company interviews units that have a higher risk of unethical conduct in their business scope and evaluate the risk level of business activities.
- Upper management routinely issue statements reminding all employees to abide by the ethical management policy.

Conflict of Interest Declaration

According to the "PixArt Imaging Inc. Codes of Ethical Conduct", employees, nor a close relative or other person, may profit from their employment, and they shall avoid any conflict of interest with the Company. PixArt regulates staff at supervisory level and other specific positions to declare any conflict of interest periodically. If any violation is detected, the Company will handle the case according to these codes or related regulations. Conflict of interest declarations in 2021 were 100% completed, all interviews were completed, and there were no cases of conflicts of interest.

Compliance Performance

To keep all employees informed of compliance issues, the Company provides relevant educational training and advocacy resources. Our management team continues to pay close attention to domestic and foreign policies and decrees that affect the Company's finances and operations, and establish legal and regulation operation procedures. The legal unit is responsible for the integration and review of compliance measures. The audit unit also reviews compliance performance according to laws and regulations and updates the relevant rules accordingly. In 2021, PixArt did not receive any significant financial nor non-monetary penalties due to non-compliance.

- Environmental compliance: The Company did not violate any environmental laws or regulations, nor has it been punished or fined. There were also no complaints/appeals regarding the filing, dealing, and solving of environmental impact issues through the official complaint mechanism.
- Social compliance: There were no punishments or fines imposed due to violations of laws or regulations regarding discrimination or corruption. There no complaints/appeals regarding the filing, dealing, and solving of human rights issues through the official complaint mechanism.
- Economic compliance: In response to the product sales process, there were no significant fines due to violation of laws and regulations related to the provision and use of products and services in 2021. The company was not involved in any lawsuit regarding anticompetitive, antitrust or monopoly practices and it complies with the Fair Trade Act.
- In 2021, there were no fines or warnings due to violations of health and safety laws of products and services and voluntary policies.
- In 2021, there were no fines or warnings regarding violations of laws on information and labeling of products and services.
- In 2021, there were no fines or warnings regarding violations of relevant marketing and broadcasting laws (including advertisement, promotion and sponsorship).
- In 2021, there were no complaints regarding violations of customer privacy or loss of customer information.

Tax Governance, Control and Risk Management

The Company upholds the implementation of tax compliance and fulfilling its corporate social responsibility, focusing on creating corporate value and improving tax risk management by formulating tax governance and transfer pricing policies, as well as establishing a sound tax management system and tax governance culture. Furthermore, the Company can enhance its corporate value, fulfill its social responsibility and corporate citizen duties and implement corporate sustainability.

We fully understand the management measures of tax operations and optimization that can bring significant benefits in the short term. However, if we take excessive tax optimization as the operational strategy, it may have a strong impact and carry risk. From the perspective of the company's pursuit of sustainability, the policy aims to manage tax issues steadily.

The Company follows the following principles for tax governance:

1. Follow local tax laws in accordance with international tax standards and declare and pay taxes with honesty.
2. Prior tax assessment to avoid double taxation, lower tax expenses and create shareholder value.
3. Maintain continuous and effective communications with local tax authorities, as well as an open and appropriate relationship.
4. Tax disclosure must follow relevant rules and regulations and enhance tax information transparency.
5. Strengthen the tax profession through continuously cultivating talent.
6. Execute effective risk management.

The Company's main stakeholders are the tax authorities of governments, and tax declarations and payments are conducted in accordance with the relevant laws and regulations in different countries. We contact government agencies to enquire about proper solutions if there are any unclear legal matters during daily operations. During tax inspections, the Company prepares relevant documents to accommodate the tax authority's inspection immediately following notification.

To demonstrate the transparency of the Company's tax governance policies, the Company responds to stakeholders, such as shareholders and investors, with tax-related information of concern in the "Investor Relationship" section of the company's website and in annual reports, and during shareholders' meetings.

Risk Management

PixArt defines all kinds of risks in accordance with the company's overall operating policy to establish early identification, accurate measurement, effective supervision and strict control of risks so we can prevent possible losses within the scope of acceptable risks, and continuously adjust and improve on risk management practices according to internal and external environmental changes, protect the interests of employees, shareholders, partners and customers, increase the company's value, and achieve the optimization principles of resource allocation of the Company.

Strategy and Operation Risks

The Group is a professional IC design company; our customers, suppliers and competitors are scattered around the world. Any changes to important policy and laws in different countries may influence the industry, and thus have an impact on the Group. The Group therefore pays close attention to policy and law changes that may affect business and operations so we may respond effectively.

Market Risks

Changes to interest rates, exchange rates and inflation may affect the Company's profits and losses. Fluctuations in interest rates affect the Company's interest income, and inflation may also cause an increase in costs and expenses. As the major income of the company is denominated in US dollars, fluctuations in exchange rates can cause profits and losses to fluctuate and impacts the Company's profit margin. As a consequence, the Company adopts a natural hedging policy to avoid exchange rate risk and decreases the influence of the exchange rate fluctuation on the Company's gains and losses through the trading of forward exchange agreement (FXA) or loans. The gains and losses of hedge contracts caused by exchange rate fluctuations are mainly offset by the gains and losses of the hedged items. In 2020, the Company did not conduct any derivative transactions nor possess any undue financial derivatives. Moreover, the financial department of the Company also collects data on exchange rates, interest rates, and inflation to understand various economic variables and trends so we can to respond accordingly. Yearly gross profit of NTD1,170,000 from forward exchange agreements. By the end of 2021, all agreements had been settled and there were no undue derivatives.

Supply Chain Management Risk

PixArt is a professional IC design company and is dedicated to providing consistent services. We formulate supply chain management regulations and measures, including supplier management, new supplier assessment, and supplier contingency plans, to lower the risk of supply and demand. We also collaborate with suppliers, aiming at protecting quality, delivery, cost and safety of products to optimize the supplier collaboration model, guide suppliers to grow together, elevate technological capabilities, and fulfill our corporate social responsibility and sustainability goals.

Financial Risk

The Company guarantees the accounts payable of the subsidiary PixArt Imaging (Penang) Sdn.Bhd and Audiowise Technology Inc. The guaranteed amount is \$212,029 until the end of December 2021. The purpose of this guarantee is to support the operation of the Group. There are no gains or losses out of this guarantee.

The Company upholds a sound and conservative financial policy and did not engage in any high-risk and high-leveraged investment. The Company set up the "Acquisition or Disposition of Asset Processing Procedures", "Endorsement and

Guarantee Processing Procedures", and "Management of Loans to Others Procedures" for capital loans, endorsement guarantees and engagement in derivative transactions matters. These procedures were approved in shareholder meetings. Any related operations of the Company are subject to relevant regulations. In 2021, the Company did not engage in any derivative transactions nor capital loans to others.

Liquidity Risk

The Group maintains its financial flexibility through contracts in cash, cash equivalents, high liquidity securities and bank loans. The following table is a summary of the maturity of payments listed in the Group's financial liability contracts. Data is based on the earliest payment day and the non-discounted cash flow that includes the agreed interest.

▼ Non-derivative financial liability overview

	Shorter than one year	From two to three years	From four to five years	Above five years	Total
2021.12.31					
Short-term loan	\$425,921	\$-	\$-	\$-	\$425,921
Accounts payable	\$2,096,166	-	-	-	\$2,096,166
Lease liabilities (Note)	\$28,908	\$30,807	\$13,586	\$154,946	\$228,247
Deposit received	-	\$4,310	-	-	\$4,310
2020.12.31					
Short-term loan	\$418,532	\$-	\$-	\$-	\$418,532
Accounts payable	\$1,640,900	\$-	\$-	\$-	\$1,640,900
Lease liabilities (Note)	\$22,937	\$30,355	\$18,071	\$160,992	\$232,355
Deposit received	-	\$6,524	-	-	\$6,524

Note: The calculation period of this table is from 2021.01.0.1-2021.12.31.

Credit Risk

Credit risk is the risk of financial loss if counterparty fails to fulfill its obligations listed in a contract. The credit risk of the Group is mainly due to operations (mostly accounts receivable) and financial activities (mostly bank deposits and all kinds of financial instruments).

All units of the Group manage their credit risk according to the credit risk policy, procedure, and control. The credit risk assessment of all counterparties is based on overall considerations of their financial status, ratings of credit rating agencies, past trading experience, the current economic environment and the internal evaluation criteria of the Group. The Group uses some credit enhancement instruments (such as advance payments) at the right time to reduce specific counterparties' credit risk.

Until the end of December 31, 2020 and 2021, the account receivables of the Group's top 10 customers accounted for 87% and 94% of the remaining of the account receivables respectively, and the credit concentration of credit risk of the remaining account receivables was relatively moderate.

The Group's Finance Department manages credit risk for bank deposits, fixed income securities and other financial instruments in accordance with the policies of the Group. As the counterparties of the Group are decided based on internal control procedures, banks and enterprises have with excellent credit and are without major default concern. Hence, there is no major credit risk.

Legal Risk

The Group is a professional IC design company; our customers, suppliers and competitors are scattered around the world. Any changes to important policy and laws in different countries may influence the industry, and thus have an impact on the Group. The Group therefore pays close attention to policies and laws that may affect the Group's business and operations so it can effectively respond to any influences.

The legal, and financial and accounting departments are responsible for risk management and execution.

Risk and Opportunity of Climate Change

The administration department of PixArt is responsible for convening relevant units to manage the operation risk of the industry caused by climate change. The department refers to the "Task Force on Climate-related Financial Disclosures (TCFD)" structure to identify risks and opportunities of climate change through four core elements – governance, strategy, risk management, and index objectives – to control the impact on the company's operations, and construct a corresponding strategy and measures in advance. In the future, we plan to incorporate ISO 14001/ISO 14064-1 to avoid the risk and damage caused by climate change.



TCFD Core Elements and Financial Disclosure

Core Element	Operational Plans
Governance	ESG Committee is responsible for convening relevant units to discuss and identify the internal and external potential impact of various risks, including the rating evaluation of climate change risk and the corresponding climate impact. The Committee convenes meetings that prioritize discussions on corporate sustainability, including relevant issues of climate change, so we can fulfill our corporate social responsibility with actions.
Strategy	The Company identifies physical and transitional risks and opportunities according to the business and operational conditions, and actively promotes the green energy policy. To manage the influence of global climate change and the greenhouse effect on the environment, we formulate energy saving and carbon reduction measures, promote energy saving management in offices and public areas, reduce waste and implement a green shopping strategy, and purchase products with energy saving labels.
Risk Management	To identify and evaluate current and future activities relevant to sustainable operations where products and services may cause significant impact or risks, the accounting department periodically assesses organizational risks, including climate change, as the foundation of policy and objective setting. The assessed outcome is as follows: we will incorporate the risk assessment mechanism proposed by the TCFD, aim to assess specific issues regarding climate change to understand the tangible impact financially and come up with strategies accordingly.
Index and Objectives	<p>To reduce the impact and risk caused by climate change, achieve related objectives of implementing green energy and carbon reduction, and use indexes to manage relevant risks and opportunities of climate change:</p> <p>Energy saving and carbon reduction The core measures to promote long-term "energy saving and carbon reduction measures" are as follows:</p> <ul style="list-style-type: none"> • Electronic equipment: Goal: 3% reduction of annual electricity usage (per capita) <ol style="list-style-type: none"> 1. Use products with energy-saving labels for illuminating equipment. 2. Gradually replace old and high energy consumption air conditioning equipment, and purchase new high efficiency energy-saving air conditioning models. 3. Adjust air conditioning temperature based on room temperature and demand to reduce electricity usage. 4. Advocate the policy of turning off unused PC and laboratory equipment power after working hours. • Water resources: Promote water saving in home and work life. Goal: 3% reduction of annual water usage (per capita) <ol style="list-style-type: none"> 1. Adjust the outflow water volume of the sinks in toilets and tea rooms to reduce water consumption due to splashing and when washing hands. 2. Purchase products with water-saving labels when there is need to change broken faucets or toilets. 3. Ensure no leakages of water-consuming equipment and pipes through regular checks and maintenance. • Waste: Sort waste to reduce volumes of garbage Goal: 3% reduction of annual business waste (per capita) <ol style="list-style-type: none"> 1. Strengthen the promotion of sorting waste and inspect end-processing to ensure sorting is being done properly. 2. Achieve waste reduction goals through effective sorting; 1.0 tons of reduced waste in 2021. • Greenhouse gases: Emission of greenhouse gases scope 1 is 653 (CO₂e/year), scope 2 is 1,309 (CO₂e/year). We believe we will participate in the Carbon Disclosure Project (CDP) in the future.

Risk and Financial Impact Relevant to Climate

Category	Risk relevant to Climate	Corresponding Measures	Financial Impact
Water Limitation	Water sources are insufficient due to extreme climate; the chilled water provision for stopped air conditioning operators would cause the termination of air conditioners, overheating in the computer room, and interruption to company operations.	<ol style="list-style-type: none"> 1. Establish special air conditioners for computer rooms with an air cooling design so air conditioning is not affected due to water outages. 2. Use A and B sets (large for public use and small for computer room use) air conditioners in the computer rooms. The small one starts working when there is a water outage to stop the operation of the big one to save water. 3. Set up a special quick connector water supply valve for the water pump. 	Expenses on water pumps during water outages.
Power Limitation and Power Cuts	Abnormal climate causes an increase of temperature, so power demand of air conditioning increases, which may cause an insufficient power supply. Power limits or cuts then need to be carried out. Factory equipment and computer rooms cannot operate during a power cut, which causes interruption to company operations.	<ol style="list-style-type: none"> 1. Establish an uninterruptable power system for unexpected or unplanned power cuts so the uninterruptable power system equipment can provide electricity immediately. 2. A power generator can provide at least eight hours of power in the computer rooms. 3. Use diesel tanks for generators so the power supply for operations can last for days. 	<ol style="list-style-type: none"> 1. Expenses of generators and uninterruptable power system establishment. 2. Expenses of diesel tank transportation during power cuts, and annual maintenance of generators.
Typhoons and Floods	If the scale of the typhoon or flood is large and the time of influence is too long, leakages may occur in offices and equipment may be damaged, which influences normal company operations.	<ol style="list-style-type: none"> 1. Plant equipment inspection should be carried out according to the emergency plan prior to the typhoon, and all supporting maintenance manufacturers shall be notified to standby. 2. Determine the frequency and interval of inspection of the plant according to the wind and rainfall scale after a typhoon lands. Strengthen inspections in key areas. 3. Recovery operations shall be carried out to ensure the proper functioning of office equipment and the environment after a typhoon. 	<ol style="list-style-type: none"> 1. Expenses on staff in the plant. 2. Expenses on supplier repairs.

Risk and Financial Impact Relevant to Climate

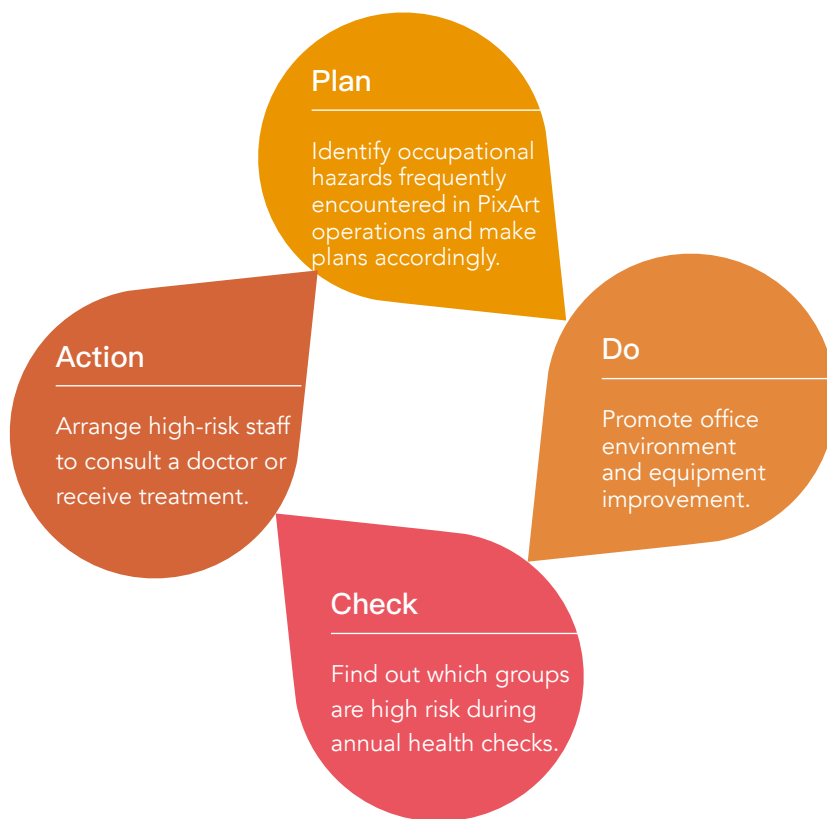
Category	Risk relevant to Climate	Corresponding Measures	Financial Impact
Energy Sources	In response to Taiwan's greenhouse gas reduction and regulations, it is necessary to improve operational energy efficiency, increase the cost of renewable energy plant capacity construction and green power certification purchases.	<ol style="list-style-type: none"> 1. Plan to set up solar panels to supply plant equipment; use or lease to renewable energy operators to generate electricity operations. 2. Plan to purchase renewable energy certifications. 	<ol style="list-style-type: none"> 1. Lease income. 2. Reduction of greenhouse gas emission. 3. Reduction of operation costs.
Resource Efficiency	Improve resource efficiency to reduce carbon emissions and save energy, thus reducing energy procurement costs.	<ol style="list-style-type: none"> 1. Implement equipment inspection and maintenance of the plant to ensure operational efficiency, and accelerate the removal of poor efficiency equipment. Replace with more efficient equipment. 2. Through continuous monitoring of the use of resources (water, electricity, fuel, etc.), to reduce environmental impact and operating costs with timely and effective measures. 	Reduce operating costs.

Occupational Hazard Identification, Risk Assessment and Incident Investigation

PixArt executes occupational hazard identification and risk assessment annually to implement vocational safety management, including annual physical classifications to control and monitor health, as well as regular workplace inspections and risk assessments.

1. Inspect buildings to ensure they are meet relevant regulations.
2. During the annual firefighting equipment inspection, we carry out maintenance and replacement of all listed flaws, complete inspections on all firefighting equipment and then file to ensure all equipment flaws are fully improved.
3. During the workplace inspection every half a year, we carry out comprehensive CO2 inspection on office environment quality. If we discover any irregularities, we notify maintenance personnel to repair outer airflow air conditioners to ensure indoor air quality.

We also use classification management to eliminate hazards and minimize all risks through the PDCA (Plan-Do-Check-Act) quality control cycle to continuously improve our occupational safety and hygiene management system.



According to the aforementioned flow chart, we can identify that most of the operations of the Company are in the office. Frequently occurred diseases that staff experience are mainly occupational diseases such as joint and muscle fatigue, inflammation, and strain, etc. Supervisors understand that employees spend long hours at their desks; therefore, we implemented an ergonomics improvement plan by replacing office chairs with ergonomic chairs for all employees to reduce and prevent back pains. During the preventive repetitive operations that cause muscle and joint fatigue, occupational health caretakers carry out a questionnaire assessment on all staff asking them to determine where they experience body pain and identify groups at high risk accordingly. In 2021, we arranged interviews with 8 staff members. After a doctor assessment, it was confirmed that their problems are not related to their work. We also provide health education regarding correct sitting positions. If joint and muscle pains are caused by old injuries, the company provides treatment recommendations for its staff.

Furthermore, considering the working environment of the company is mainly office-based and windows are closed when air conditioners are on during working hours, the company set up an outer air exchange equipment with timers that exchanges the air every six hours so fresh air enters the office, reducing the CO2 concentration in the offices as well, to decrease the impact on staff's health. The company also conducts a CO2 monitoring project every six months for continuous improvement.

Information Security Risk

Information security risk: To reduce information security risk and breach of the Company's confidential information, we adopt diverse management measures including information system backup mechanism, internet firewall setup, email management control, anti-virus software installation, file and equipment safety control and so on. Information security management operations form one of the annual audit items. The audit unit carries out regular inspections annually; meanwhile, internal control self-inspections are conducted to ensure the implementation of all kinds of control measures.

Information Security Management Policy

The responsible unit for information security of the company is the Information Technology Department, with IT supervisors and IT professional specialists responsible for planning, setting, and implementing information security policies, and regularly reviewing these policies.

The audit office under the board of directors is the supervisory unit of information security monitoring, responsible for internal information security execution, and reports to the board of directors the execution of IT management. If any flaws are detected during an audit, the company requests the inspected unit to provide related improvement plans and actions, and periodically monitors improvement to reduce internal information security risk.

The organizational operation model conducts regular inspections and PDCA circular management to ensure the achievement and continuous improvement of reliability objectives.

Information Security Policy

In recent years, information security incidents occur frequently; all kinds of internal and external internet attacks, network viruses, ransomware and other threats routinely attack enterprises. Therefore, enterprises must come up with faster, more comprehensive, stricter policies, and more advanced equipment to accommodate the increasingly complicated internet environment. Consequently, the Company divides its information security policy into the following segments:

- a. Company staff: Must follow the company's information security policy, and cooperate with the necessary system updates, anti-virus software installation, password security and regular updates to effectively block computer viruses, Trojans, malicious programs, etc., to provide front-line security protection.
- b. Corporate information control center: Using new generation firewalls, effective and real-time filtering of problematic network connections, control and recording according to the types of application programs, and other measures, to provide the necessary analysis of the security management system. The information equipment center is a crucial part of the Company; therefore, it is equipped with access control and recordings of all entries.
- c. Important data centralized control: We use centralized management for the company's important confidential data and limit authority for data access. We also advocate protection and management to staff when storing confidential information in colleagues' computers for job purposes to comprehensively protect the company's important data assets.
- d. Data backup management: Establish different sequences and management plans according to the importance of information, and conduct programs for full, incremental and offsite backups. Perform important data restoration walkthroughs on an ad-hoc base to ensure restorability.

Management Plans for Information Security

PixArt refers to international and domestic security regulations to formulate relevant information security work to protect the Confidentiality, Integrity and Availability of the Company's data, as well as shareholders' and stakeholders' rights.

Staff Training

Regularly carry out information security advocacy for colleagues so colleagues develop good habits of not downloading, installing, executing unknown programs, opening unknown mail, nor selecting unknown webpages and sites. These matters are to increase awareness of colleagues' information security, as well as strengthen the protective network of the Company.

Assessment review

We collect abnormal network traffic by means of network equipment, record abnormal operations by information security software, and classify abnormal situations based on severity as follows: general security incidents, major safety incidents, and serious safety incidents. We also inform the relevant departments and supervisors for disposal. After the problem is eliminated, this information security incident is also logged for future reference. The company implements a specific management plan for information security as follows:

Types	Description	Mechanism
Host and access password protection	Host and personal passwords; set up password protection and control of access rights.	Enforce the complication of passwords. Enforce changing passwords regularly.
External attack protection	Protect against viruses and hackers.	Install network security equipment and anti-virus software on important hosts to counter viruses or hackers when intruding into devices that store data.
Leakage Prevention	Prevent confidential information leakage.	Check staff's outgoing mail on an ad-hoc basis. Controls the permission of the company's computer to write data to removable devices. Limit the rights of equipment connected to the company's network.
System Usability	Reduce system interruption and recovery time when equipment/parts are damaged.	Establish a support mechanism for important equipment. Important information system hardware maintenance contract.
Data Usability	Data restoration is available due to accidental loss or damage of important information.	Make important offsite backups of data under security control. Perform important data restoration walkthroughs.

▼ Information Security Incident Report Procedure of the Company



6

Environmental Protection



Green Manufacturing

No Use of Hazardous Substances

PixArt works on the design, research, manufacturing, production, and sale of green products. All products not only comply with domestic environmental regulations, but also meet Regulation (EU) and other international standards, such as RoHS, REACH and Halogen Free products. In the future, PixArt will not only continue to comply with regulations and meet clients' needs, but will also strive to achieve its goals of exceeding international standards and our responsibility towards society and environment seriously.

HSF/RoHS/REACH Management Mechanism

PixArt has been certified by SGS since December 2014 to fulfil IECQ QC-080000 system requirements in Hazardous Substance Process Management, which meets green product design and production goals.

To respond to green trend and global environmental regulations, PixArt processes hazardous substance free management in each stage, from design and development to manufacturing, production and control, to manage our products and comply with client requests and international regulations.

Design and Development

- Product proposal, Execution plan/ review
 - Only hazardous substance free materials and manufacturing processes are used.
-

Manufacturing

- Routine Hazardous Substance Free – an HSF evaluation is conducted on suppliers.
 - Suppliers are requested to provide third-party RoHS testing reports.
 - Manufacturing processes are renewed in accordance with relevant regulations and client requirements to meet the latest international standards and client demands.
-

Production and Packaging Materials

▼ The percentage of renewable materials PixArt used on production and packaging in 2021.

	Type of Used Material	Weight or volume of usage (unit)	Percentage of total materials (unit:%)
Renewable materials	Tray	47,349 PCS	100%
	Paper	129,603.2 KG	100%

Note:

1. The packaging material used for shipping boxes is 100% recycled material and are provided by suppliers, not purchased additionally.
2. The material used for Plastic Trays is also 100% recycled and reused.

Recycle Products and Its Packaging Materials

▼ The percentage of products and packaging materials PixArt recycled.

Product Type	Sold products in 2020 (Unit:)	Recycled product and its packaging materials in 2020 (Unit:)	Percentage (Unit:%)
IC	4,150.4 KG	553.3 KG	13.33%
Plastic	4,150.4 KG	2,656 KG	63.99%



Energy Management

As a professional semiconductor company in the domestic market, PixArt is fully aware of the public health risk that climate change brings. Therefore, we have been working on reducing our energy consumption and considering ways to increase the percentage of green energy in the future.

In 2021, PixArt worked on increasing energy efficiency in each business location and followed international standards, including ISO 14001/ ISO 50001 / ISO 14064-1 guidelines, as part of our annual management policy and energy and carbon saving measures. Emissions are included in Scope 2.

▼ Energy consumption amount and energy intensity of PixArt

Location	Type of Energy	2019	2020	2021	Energy Intensity in 2021 (Unit: MJ/per person)
Headquarter A (Main Building)	Scope 2(Unit:MJ)	12,016,512	11,627,712	11,257,056	37,152
Headquarter B (Research Building)	Scope 2(Unit:MJ)	1,037,750	1,882,757	3,087,767	13,433
Total		13,054,262	13,510,469	14,344,823	50,585

Note:

1. Emissions in scope 2 are primarily purchased power. Calculation: purchased power 1 kWh = 3,600,000 Joule
2. The conversion coefficient comes from the power coefficient 0.509 kg CO₂e kWh announced by the Environmental Protection Agency on June 30 2019 as the discharge coefficient.
3. The calculation for energy intensity: energy consumption amount / employee numbers
4. The total numbers of employees are used as the denominator for energy intensity calculations to show energy consumption per person.
5. Headquarter B (Research Building) was leased to an external company from 2019 to 2021 so statistics have been calculated separately.



To fulfill our earth citizen's responsibility, PixArt reveals its greenhouse gas emission information. In addition, we set 2021 as the basic year and started calculating the total amount of greenhouse gas emissions. Emission types are included in Scope 1 and Scope 2. We also calculated the intensity of greenhouse gas emissions, and used "revenue" as the denominator to calculate the measuring standard of the intensity ratio.

▼ PixArt's Greenhouse gas emission amount and intensity

Location	Energy Type	2021	The intensity of greenhouse gas emissions in 2020 (Unit:tonCO ₂ e / Revenue- \$k)
Headquarter A	Scope 1	79.582 tonCO ₂ e	0.000009043
	Scope 2	1,569.734 tonCO ₂ e	0.000178378
Headquarter B	Scope 1	19.650 tonCO ₂ e	0.000002232
	Scope 2	489.085 tonCO ₂ e	0.000055577
Total		2,158.051 tonCO ₂ e	

Note:

1. Electricity consumption switching to CO₂ emissions is calculated according to the annual discharge coefficient announced by the Bureau of Energy that year.
2. The conversion coefficient is derived from the power coefficient 0.509 kg CO₂e kWh announced by the Environmental Protection Agency on June 30, 2019 as the discharge coefficient.
3. The calculation for carbon emissions is kilowatt-hour x power coefficient.
4. The intensity of greenhouse gas emissions uses revenue as the denominator to calculate how many greenhouse gas emissions will be produced per (\$k) dollars.
5. Headquarter B (Research Building) was leased to an external company from 2018 to 2020 and so statistics are calculated separately.

Energy Saving and Reduction of Greenhouse Gas

To reduce impact on the environment, PixArt has implemented three carbon-reducing plans, including changing office lighting equipment, adjusting the air-conditioning water chiller and VRV air-conditioning system for offices on the 5th floor. In 2021, carbon emissions were reduced by 13.062 tonCO₂e compared to 2020.

▼ Action plan and energy-saving and carbon-reducing performance of PixArt in 2021

Energy-saving and carbon-reducing measures	Reduction Scope	Reduced Energy	Reduced CO ₂ emission amount
Change lighting equipment deployed in HQ B for the 1,740 m2 office area.	Scope 2	10,947 MJ	1.526 tonCO ₂ e
A 40t ice water unit at HQ A has replaced the old one	Scope 2	37,843 MJ	5.277 tonCO ₂ e
The VRV air conditioner deployed in HQ B for the 1,740 m2 office area.	Scope 2	44,888 MJ	6.259 tonCO ₂ e
Three carbon reducing plans	Scope 2	93,678 MJ	The total amount of reduced carbon emissions in 2021: 13.062 tonCO ₂ e

Note:

1. Purchased electricity power 1 kWh = 3,600,000 Joule
2. Emissions in scope 2 are primarily purchased electricity power. The emission coefficient is the power coefficient 0.509 kg CO₂e kWh announced by the Environmental Protection Agency on June 30, 2020.
3. The basis of comparison is 2020.

Water Resource Management

According to a report published by the World Resources Institute, a U.S. environmental protection foundation, in 2019, 17 countries in the globe are facing water shortage crises, accounting for one-quarter of the world population. PixArt acquires water resources from Taiwan Water Corporation. According to the Aqueduct Water Risk Atlas by the World Resources Institute, all districts of Taiwan are marked as Low – Medium (1-2), which is a non-water stress zone.

As a professional IC design company, PixArt does not have any foundries nor does it make any physical products. Therefore, there is no industrial wastewater emitted during production. In addition, all wastewater and drained water is from domestic use. As our office is in an office building, the amount of drained water cannot be calculated.

▼ The total amount of PixArt's water usage in recent years (Unit: MM(L))

Annual Water Usage	Headquarter A	Headquarter B	Water usage per capita (Unit: MM(L))
2019	12.635	1.140	0.026
2020	11.277	1.530	0.030
2021	12.063	2.162	0.028

■ Note: Water consumed is all from domestic use. No manufacturing or industrial wastewater is produced.

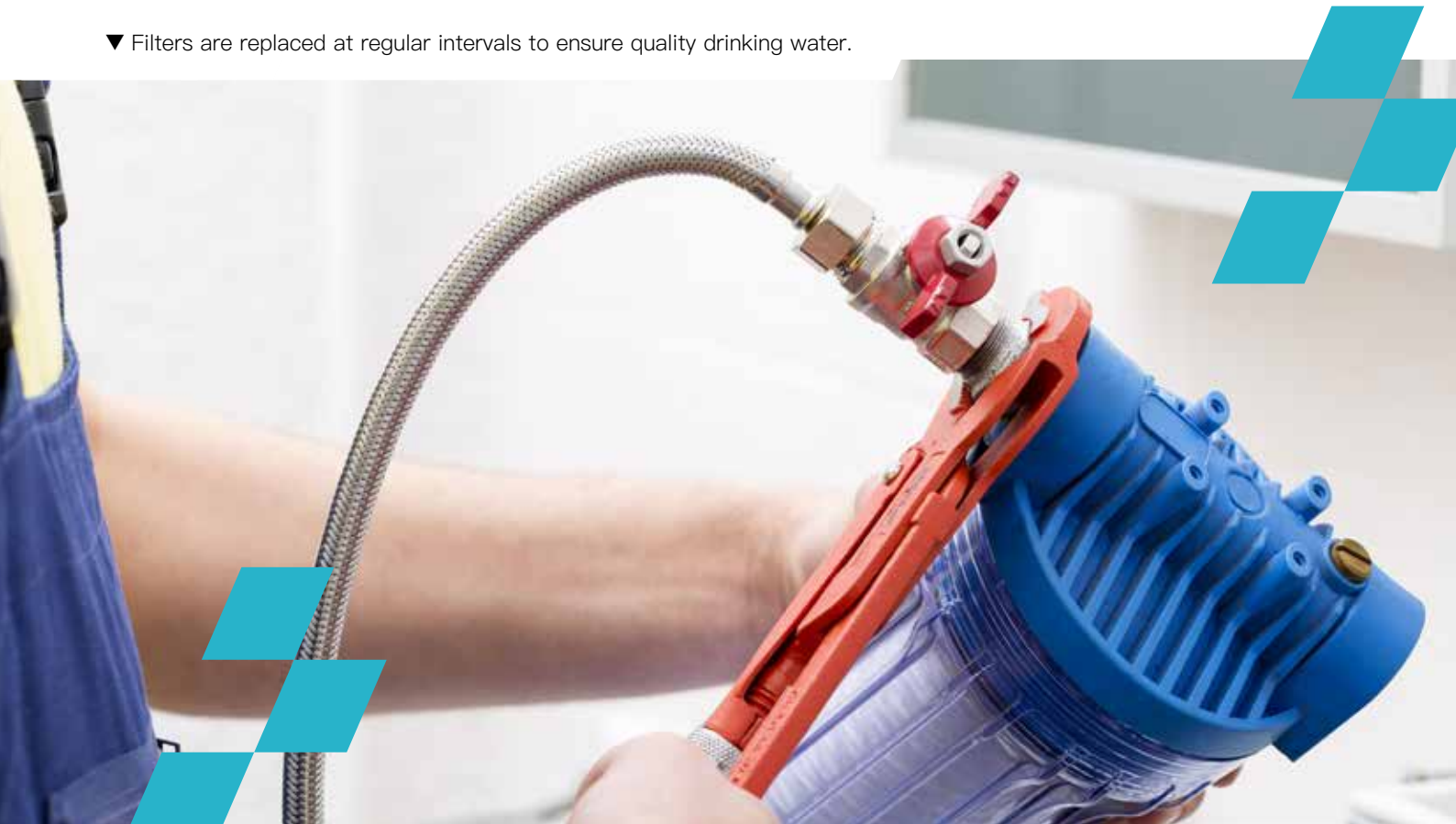
Providing High-quality Water

PixArt uses RO water dispensers in the office. We maintain the equipment every month ourselves and inspect and replace consumption materials routinely. We also comply with the regulations to inspect the water quality of water dispensers every quarter, and clean all water dispensers every year to ensure that drinking water meets hygiene standards to keep our staff healthy.

Managing Sewage Effectively

To prevent vectors from breeding and causing dengue fever diseases, PixArt routinely maintains its basement sewage treatment facility, disposes of sewage, and doses chemicals to prevent mosquitoes.

▼ Filters are replaced at regular intervals to ensure quality drinking water.



Waste

As a professional IC design company, PixArt outsources most of its production to foundry companies. Only research work is conducted in the company. The main source of waste is domestic waste and printing paper. Other waste includes recycled items, and only some waste is general business waste.

1. Domestic waste is sorted and managed by government units.
2. PixArt has contracts with legal waste treatment companies to remove general business waste and recycled items:
 - 2.1 General business waste: when confirmed that waste cannot be recycled at the final waste sorting each day, it is placed in a temporary area and a waste treatment company is notified to remove it in addition to processing pre-reporting and post-confirming work according to the regulations.
 - 2.2 Recycling: after waste is sorted, it is removed by a waste treatment company.

Waste Sorting according to its Type and Disposal Method

PixArt follows the 4R principles (Reduce, Reuse, Recycle, Recovery) and upholds the spirit of the circular economy as the basis of waste production and control.

In the future, PixArt will continue to make efforts to reduce waste every year. Apart from reducing waste from the beginning and recycling waste for further use, PixArt also connects the whole supply chain to reduce materials consumed and the load production impact on the environment. Meanwhile, we continue to process innovative environmental technology projects to implement circular economy measures. Pixart will continue to establish strict control and audit mechanisms regarding waste and our selection of qualified waste treatment companies to ensure that waste processing is legal while strengthening environmental sustainability. In 2021, no pollution leaks occurred that caused the manufacturing process to be stopped or residents to protest. No major environmental penalties were imposed on the company either.

▼ Waste disposal details of PixArt in 2021 (Unit: ton)

Sorting	Hazardous Business Waste				Non-hazardous Business Waste			
Type	Waste IC	Classified documents (Paper)	Paper	Iron/aluminum cans	Fluorescent lamp	Metal	Waste Plastic	General business waste
Amount	1.36		3.54	2.19	0.045	1.04	0.01	0.2
Disposal on-site or off-site	Off-site	Off-site	Off-site	Off-site	Off-site	Off-site	Off-site	Off-site
Method of Disposal	Recycled	Recycled after pulping	Recycled	Recycled	Recycled	Recycled	Recycled	Incineration

Note:

1. Most waste is domestic waste and is removed by a qualified waste treatment company.
2. Annual revenue of \$NTD 88 billion in 2021 is used to calculate; an average of \$NTD 1 billion revenue generated less than 2.2 kg of general business waste.

Environmental Protection and Energy-consuming Measures

▼ PixArt's environmental protection measures are as listed:

Type	Environmental protection policy/ item	Performance and Achievements
Resource Recycling	Computer-based work to reduce paper consumption; recycle used paper	<ol style="list-style-type: none"> 1. Paper towels used in bathrooms are made of recycled paper. 2. Place computers in conference rooms. All computers can connect to network drives to reduce usage of paper for meetings. 3. Waste paper boxes are placed in every office for staff to recycle paper. 4. Electronic applications for name cards/parking permits are used to reduce paper. 5. Normal paper as well as external letters (from the Administrative and Sales divisions who have frequent external contact) are required to be recycled to reduce the impact on the environment.
	Use stainless steel tableware	<ol style="list-style-type: none"> 1. Reusable tableware is used in the cafeteria to reduce disposable tableware waste. 2. Reusable tableware is cleaned every day and routinely inspected for bacteria.
	Promote use of non-plastic straws among staff	PixArt provides staff with non-plastic straws and encourages staff to order drinks without plastic straws or disposable items.
	Implement resource recycling	<ol style="list-style-type: none"> 1. Resource recycling spots are spread out around the premises for staff to sort waste conveniently. 2. After garbage is all gathered, janitors confirm that there is no recycled waste and centralizes the garbage in a temporary area to reduce waste volumes.
	Waste sorting (paper, plastic, cans)	The waste area is divided into five categories: paper, iron/aluminum cans, fluorescent lamp, metal, waste plastic. Qualified waste treatment companies are required to recycle and reuse items. Waste paper (classified documents) is processed with pulp work under supervision and produced as recycled paper products by vendors.
Philosophy promotion	beach cleanup	PixArt has been organizing beach cleanup events for four consecutive years and we keep expanding our footprint to other beaches. In October 2020, our employees participated in a beach cleanup with their families in the Holiday Forest Recreation Area, Zhunan Miaoli. We also promoted knowledge of marine ecosystem protection during the event to educate children in environmental protection.
Energy saving and carbon reducing	Measures and Campaign	<ol style="list-style-type: none"> 1. Vehicle charging posts are available at the Hsinchu plant and office to support decarbonization and reduce gasoline emissions. 2. Campaign and reminders to sort waste, conserve energy and reduce carbon emissions on the internal website bulletin board and break room.



7

Supply Chain Management



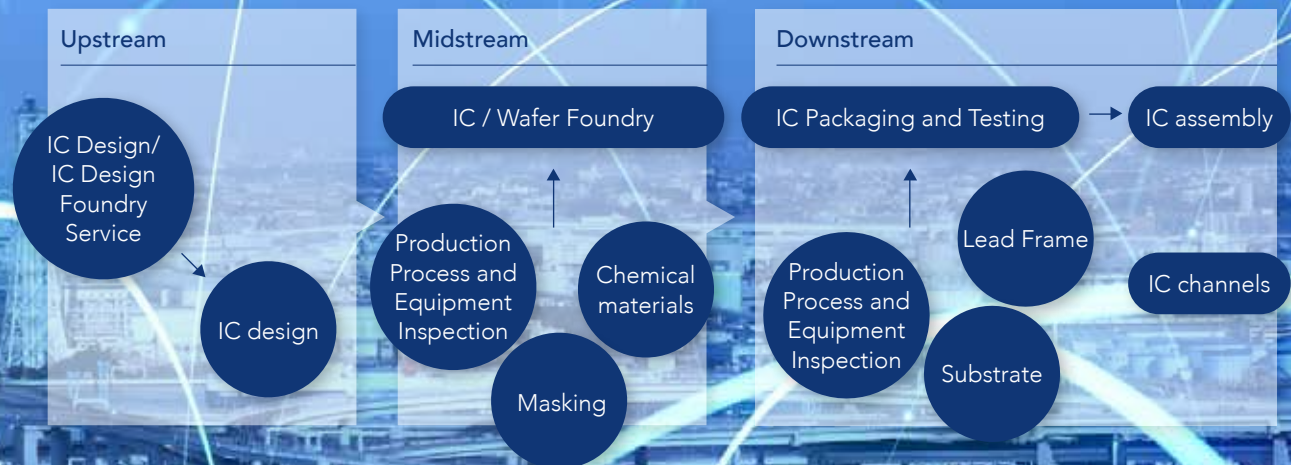
Supply Chain Sustainability

The Supply Chain

The relationships among upstream, midstream and downstream suppliers in Taiwan's Semiconductor industry are shown in the table below. Upstream is represented by fellow fabless IC design companies, midstream is represented by wafer foundry companies, and downstream is represented by various IC packaging and testing service providers. As a result of the industry boom in recent years, the verticalization approach in the semiconductor IC manufacturing industry, which involves various corporations, has created a complete ecosystem in our country and built a more comprehensive, professional and quality-driven supply chain. Note that this IC manufacturing industry is unique when comparing with competitors from other regions. Foreign top-tier companies tend to own multiple stages of production, all the way from design to manufacturing and packaging and testing services, whereas most companies in South-East Asia provide only IC packaging and IC testing services. PixArt is an IC design company in the upstream, and the suppliers we work with are primarily foundry companies and IC packaging and testing service providers.

PixArt does not use child labor or employ any person under 16 years old, does not use forced labor, nor is discrimination of any kind permitted. We also ask our suppliers to comply with international standards and relevant labor laws and regulations that are applicable in their relevant business locations. In 2021, no child or forced labor incidents or risks occurred in PixArt or its suppliers.

Upstream, Midstream, Downstream Labor Division Table of Taiwan's Semiconductor Industry



Local Purchases

PixArt has been purchasing materials from local suppliers for a long time. In 2018-2021, PixArt worked with more than 140 raw materials suppliers all over the world (including Taiwan branch foundries, agencies, distributors). Domestic suppliers accounted for 90%, demonstrating our support for local companies.

▼ Proportion of local procurement expenditure of PixArt in the past three years (Unit: NTD)

Year	Gold & silver purchased locally	Total amount of material purchased	The percentage of gold & silver purchased locally
2019	1,572,056,120	1,708,273,942	92.03%
2020	1,729,848,126	1,925,700,379	89.83%
2021	1,820,947,899	1,958,504,178	92.98%

Supplier management and assessment

The Supplier & Contract Management Policy

To enhance supply chain sustainability management, we drafted Suppliers Control Procedures and conducted an annual evaluation to audit primary suppliers and contractors according to these Procedures. Suppliers and contractors are evaluated on-site by the audit team in accordance with the HSF Evaluation & Investigation Form.

In 2021, 11 suppliers were evaluated on-site, and 31 were evaluated in writing. There was a 100% achievement rate. No major flaws or risks were found. In addition, suppliers are required to follow PixArt's regulations to present a correction plan within five days after the audit report is delivered.

PixArt also asks suppliers to provide a third-party testing report, material safety data sheet, or non-hazardous substance certificate to confirm the prohibited/restricted hazardous substances that are contained in raw materials, processed products, or equipment to prevent non-authorized hazardous substances being used in our products. PixArt complies with the regulations to meet clients' requirements while protecting the earth and reducing the influence of hazardous substances on the environment.

Suppliers Audits

Audit Method		2019	2020	2021
Audit on-site	Estimated Audits	25	16	11
	Completed Audit	25	16	11
	Completion Rate	100%	100%	100%
Audit in writing	Estimated Audits	10	25	31
	Completed audit	10	25	31
	Completion Rate	100%	100%	100%

Supplier Evaluations

Through interviews and communications with suppliers, PixArt understands adherence to the law of our business partners to ensure and remind suppliers to fully comply with regulations. We also process supplier evaluations routinely. After evaluation, the results are divided into five grades: Grade A (awarded with increased orders, depending on the situation), Grade B (no commendation or punishment), Grade C (the supplier will be observed for one month. If improvements are made, production order will continue; if not, production will be reduced, depending on the situation), Grade D (reduce production, depending on the situation), Grade E (reduce orders and supplier has to make improvements within the period indicated), Grade F (the supplier will be disqualified). PixArt does not work with suppliers who attain Grade F in evaluations.

PixArt also adjusts the proportion of supplier evaluation items based on importance to our operations. In 2021, supplier evaluation items and the proportion included: Quality & Environment Guarantee 40%, Delivery Date & Stable Cost 30% and Production & Stable Service 30%.

▼ PixArt's Supplier Evaluation Results over the Past Two Years

Supplier	Grade	2019	2020	2021
Supplier	Grade A	3	5	0
	Grade B	31	29	35
	Grade C	0	0	0
	Grade D	0	0	0

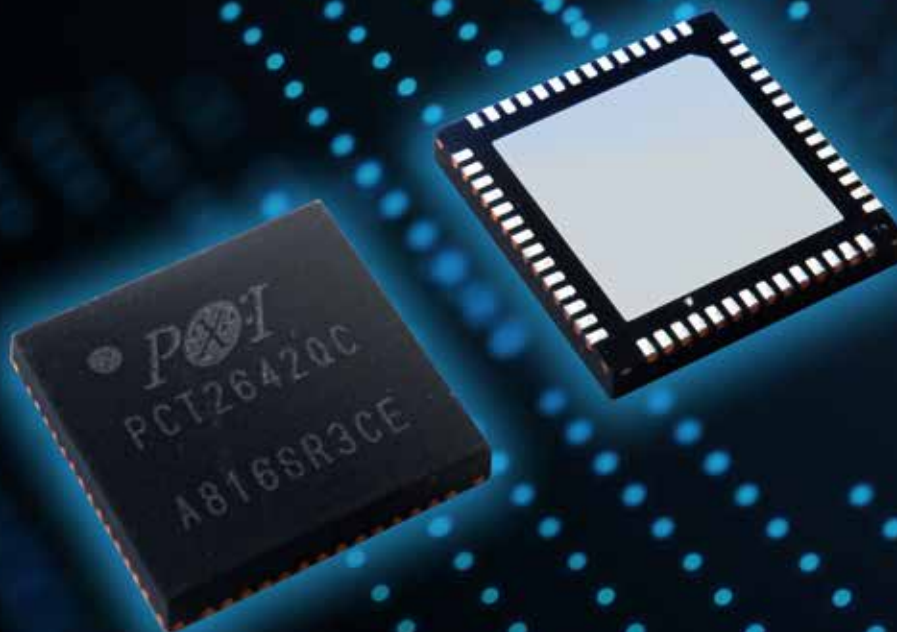
Supplier Risk Evaluation

To spread risk and continue to raise the quality of the supply chain, we maintain a stable, good relationship with our suppliers. There are 38 first-grade suppliers, 29 of them are ISO 14001 Environmental Management System certified – 76%. We expect all first-grade suppliers to sign the RBA Code of Conduct in 2021.

- On the environmental side, PixArt conducted environmental impact evaluations on 38 suppliers we traded with this year; 29 suppliers are ISO 14001 Environmental Management System certified. Furthermore, we also conducted a risk evaluation on 9 suppliers that may potentially impact the environment; as a result, none of the suppliers were evaluated to have a great or potential impact on the environment. In addition, no supplier uses conflict minerals.
- On the social side, PixArt conducted an environmental impact evaluation on 14 suppliers who use mineral materials. Suppliers were also requested to provide a Conflict Minerals Reporting Template (CMRT) regarding the origin of their products' raw materials and tracing information for us to ensure the legitimacy of raw materials and to eradicate the use of conflict minerals in products. All suppliers meet these standards in full.
- With respect to society, as a RBA Online member, we have completed the SAQ and disclose the company risk rating. The RBA certification acquired in 2021 received a score of 188.7/200. We will continue to ensure the RBA is observed by suppliers.

Product Safety

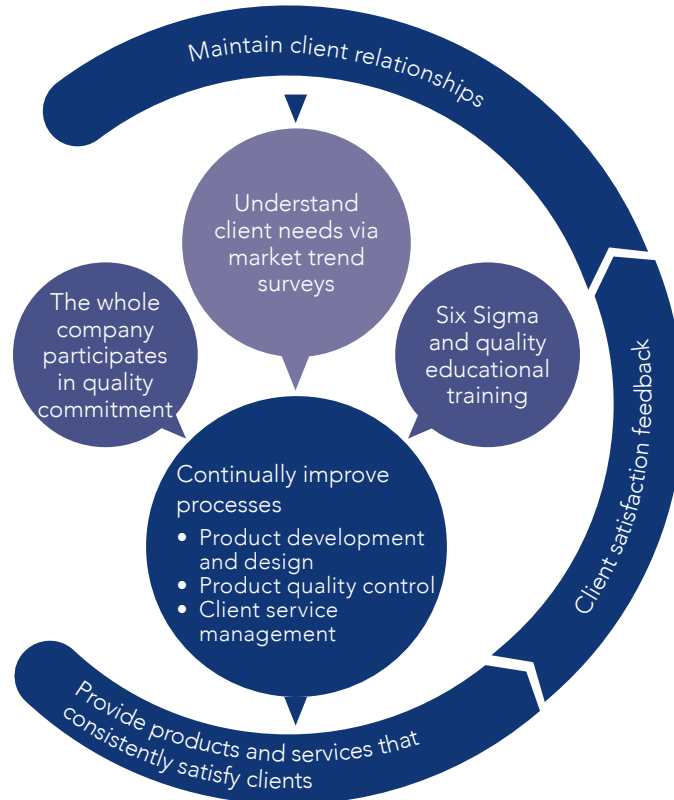
All products of PixArt emphasize users' health and safety. We establish related regulations based on product safety laws and the requirements of various countries and districts. Staffs are required to conduct a high-standard evaluation and testing on products in accordance with relative certifications and regulations, and process product safety and electromagnetic compatibility testing and certification. In addition, suppliers are required to process manufacturing work in accordance with safety regulations and requirements. In 2021, PixArt did not violate any safety laws. We also review international regulations regarding product safety in routine meetings and management review meetings. When regulations are renewed, we ensure we notify relevant staff. In addition, with the approval of a third party (TUV Nord), we are IECQ QC080000: 2017 certified for electrical machines, electronic parts, and the Hazardous Substance Process Management System to ensure the achievement of green product design, production, and the use of non-hazardous substances. PixArt devotes energy to the design, development, production, and sales of green products. All products not only meet domestic environmental regulations, but also comply with EU Regulations and other international standards, such as RoHS, REACH and Halogen Free Products.



Client Satisfaction and Service

PixArt regards customer orientation as one of the important values of company operations. We continuously improve product quality and service to achieve maximum client satisfaction. We listen to clients' needs via all kinds of channels to capture industry trends and promote professional growth to improve alongside our clients.

We comply with ISO 9001 Quality Management System requirements and monitor and evaluate manufacturing processes to satisfy client needs and expectations.



■ PixArt Client Satisfaction Development Process

To satisfy clients' needs and accelerate response time of service, we provide an instant online service feature for clients and have established an interactive Message Support System to track the whole service process while ensuring accuracy and response speed.

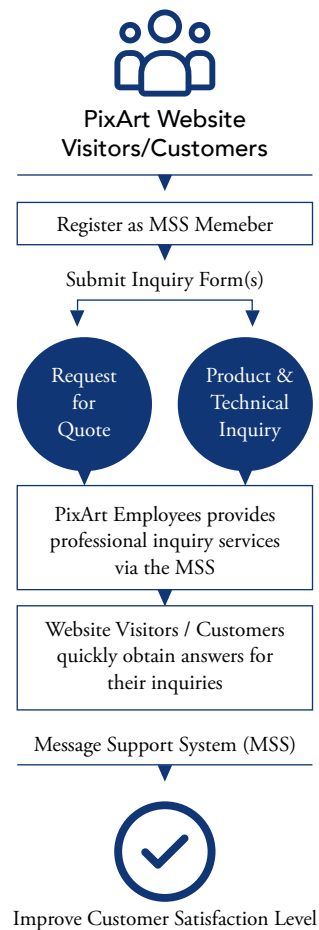


HOME	PRODUCTS	APPLICATIONS	SUPPORT	ABOUT
Sales & Technical Support		Design Information		
Sales Distribution Network		Demo Videos		
Request of Quote		FAQ		
Product and Technical Inquiries				
Other inquiries				

The Advantages of MSS

- Increase response speed: a countdown mechanism is used on every inquiry to ensure customer service staffs respond clients' requests within a certain number of days.
- Inquiry tracking/communications: clients can use the MSS to track all past inquiries and contact records with PixArt.
- Customer service staff to provide an instant service: our staff can acquire detailed customer background information and requirements via membership registration data and past inquiries.
- Inquiries handled by the most appropriate staff: customer inquiries are arranged according to the scheduling mechanism, which is able to determine the inquiry type, location of the customer, the products the customer is interested in, and customer expectations to consider.

Therefore, the MSS raises overall customer satisfaction and increases the profile of PixArt.



■ MSS Process Chart

Customer satisfaction survey

The Design of Questionnaire

PixArt regards customer feedback as an important basis to enhance the development of customer relationships. We try to realize customer needs via multiple channels. We inquire after customer opinions routinely and analyze and propose proper improvement plans to establish a complete processing procedure to respond customer's inquiry. We focus on four areas: Service, Quality, Delivery Date and General to design the questionnaire. PixArt's customer satisfaction rating in 2021 was 90.73%, and for three consecutive years, the rating has remained above 85%.

Customer Satisfaction Questionnaire

In 2021, PixArt offered a series of quality trainings and an online and physical course of Five Core Tools to respond to customer requirements of improving high-quality products, as well as encouraging employees to continue driving high quality from the ground-up.

Questionnaire Frequency

1. Irregular customer meetings: PixArt branch staffs pay a visit or contact clients via video calls on an ad-hoc basis to understand client needs and market dynamics.
2. Seasonal evaluation meetings: review of six areas — Technique, Quality, Yield Rate, Design Support, Production, and Client Service for further improvement.

Client Satisfaction Performance

▼ PixArt's Client Satisfaction Survey Results over the Past Three Years

Goal: Average client satisfaction points > 32 points

Year	2019	2020	2021
Number of Responses	19 clients/per person	17 clients/per person	22 clients/per person
Response Rate	100%	100%	100%
Average client satisfaction points (Full marks: 40)	36.45 points (91.13%)	37.00 points (92.50%)	36.29 points (90.73%)
Target Score	36(90.00%)	32(80.00%)	32(80.00%)

Improvement Process and Plan

PixArt conducts client satisfaction surveys on processes and analyzes and improves. The improvement progress and results are provided to clients.



- The Sales and Marketing Division sends a Client Satisfaction Questionnaire every November. The questionnaire includes items on staff service, customer complaints handling, quality and delivery.
- The top 2 clients, according to the distribution of the automotive grade and non-automotive grade production line, are the objects of the survey. Other clients or potential clients are regarded as auxiliary survey objects for acquiring opinions
- The questionnaire is completed by relevant staff on the client's side. A sales representative of PixArt may complete the questionnaire for the client via email, phone interview, or by paying a visit.
- The Sales and Marketing Division should retrieve all questionnaires that sent out. If a client is not able to respond within the designated period of time, our sales staff may complete the questionnaire on behalf of the client over the phone.
- The Sales and Marketing Division retrieves the questionnaires and integrates the data into the Integration, Analysis & Evaluation Chart of Client Satisfaction Surveys.
- Apart from the client satisfaction survey, we also refer to information such as client visit reports, client feedback on products and services, market share analysis, reports from meetings with clients and client compliments, etc.
- Sales Division staff arrange irregular client visit plans to inquire after client opinions regarding the quality, delivery date and performance of delivered products, then execute and respond according to the Client Orientation Procedures.

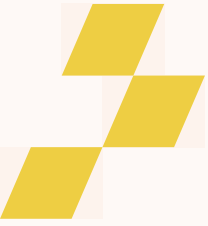
The Improvement Plan is as follows:

- Client cancellation regarding the return, recall, and guarantee (for automotive grade products) after sales: after a PixArt product is sold, if a claim or general quality investigation occurs, PixArt will investigate the reason, deal with the return of the defective product, prevent the same problem from happening again, and reply to the client with an improvement report. The relevant work will be processed according to the Client Complaint Procedures.
- The achieving rate of delivery work (including generated exceeding shipping fees): process delivery achieving rate according to the Orders Review Control Procedures and performance result calculations (such as the client's shipping fee calculation chart).
- Client notice regarding quality and delivery, including special situations: process according to the Communication Control Procedures.
- Monitor manufacturing process performance (such as supplier production yield rates, delivery dates, etc.) and prove that the client's requirements for production quality and manufacturing process efficiency are satisfied.
- Sales representatives report the problem and analysis that clients are unsatisfied with in the survey and the client grading card in addition to an analysis of competitors during the management review meeting. The General Manager, according to the reviewed content, will determine whether countermeasures, correction, or precautionary measures are required.

8

Employee Commitment





Building employee commitment in an ever-changing workplace

Employees are the most important assets of a company. We are committed to establishing a friendly workplace that allows employees to thrive and be happy so they're able to do their work and keep improving, while finding a work-life balance. PixArt complies with Article 16 of the Labor Standards Act to execute notice prior to terminating a labor contract. PixArt also works hard to establish a well-communicated labor relationship. The goal to protect labor rights was achieved at the time of this report. PixArt has no record of (1) discrimination incidents or complaints, (2) violations of freedom of association or collective bargaining rights, (3) child labor, (4) forced labor, (5) major labor disputes, (6) employee feedback or claims postponed. In 2021, there were no major changes to business operations either.



PixArt's Human Policy

PixArt values human rights. We abide by the International Human Rights Law and promote international rights protection by treating our employees in an equal, dignified and respectful manner. No forms of discrimination or inhumane treatment are tolerated in our workplace, including sexual harassment, physical punishment, psychological coercion, or verbal abuse. PixArt complies with laws and regulations to formulate and execute the Human Rights Policy as instructed by our top executive. We clearly stipulate in our recruitment policy that we ensure no child labor is used, and that no employees are forced nor threatened to provide involuntary labor. All of our employees are employed by their own volition and may terminate their employment relationship at their own discretion. We show our commitment to human rights through continuous efforts to create a safe and friendly working environment.

PixArt follows and supports various international human rights conventions of the United Nations, including the Universal Declaration of Human Rights and The United Nations Global Compact and International Labor Standards, and further implements code of conducts established by the Responsible Business Alliance. Our Human Rights Policy, which stems from the above conventions, is formulated to protect the fundamental human rights of our employees and to ensure that they are treated with equality and respect. This policy applies to PixArt, our subsidiaries, and overseas operating bases. We also expect our suppliers, customers and partners to comply with the following principles so we may jointly safeguard human rights.

- Provision of a safe, hygienic and healthy working environment
- Prohibition of child labor
- Prohibition of forced labor
- Opposition to discrimination, bullying and harassment
- Respect of equal treatment and equal job opportunities in the workplace
- Establishment of multiple communication channels
- Regular review and improvement of the related systems and actions

PixArt also promotes to our employees the company's Human Rights Policy and Corporate Social Responsibility Policy via routine educational training to clearly deliver the message of PixArt's commitment to fulfill its corporate social responsibility and support employees' human rights and health and safety and demonstrate our corporate values.

PixArt has also implemented an Employee Hiring Policy (wherein child labor is prohibited) and Sexual Harassment Prevention Guidelines. Any inhuman treatment, including sexual harassment, physical punishment, discrimination, psychological coercion and verbal abuse, is not tolerated. We take practical action to protect human rights.

Multiple Working Opportunities

There are 464 employees, including 5 managers and 494 regular staff working in PixArt by the end of 2021. Male workers accounted for 73.7%, and female workers, 26.3%. Employees under the age of 30 account for 11.0%, 31-50 account for 82.4%, and above 51 accounts for 6.6%. Employees with a Master's degree or higher account for 64.7%.

▼ Employment data in 2021

Main Category	Secondary Category	Male		Female		Subtotal	
		Number	Rate	Number	Rate	Number	Rate
Nationality	Taiwanese	365	73.1%	128	25.7%	458	98.8%
	Foreigner	3	0.6%	3	0.6%	6	1.2%
Subtotal		368	73.7%	131	26.3%	499	100%
Hiring Type	Permanent	368	73.7%	131	26.3%	499	100%
	Under contract	0	0%	0	0%	0	0%
Subtotal		368	73.7%	131	26.3%	499	100%
Function	Managing Staff	5	1.0%	0	0%	5	1.0%
	Non-Managing Staff	363	72.7%	131	26.3%	494	99.0%
Subtotal		368	73.7%	131	26.3%	499	100%
Age	21-30	32	6.4%	23	4.6%	55	11.0%
	31-40	159	31.9%	51	10.2%	210	42.1%
	41-50	148	29.7%	53	10.6%	201	40.3%
	Above 51	29	5.8%	4	0.8%	33	6.6%
Subtotal		368	73.7%	131	26.3%	499	100%
Degree	PhD	19	3.8%	0	0%	19	3.8%
	Master's	272	54.5%	32	6.4%	3.4	60.9%
	College / University	74	14.8%	80	16.0%	154	30.9%
	Below	3	0.6%	19	3.8%	22	4.4%
Subtotal		368	73.7%	131	26.3%	499	100%

Competitive Salaries

Facing the fierce competition of the global technology market, attracting and retaining high caliber employees has become an important issue for us. The provision of a competitive reward system is one of the most important tasks for the company. To maintain sustainable growth, PixArt offers a highly competitive reward scheme to all employees when compared to its competitors in the IC Design industry, making high caliber employees the best impetus for the company's sustainable growth.

As well as a fixed salary, the concept of profit sharing is established in PixArt. The company contributes a certain percentage of operating profits to employees' compensation and bonuses. To encourage employees to be innovative and work as a team, annual employee performance evaluations are conducted that contribute to individual salaries. Moreover, PixArt refers to the Macroeconomic Index and salary standards of the present market every year to adjust employees' salaries to ensure their efforts and achievements are recognized monetarily.

PixArt has designed a salary system based on local government regulations, industry conditions, and the current job market that meets local requirements and standards and does not bias depending on an employee's sexuality, nationality, race, age or religion. In 2021, new employees' basic salary ratio of female to male is 1:1.

▼ Salary information of non-executive, full-time head full time employees (unit: NT\$ Ten Thousand)

Item	2019	2020	2021
The number of non-executive, full-time employees	402	426	474
The total amount of salary of non-executive, full-time employees (NT\$ Thousand)	932,340	1,192,265	1,381,778
The average salary of a non-executive, full-time employee (NT\$ Thousand)	2,319	2,799	2,915
The salary median of non-executive, full-time employees	-	2,435	2,568



Equal, Diversified Workplace

Regarding newly recruited employees in 2021, 43 male staff members and 26 female staff members were recruited. 30 employees resigned in 2021 – 22 were male and 8 were female – a 6.0% resignation rate. PixArt will continue promoting a healthy work-life balance, encourage employees to reach executive level, and provide employees with the opportunity to develop in their careers so we retain our talent.

In addition, regardless of employee position, the basic salary and compensation of female to male employees is 1:1, which complies with our equal salary policy. PixArt also provides job opportunities for disabled persons. We have met the regulation requirement of employing at least one person with a disability and have hired two employees with a severe disability.

▼ Number of new employees and turnover rate by age and gender

Main Category	Secondary Category	Male		Subtotal		Subtotal	
		Number	Rate	Number	Rate	Number	Rate
New Employees	21-30	11	2.2%	10	2.0%	21	4.2%
	31-40	19	3.8%	11	2.2%	30	6.0%
	41-50	13	2.6%	5	1.0%	18	3.6%
	Above 51	0	0%	0	0%	0	0%
	Subtotal	43	8.6%	26	5.2%	69	13.8%
Departed employee	21-30	2	0.4%	2	0.4%	4	0.8%
	31-40	9	1.8%	4	0.8%	13	2.6%
	41-50	10	2.0%	2	0.4%	12	2.4%
	Above 51	1	0.2%	0	0%	1	0.2%
	Subtotal	22	4.4%	8	1.6%	30	6.0%

Note:

1. The calculation of the new employee percentage is new employee numbers of each division / the total number of employees.
2. The calculation of the resigned employee percentage is resigned employees of each division / the total number of employees. minus the number of (unpaid leave / returned / employees with less than six months' tenure / involuntary dismissal.)

New employees caring system + seminars



To increase new employees' adaptation to the company environment and culture, PixArt has implemented a new employee adaptation care system since 2019. From the first day new employees onboard, a series of caring actions are started. A new employee guide is provided in 7 days to satisfy a new employee's basic needs and fit into the company quickly. After working for 1.5 months, new employees will be invited to complete a questionnaire regarding their opinions of the company environment and system. In 2021, the average points of new employee's satisfaction were 4.4 points (a full score is 5 points), and the completion rate of the questionnaire was 100%. PixArt takes new employees' opinions seriously; their feedback is handled and responded to immediately. After working for 3 months, an adaptation care questionnaire is sent to understand the adaptation and acknowledgment new employees have at work, and a care interview will also be processed. In 2021, the completion rate of interviews was 100%.

Good benefits and welfare

PixArt's Employee's Welfare Committee fully complies with the Management Rules released by the Council of Labor Affairs. Members of the committee are elected from various departments with an Executive Secretary to manage general committee affairs. Committee meetings are held from time to time aiming to improve employee welfare by introducing new benefits policies, organization of recreational activities, and providing diversified benefits choices.

We provide a benefit system to full-time employees; except for basic rights such as labor and health insurance, earned leave, maternity leave, and parental leave, we also provide various employee welfare options such as leave holidays, life insurance, disability insurance, pension, emergency aid, cash gifts for marriage and birth, funeral aids, staff dormitories, and free meals, etc. We also allow floating leave for employees to nurse babies or take care of their children. The benefit and welfare details are listed below:

▼ Employee welfare measures

	Welfare measures	Welfare and performance description
Compensation and welfares	Employee welfare subsidiary program	We gift employees with festive bonuses and childbirth and marriage subsidies and the local/overseas travel fund to help employees find a good work-life balance.
	Fixed salary	14-month basic salary protection and salary raise annually. Personal performance is included to ensure employee's efforts and achievements can be rewarded immediately.
	Operation bonus	With the concept of profit sharing, a certain percentage of operating profits are contributed as the employee's compensation and bonus to encourage employees to remain innovative and work as a team.
	Patent bonus	To encourage employee innovation, PixArt provides bonuses for staff who apply for and acquire patent rights.
Employee protection	Leave system better than the Labor Standards Act	PixArt provides better annual personal leave policy than required by Labor Act. Personal leave is offered in advance of flexible planning. In addition to the personal leave required by Labor Act, PixArt also offers seven days a year of flexible time off. Additional seven days off are granted as part of the PixArt compensation salary package.
	Complete insurance system	Except for the insurance regulated by law (including labor and health insurance), PixArt also provides group insurance for every employee. Group insurance in particular, includes life insurance, catastrophic illness insurance, and accident insurance. Employees can use the best rate to ensure company group insurance for their families to have the same protection as the employees.

Health Activities	Health check-ups	Corporate-paid health check-ups in PixArt include more inspections than what is required by the government. Employees are covered by additional check-up items including cancer screening, ultrasound inspection in two additional areas, antigen and antibodies for hepatitis A/B/C, and hemoglobin A1c. Since 2013, line managers' spouses are also eligible for free check-ups paid by PixArt. In 2021, the completion rate of employee health check-ups reached 99.9%, and 88 spouse check-ups were completed.
	Healthy seminars and activities	Healthy activity topics at PixArt varies from year to year, generally depending on the result of health checks and employee interest surveys. In 2021, PixArt held health activities such as a weight-loss club, health-related seminars, blood donation, pap smears for women, and HPV vaccinations. Hopefully the activities are able to raise health awareness of employees and their families to lead to better and healthier lifestyles. 247 employees participated in the activities in 2021.
	Vaccination	PixArt has provided employees with the influenza vaccination for 14 consecutive years which is paid for by the company. In addition, we also organized self-paid HepA, HepB, and HPV vaccinations from 2018 to 2020 for the sake of health check-ups and employee needs.
	On-Site General Practitioner Services	PixArt has professional healthcare staff on board and contracts with physicians from NTU hospital, Hsinchu, for on-site medical consultations. One-on-one consultations help employees manage their health better. Fifty people availed of used this service in 2021.
	Employee Assistance Programs	PixArt works with external counseling associations to provide professional and free-of-charge counseling services on-site. Session topics are at employees' discretion that may cover family, emotions, social networking, work, or more. Employees' family members may also join the session together if required by the counselor. All discussions will remain confidential.
	Ergonomic-Friendly Work Environment and Massage Service	For the relaxation of mind and body, and increasing job opportunities for disadvantaged groups, PixArt offers on-site massage services (by visually impaired massage therapists) for employees.
Complete facility	Sports & exercise center	PixArt provides sports & exercise center for employee use including a gym, basketball, badminton, and table tennis courts, as well as an aerobics classroom, etc.
	Cafeteria	The cafeteria provides the safest meal plan for employees. We implement food safety management and restrict large-scale food supplier's use of MSG and other illegal additives. In addition, all food suppliers are required to pass rigorous food safety checks. We use strict standards to keep employee meals safe.
	Ergonomic chairs are used in all offices	Most of the work style in PixArt is office work. Managers understand that employees have to sit at their desks for a long time to deal with business work, therefore, old desk chairs were replaced with ergonomic chairs with the expectation of reducing and preventing back pain.
	Free pregnant women-only parking spaces	To reduce employees' commuting problems of looking for parking spaces, PixArt sets up employee-only parking lots and contract parking lots in addition to pregnant women and disabled use-only parking lots (provided according to requirements).
	Set up a breastfeeding room	PixArt cares about female employees, therefore, we built a safe, warm breastfeeding room and acquired "Nursing-friendly" accreditation from Public Health Bureau of Hsinchu County Government in 2019.
	Set up emergency buttons in lady's shower rooms	Installed emergency buttons in lady's shower room and linked the buttons to the security room to ensure and increase female employee's safety in the foundry.

Maternal Health Protection Plan

To prevent overwork, abnormal workload-triggered disorders, female employees from being exposed to health hazards in the workplace, and ergonomic musculoskeletal disorders, PixArt complies with regulations. This is done with the cooperation of on-site general practitioners and Occupational Safety and Hygiene officers and nurses. We prioritize the precaution of work-related cardiovascular disease, maternal health protection, and the precautionary management with ergonomic engineering, adopting risk evaluation and grade management, and arranging employee consultancy with on-site general practitioners to prevent musculoskeletal disorders.

Material Health Protection Guidelines for Female Employees

PixArt complies with the 《Act of Gender Equality in Employment》 while advocating SDGs goal No.5 of gender equality to protect employee rights of giving birth and raising the next generation, as well as parental leave. After working in PixArt for 6 months, employees can apply for parental leave to take care of their children until they are 3 years old. However, parental leave shall not exceed 2 years. During the parental leave period, employees can continue to have social insurance.

Moreover, PixArt developed female health and protection management plans to protect female employees who are pregnant or preparing for pregnancy. Risk analyses are conducted to identify job duties that could be harmful and can only be assigned to pregnant or preparing-for-pregnancy employees when approved by an on-site General Practitioner after one-on-one evaluation sessions.

The Application of Flexible Parental Leave

Employees (regardless of gender), after working in PixArt for 6 months, can apply for parental leave to take care of their children until the age of 3. During the parental leave period, the job position will be retained so staff can take care of their children without economic worries. Employees can also continue to have social insurance (health and labor insurance) with the same unit.

▼ The calculation of employees who applied for parental leave in 2021

	Male	Female	Total
(a) Employees who were qualified to apply for parental leave in 2021	37	9	46
(b) Employees who applied for parental leave in 2021	0	0	0
(c) Employees who were estimated to reinstate after parental leave in 2021	0	0	0
(d) Employees who were reinstated after parental leave in 2020	0	0	0
(e) Employees who were reinstated after parental leave in 2020	0	1	1
(f) Employees who were reinstated after parental leave in 2020 and continued to work for another year	0	1	1
Application rate of parental leave b/a	0	0%	0
Reinstatement rate of parental leave d/c	0	0%	0
Retained rate of parental leave f/e	0	100%	0

Note:

- (a) We calculated the number of employees who applied for maternity leave or paternity leave during the past 3 years (2019-2021).
- (b) Actual parental leave periods were in 2021.
- (c) Employees were estimated to reinstate in 2021.
- (d) Employees whose estimated reinstatement date was in 2021 and already reinstated
- (e) Employees who reinstated in 2020.
- (f) Employees who were reinstated in 2020 and worked for another year (who were currently employed in 2021).

Retirement System

The PixArt Group established the Labor Retirement Reserve Supervision Committee in compliance with the Labor Pension Act. The reserves for labor pension are deposited into a Labor Pension Account on a monthly basis.

Regarding employees who meet the qualifications of the old system, PixArt contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to a pension fund deposited in the Bank of Taiwan in the name of the administered pension fund committee. For employees who choose the new system, PixArt contributes an amount equivalent to 6% of the employee's total salary on a monthly basis to the employee's pension account with the Labor Insurance Bureau.



The Protection of Labor Relations

Smooth communication channels

PixArt values a harmonious relationship with employees. By establishing multiple, smooth communication channels, company information can be conveyed easily to employees while feedback can be responded to as well. With the three principles of Listen, Handle, and Respond, PixArt set up an employee suggestion forum and mailbox in the Employee Portal to express their opinions and suggestions regarding the working environment and company system. After listening and understanding employee's thoughts, the competent authority will be responsible for solving problems or making improvement plans. Sixty-nine were recorded in 2021 with 100% of cases resolved.

Employees have the right to form based on the requirements of the RBA. To date, no union has been formed among PixArt employees as the Company has a well-established bottom-up communication channel and gives proactive responses to and follows up on feedback from our colleagues.

▼ Smooth, multiple communication channels

Communication channels	Frequency	Scope of Issues	Response and Handling Method of PixArt
Electronic bulletin	Irregular	Operating performance, sales target, various systems, and event messages.	Provide accurate and timely information to ensure that information is communicated effectively.
Conversation with top-tier managers			
Employee suggestion forum	Anytime	Working environment, company system, employee care measures.	Respond and solve problems proactively. Provide a friendly working environment.
Employee suggestion mailbox			
Labor-management meetings	Routine	Issues required to be determined in labor-management meetings in accordance with the law, the promotion of labor condition issues.	Report to employees the conditions of company's operation and welfare fund use of the Employee's Welfare Committee to raise labor conditions and promote employee welfare.
Employee's welfare meetings	Routine	The plan and operation of employee welfare.	
Employee opinion survey	Routine	Personal development, department head leadership, environmental system, service quality, etc.	

Multiple training channels

The average training hours of each employee in 2021 was 6.6 hours; the average training hours for male employees was 6.7 hours, and 6.2 hours for female employees. PixArt provides the best learning environment for employees and introduces multiple learning platforms. Except for physical education, we also developed a digital e-learning platform for online courses and knowledge management systems. We also established a survey mechanism regarding employee's satisfaction with online courses. We have exclusive personnel to plan and promote training programs, various learning courses, training activities, talent development, and capacity growth projects.

PixArt establishes a talent development system based on its operational guidelines and organizational needs, and formulates an Education and Training Plan every year to enhance the development of human resources and technical advantages. The Educational and Training Management Measures are also deployed at the same time to deliver a variety of talent training programs that improve employees' professional, management or general-knowledge skills.

1. Professional Training: Capability enhancement seminars, new employee mentoring programs, on-the-job, etc.
2. Management Training: Orientation, management skills training, etc.
3. Self-learning: Language courses, external training, group-based activities, etc.

In addition, various and diversifying learning resources are also made available to PixArt employees. PixArt offers employees an annual training subsidy to encourage their participation in a variety of training courses or technical seminars either domestically or abroad. In addition, with the help of regular performance management and development, we are able to evaluate the improvement of an employee's professional capabilities and increase their necessary skills for them to progress in PixArt.

- New employee training: Educate new employees on the history, management concepts, core values, information security, intellectual property rights, patents, and employee rights and obligations of PixArt for them to integrate with the company as early as possible.
- Professional and quality courses: We provide professional related courses to increase employees' work efficiency or raise their ability of quality control. Employees can choose preferred courses such as Quality System Management, Advanced Product Quality Planning And Control Plan, 8D Report, or 7 Methods, etc.
- Management development courses: To enhance management level's management abilities, we provide related courses for basic and middle management employees such as Project management and professional presentation abilities, etc.

The Planning & Execution of Annual Educational Training

PixArt plans a Personal Training Course for employees based on the operation guidelines, organizational needs, and job abilities required for a position, in addition to the mid- and year-end performance evaluations. The total training hours of training and development courses held in 2021 was 1929.5 hours; 941 employees, If online e-course is also included, total training hours are 2,750.5 hours; 1,867 employees completed the courses, and the average training hours of every employee exceeded 5.5 hours.

We refer to the Kirkpatrick model's four levels of learning evaluation to ensure the effectiveness of all training: reaction, learning, behavior change, and organizational performance. All courses are evaluated to reach the First Layer: Reaction. The course evaluation includes course content, a lecturer, course benefits, and a course satisfaction survey. The average points for course satisfaction were 4.5 points (a full score is 5 points). In addition, a written test is held to evaluate the learning effectiveness of professional courses. Regarding management courses, drills and practice are mostly used during lessons. We will ask lecturers to include student presentations in training lessons as behavior evaluation. Moreover, employee performance evaluations at middle-year and year-end will be used as final results to determine whether further educational training is required in the future.

▼ Training hours and gender percentage of employees in each sphere in 2021

Employee Type	Training Type	Total training time (hour)		Average training time of each employee (hour)	
		Male	Female	Male	Female
Employee + department head	Internal training	2,190.5	560	6.0	4.3
	External training	281	246	0.8	1.9

Note: Average training hours per employee in each gender= total training hours of employees in each gender/the total numbers of employees of each gender that year

Academic-industry collaboration project with the National Taiwan University/National Chiao Tung University to improve the quality of domestic education

PixArt cooperates with well-known domestic universities with the expectation of improving the quality of domestic education, enhance the skills and practical experience of young talents, and connect academic courses with industry. In 2021, we became part of the IC development alliance with NYCU to facilitate collaboration with the academy, successfully create a research direction, and plan with the professors and students of the Mechanical Engineering Department. In the same year, we also had an academic-industry collaboration project with the National Taiwan University, presenting new research results in the technology sphere and working together on a semiconductor-related research project.

In addition, we also cooperated with other local colleges and universities, including:

1. The Head of Research Department teaches at least 2 industry-related practical lessons in local or target schools every year.
2. Applied for membership and become a member of the NTU System-on-Chip Center to combine industry and academic courses. We participated in 2 keynote speeches and 1 practical lesson to share technology information in 2021 and cultivate System-on-Chip with the academy.

科技論壇或講座

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Hackathon sponsorship project

PixArt became the principal sponsor of Hackathon, a non-profit organization founded by students of NTHU and NYCU promoting civic tech and limit-free platforms to coordinate government and corporate resources to help the problem-solving ability among students. The event took place online due to the pandemic. Over two hundred students gave their best performance through Gather & Discord and other online software. Of the seven teams working on the PixArt challenge, the winning team further won the Hackathon grand prize. The game project provided a good setting for fellow R&D workers and students to develop their thinking and creativity abilities, hone their skills and build a strong foundation for the nation. To acknowledge and appreciate the event, PixArt is ready to sponsor and support the next contest.



Occupational Safety and Health

The allocation of Occupational Safety and Health staff

PixArt places importance on occupational health and safety. We comply with the Occupational Safety and Health Act, domestic and international regulations, commit to provide employees with safe, healthy working environment, and aim to achieve zero occupational injuries. We set up an occupational safety and health team including medical staff, engineering staff, a department head, supervisor, and commander in relation to occupational safety and health according to the Occupational Safety and Health Management Guidelines.

The occupational safety and health team holds regular meetings to review occupational safety and health-related issues to improve the environment and promote the management standards of occupational safety and health to fulfill the goal of safe management. Moreover, the team staff also discuss how to identify and eliminate damage in addition to evaluating risk, investigating and auditing incidents, and regulating and managing the audit standards for contractors and suppliers.

PixArt makes has training plans and conducts occupational safety and health education training such as annual fire drills, evacuation drills of various kinds, or external training to acquire certificates. In addition, there are occasional seminars or speeches for employees to strengthen the awareness of occupational safety, health regulations, emergency procedures, and the occupational safety and health risks of various activities.

The prevention of abnormal workload-triggered disorders guidelines

PixArt is a professional IC design company. Our employees work in offices and there is no high-risk working environment. We abide by the Abnormal Workload-triggered Disorders Guidelines to a high standard. The medical staff assist units to execute and improve related measures according to risk evaluation results from monitoring if employees work abnormally. This prevents them from abnormal workloads and ensures the health of their body and mind.

Maternal health protection guidelines

Maternal health protection primarily provides maternal health evaluation and work adjustment for pregnant employees. The medical staff will trace the health conditions of pregnant employees along with consultations. We also set up pregnant employee-only parking lots and a breastfeeding room to ensure the employees' healthy bodies and minds during pregnancy, child labor, and breastfeeding.

New employee training

Employees are provided with Health and Safety training during orientation and participate in fire drills which are held every 6 months. We also organize AED (Automated External Defibrillator) workshops regularly for fire escape training and to educate employees on the use of AED facilities with actual simulations to save more rescue time if an accident occurs. PixArt educates employees to understand

safety and health regulations and policies for them to acknowledge and fulfill PixArt's commitment regarding this.

Conduct occupational safety training for new employees according to regulations

For employees to work in a safe and healthy environment, occupational safety training for new employees is conducted regularly. Employees can learn occupational safety-related knowledge required for work. In addition, incident investigation and analysis are used in the training for employees to realize the cause of incidents to reduce accidents occurring in the working environment while enhancing employee awareness of health and safety. In 2021, the new employee participation rate for occupational safety training was 100%.

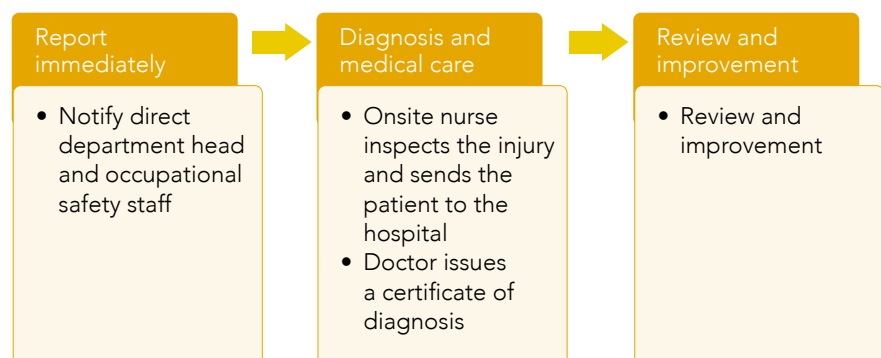
Daily management of labor safety and health:

- Access cards with routine check-ups by 24-hour onsite guards are processed to keep employees safe.
- Working environment testing is processed every 6 months to ensure the air quality of the office.
- Drinking water testing is processed by a qualified unit every 3 months to keep employees healthy.
- Fitness facilities are provided in every building to encourage exercise.
- Fire drills are held every six months and evacuation drills every year.
- AED facilities are provided in every building.

Occupational injury

PixArt is an IC design company and no hazardous substances are produced. CO2 and illuminance in the foundry are inspected every 6 months according to regulations and all inspection results meet regulation standards. Moreover, no employees are offered occupations with high risks or that increase the occurrence of specific diseases. To protect employee's health and safety, prevent health damage due to high workloads, and mental stress, PixArt has a Safety and Health Guideline based on the Occupational Safety and Health Act. This is in addition to working instructions announced by the Occupational Safety and Health Administration and the continued execution of regulations that have the approval of the Hsinchu Science Park, Ministry of Science and Technology. No occupational damage occurred in 2021

▼ If occupational damage occurs, the report procedure is as follows:



If not immediately prevented, the frequent occurrence of novel infectious diseases like in recent years may cause damage to employees' safety and health, and impact company operations in a severe situation. Therefore, when infectious disease or seasonal influenza begins to spread across the globe, PixArt will pay close attention to related issues and provide employees with the necessary healthcare knowledge, messages, and precaution measures. PixArt has received anti-pandemic awards from the Taiwan Immunization Vision and Strategy Association for 6 years (2016-2021). We evaluate the latest pandemic situations and any potential risks and propose anti-pandemic countermeasures. At the same time, we continue to enhance employees' health knowledge of themselves and their family members to establish a safe working environment.

When COVID-19 began to spread across the at the end of 2019, PixArt began to monitor the health condition of employees who took business trips. At the beginning of 2020, when the pandemic broke out globally, an anti-pandemic team was established to ensure epidemic prevention materials and anti-pandemic procedures were processed according to the announcement of the Central Epidemic Command Center and prevent the pandemic from spreading. The management procedures include:

- Clinical electrical thermometer is distributed to every employee.
- The promotion to prohibit employees with a fever to enter the foundry.
- Visitors are required to fill in a Health Declaration Form and increase the frequency of environmental disinfection.
- Provide alcohol for sterilization in public spaces and all employees wear masks during working hours.
- Prohibit dining at the same table, provide lunch boxes, and eat at personal desks instead.

1. Establish anti-pandemic team and adjust management procedures flexibly according to pandemic situations.
2. Restrict employees from taking business trips, extend the subsidy application period of traveling abroad in accordance with the pandemic alerts of foreign countries announced by the Central Epidemic Command Center, and advise employees to decrease travel time abroad and reduce the chances of being infected in an airplane cabin.
3. Increase the frequency of public space sterilization, set up automatic hand sanitizer dispensers at each entrance and outside of conferences; disinfecting mats are placed in every entrance, and replace elevator and entrance buttons with sensitive detectors to reduce contact.
4. Check and purchase epidemic prevention materials such as clinical electronic thermometers, masks, alcohol, and ultraviolet lights.
5. Regulate anti-pandemic measures of each stage according to the epidemic situation.
6. Create anti-pandemic measures and management procedures.
7. Set up a temperature measuring management system for temperature, contact history, and health conditions.

日期	星期	病房/診位	體溫 (℃)
2023/05/06	星期四	4 樓下 / 4 樓下	36.2
由主護護理師 進行護理			是否就醫
<input type="checkbox"/> 發燒(Fever) <input type="checkbox"/> 咳嗽/乾咳(Cough/Dry cough) <input type="checkbox"/> 喉嚨痛(Sore throat) <input type="checkbox"/> 流鼻涕/Runny nose) <input type="checkbox"/> 鼻塞(Nasal obstruction) <input type="checkbox"/> 失去嗅覺/嗅覺異常(Loss of smell / abnormal smell) <input type="checkbox"/> 疲勞無力/倦怠(General weakness/fatigue) <input type="checkbox"/> 耳內發滿(Muffled) <input type="checkbox"/> 頭痛(Headache) <input type="checkbox"/> 喉嚨乾(Scratchy or dry throat) <input type="checkbox"/> 眼紅(Conjunctiva) <input type="checkbox"/> 舌苔厚膩/舌乾及苦(Tongue of spec / abnormal taste) <input type="checkbox"/> 其他症狀(請於備註欄說明 Other symptoms (please explain in the remarks column)) <input checked="" type="checkbox"/> 以上皆無(None of the above)			評 查 評 議 (請於備註說明需要或 說明結果)
接獲之資訊			護理記錄單 (附病史 / 家屬說明)
<input type="checkbox"/> 本人或同居在者是否於 14 日內去過其他國家或海外 <input type="checkbox"/> 本人或同居在者 14 日內曾與國外 7 歲以下或與海外地區新移民、居家照護、由主護護理師各科接觸 <input type="checkbox"/> 同居在者近期一週內有出現感冒症狀 <input type="checkbox"/> 14 日內曾發生接觸性傳染病、紅疹、發冷、發熱 <input type="checkbox"/> 4/15-4/17 曾去泰國曼谷「三寶瓏區」(AO) 到「佛蘭明路」(AO-6) 聚餐 <input type="checkbox"/> 4/27-05/05 曾前往「三寶瓏區」(AO) 及「佛蘭明路」(AO-6) 聚餐			

The Questionnaire for self-health management

Measure and report body temperature every day

1. Employees are informed to fill body temperature in temperature measuring management system via mail every day.
2. Employees are required to fill in body temperature, contact history, and health condition of the day.
3. The questionnaire contents will be changed according to CDC announcement with flexibility (for example: venue visited history of confirmed case).

Enhance the safety of the working environment

1. Automatic hand sanitizer dispensers and disinfecting mats are placed in the main entrances for employees and visitors to use.
2. Automatic hand sanitizer dispensers are also placed in the entrances of places frequently used or usually crowded with people (for example, conference room, training room, cafeteria) in addition to slogans advocating employees and visitors using it in fight against the pandemic.
3. Hand sanitizer dispensers are widely placed in every individual space for employees to find and use conveniently.
4. Pantry rooms, bathrooms, and conference rooms are sanitized with alcohol and bleach every day.
5. Pantry rooms, bathrooms, and conference rooms are sanitized with alcohol and bleach every day.



Hand sanitizer dispensers are installed at the entrance of the conference room

Reducing the risk of contact

1. Automatic doors are mostly installed in the main entrances and exits. To enhance employee safety, supplemental facilities are installed on bathroom doors so employees can open the door with their feet to reduce the risk of hand contact.
2. Hand gesture sensors designed by PixArt are installed on elevator panels to reduce contact.
3. All] push button doors in the foundry are replaced with sensitive detectors to reduce contact.



Hand gesture sensors are installed on elevator panels to reduce contact.

Using reusable tableware and wrapping chopsticks/spoons with paper covers to reduce hand contact

1. Replace serving tongs with individual tongs for each employee and wrap all chopsticks and spoons with paper covers to reduce hand contact.
2. After finishing a meal, tongs are centralized and recycled along with the dishware. The items will be cleaned and sanitized by a contractor and reused the next day.

Cafeteria seating regulations

Checkerboard seating is adopted in the cafeteria according to the CDC regulations. The distance between people is required to exceed 1.8m and partitions are installed on dining tables to avoid droplet infection.

Eating utensils are wrapped with paper covers and each person has an individual set. After finishing a meal, the utensils will be centralized in a basket, cleaned, and sanitized by a professional dishware cleaning company to reduce unnecessary contact.

Health management of resident staff and visitors

Outsourced resident staff is required to measure body temperature every day and travel or contact history is also provided.

Before entering the foundry, guests are required to measure body temperature and safety is ensured by confirming their travel or contact history.

Working from home regulations

Anti-pandemic measures are adjusted with flexibility in accordance with the international pandemic and the instructions of the National Health Command Center. At the beginning of 2020, PixArt made an employee split plan for the group. PixArt takes employees' health as first priority. When a pandemic situation is severe, employees are notified to work from home and asked not to go out unless necessary. Employees are required to measure body temperature and record the statistics in the system to completely fulfill health management. PixArt also cares about stakeholder rights. When employees work at home, they are required to report the execution process of each work item and project to the department head regularly. Regarding the production line that clients care about, employees are required to inform clients or suppliers about the latest information to avoid any omissions and keep our promise to clients.

Occupational health services

PixArt values employees' health and provides corporate-paid health check-ups to include more inspections than what is required by the government. Employees are covered by additional checkup items including cancer screening, ultrasound inspection in two additional areas, antigen and antibodies for hepatitis A/B/C, and hemoglobin A1c. By providing more checkup items, employees are able to gain early health awareness, detect hazardous factors, and take the necessary action in advance. In 2021, the completion rate of employee health checkups reached 99.9%. If major abnormal results were tested and listed in the health checkup report, the employee will be informed immediately to make a return visit with the doctor. The completion rate of return visits was 100%.

Employee health check reports are classified by the in-house nurse and employees are given professional health guidance and adjustment to their job duties if required.

Employees are required to fill in questionnaires regarding work-life balance and ergonomic muscles. From the analysis of questionnaire and health check-up results, if the scores of an employee's cardiovascular, workload, or personal evaluation are in the high-risk range, a one-on-one visit with the onsite GP will be arranged to care for their health.

PixArt refers to health checkup results in addition to the health management level standard advised by the onsite GP to provide measures such as proper health instructions and fitness for work. In addition, since 2013, line managers' spouses are also eligible for free checkups paid by PixArt as an acknowledgment of their great contribution in supporting their devoted other half at work. Managers all appreciated the benefit that PixArt provided to their spouses.

Health activities for employees

We believe that an employee's health is the company's wealth. We not only create a comfortable working environment for employees, but also focus more on an employee's physical and mental conditions. To keep employees more healthy, we promote the following measures proactively to build a safe, healthy working environment for employees to work safely and to keep their physical and mental condition healthy for a healthy and happy workplace.

PixArt hired a professional health nurse and onsite GP by contract to provide medically-related services for employees. We obey the laws while meeting practical needs, manage risks, and care for employees at the same time. We continue to work on the improvement of employee's physical and mental health and the establishment of a healthy working environment proactively. We hope that employees can acquire the competence or skills to improve self-health, promote health concepts to their families, and make healthy behaviors a part of life. We hope they help themselves and family members to lead a healthy, energetic life.



Promote healthy diet and implement food safety management

Employees at PixArt are provided with diversified and healthy-cooked meals during working hours. Catering service providers are selected and assessed rigorously for their safety standards; PixArt strictly prohibits the addition of MSG or illegal additives to any cooked meals. Each day, employees may check what they are going to be served. All dishes are given a color grade according to their level of calories and nutrients for quick recognition and selection of healthier foods. Food safety-related news and topics are constantly tracked and applied to ensure that our employees are in good hands when it comes to healthy eating. Menus are reviewed every week. Catering service providers are asked to cook food with less oil and less salt in addition to serving at least one blanched vegetable dish every day for employees to eat healthily.

Buffet food and noodles are served at lunchtime with various kinds of fruits. Moreover, light meals such as fruit boxed lunches with vegetable bento are also offered to provide employees more options.

Promote employee health activities

Healthy activity topics at PixArt varies from year to year, generally depending on the result of health checks and employee interest surveys. PixArt was certificated with a Badge of Self-accredited Healthy Workplace by the Health Promotion Administration, MOHW, and received the Excellent Healthy Workplace Award, Health Management Award in 2018. PixArt held health activities such as a weight-loss club, health-related seminars, blood donations, pap smears for women, HPV vaccinations, etc. in 2020. Hopefully the activities are able to raise health awareness of employees and their families to lead to a better and healthier lifestyle. In 2020, 416 employees participated in health activities.



Hire visually impaired massage therapists to provide on-site massage service

For the relaxation of mind and body while also increasing job opportunities for disadvantaged groups, PixArt offers onsite massage services (by visually impaired massage therapists) for employees.

HPV vaccination and employee-paid Hepatitis A/B vaccination

Since 2007, PixArt provides corporate-paid influenza vaccinations to employees and was proudly awarded "Anti-Epidemic Pioneer Award", "Comprehensive Anti-Epidemic Award", "Anti-Epidemic Pioneer Golden Award" and "Anti-Epidemic Pioneer Silver Award" by the Institute of TIVS (Taiwan Immunization Vision and Strategy) from 2016 to 2021 for 6 consecutive years. Employee's influenza vaccination rate in 2020 reached 53.7%.

Furthermore, self-paid Hepatitis A/B vaccinations and HPV vaccinations are provided along with health check-ups as per employee's requests. It also reduces employee's time spent on vaccinations in the hospital as well as increasing their health protection.

Organize fast-walking for weight reduction charity event

To help colleagues engage in a healthy lifestyle with regular exercise, we held a speed-walking weight-loss competition in November and December 2021 which resulted in the following:

- Individual competition: 80,279,524 recorded in two months (617,534 steps/person), of which the winner recorded 1,693,310 steps. Sixty people walked 600,000 steps, a 46.2% achievement.
- Team competition: 8,152,411 recorded with two months (905,823 steps/person), and NTD 33,300 was donated by PixArt. Our weight-loss colleagues fund covered the meal expenses for sports students of Yuandong JHS from low-income families. The total donations fund including those of employees donated by employees reached NTD233,180.

Onsite general practitioner services

Except for hiring healthcare-related professionals, PixArt further co-operates with the National Taiwan University Hospital Hsinchu Branch to provide onsite GP services for employees' well-being. Employees are encouraged to utilize the one-on-one session to discuss their health issues, or to understand their health check results. PixArt also arranges onsite doctors every 2 months to provide medical-related services.

Free psychological counseling

By conducting a work-life balance questionnaire or via department head reporting, employees with high risks will be screened and arrange to visit on-site practitioner for evaluation. Once psychological counseling is required, occupational safety and health staff will arrange appointments for the employee to have one-on-one counseling with a contracted psychologist.

Provide Automated External Defibrillator (AED) facilities



2 AEDs are provided in each office building for emergency use when an accident occurs. AED-related educational training is also provided regularly for employees to learn how to save people's lives during an emergency.

Drug administration for mosquito breeding areas

PixArt regularly delivers legal drugs for septic tanks to prevent mosquitos from breeding and cause Dengue and Japanese encephalitis diseases without causing harm to the environment.

Encourage employees to build regular exercise habit

All PixArt employees are entitled to enjoy our various sports facilities including the gymnasium, basketball, badminton, and table tennis fields, as well as the cardio studio. Sports groups such as basketball, badminton, and yoga are established to encourage employees to build regular exercise habits for more balanced bodies and minds. Basketball and badminton competitions are held year-round to promote corporate morale and strengthen bonds among employees.

Appendix

Membership of Associations

Item	Participation in External Associations	Member Qualifications
1	The Allied Association for Science Park Industries	Regular Member
2	Friends of the Police Association, Second Special Police Crops, NPA, MOI	Committee Member
3	NTU System-on-Chip Center, SOC	Member
4	RBA on-line	Member
5	Sedex	Member
6	USB IMPLEMENTERS FORUM, INC	Member
7	MIPI Alliance	Member

GRI Standards Index

Material Topics	Core	Disclosure No.	Disclosure Items	Page Listed
GRI 102:2016				
Organizational Profile	Core	102-1	Name of the organization	P.37 Brand Introduction
Organizational Profile	Core	102-2	Activities, brands, products, and services	P.37, P.40 Brand Introduction, Products and Technology Applications
Organizational Profile	Core	102-3	Location of headquarters	P.37, P.26 Brand Introduction
Organizational Profile	Core	102-4	Business Location	P.26 Business Location
Organizational Profile	Core	102-5	Ownership and legal form	P.37 Brand Introduction
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UN SDGs Core Indicators	PixArt Performance	Page Listed
	<ul style="list-style-type: none"> Christmas PixArt's Dream Light Up the Hope of a Remote Area Donated epidemic prevention resources to St. Joseph's Home in Hukou Township, Hsinchu County Saint Joseph's Social Welfare Foundation Happy Egg Rolls Roll Up the Connection of Love Organize fast-walking for weight reduction charity event Collected and sold second-hand home items and donated all proceeds to the Taiwan Fund Children and Families-Miaoli 	P.6-7 P.8-9 P.12-13 P.103 P.5
	<ul style="list-style-type: none"> Organize fast-walking for weight reduction charity event 	P.103
	<ul style="list-style-type: none"> Donated epidemic prevention resources to St. Joseph's Home in Hukou Township, Hsinchu County. Healthy Weight Losing through share meals with Love Breakfast Fund Regular Blood Donation Activities Academic-industry collaboration project with the National Taiwan University/National Chiao Tung University to improve the quality of domestic education Hire visually impaired massage therapists to provide on-site massage service Occupational health services Organize fast-walking for weight reduction charity event Organize fast-walking for weight reduction charity event Onsite general practitioner services 	P.8-9 P.14-15 P.16-17 P.94 P.102 P.101 P.102 P.103 P.103
	<ul style="list-style-type: none"> Regeneration Plan for Old Computers and Information Equipment Saint Joseph's Social Welfare Foundation Happy Egg Rolls Roll Up the Connection of Love Academic-industry collaboration project with the National Taiwan University/National Chiao Tung University to improve the quality of domestic education Hackathon sponsorship project 	P.10-11 P.12-13 P.94 P.05
	<ul style="list-style-type: none"> Maternal Health Protection Plan 	P.90
	<ul style="list-style-type: none"> Providing High-quality Water Drug administration for mosquito breeding areas 	P.69 P.104
	<ul style="list-style-type: none"> Saint Joseph's Social Welfare Foundation Happy Egg Rolls Roll Up the Connection of Love Industrial Professional Assessment System as a recognized enterprise Hire visually impaired massage therapists to provide on-site massage 	P.12-13 P.94 P.102
	<ul style="list-style-type: none"> Sponsored the 31st VLSI Design/CAD Symposium Hackathon sponsorship project 	P.95 P.95

	<ul style="list-style-type: none"> • Saint Joseph's Social Welfare Foundation Happy Egg Rolls Roll Up the Connection of Love 	P.12-13
	<ul style="list-style-type: none"> • Joined the ASUS Foundation's "Recycling Computers for Hope" program. 	P.10-11
	<ul style="list-style-type: none"> • Energy Saving and Reduction of Greenhouse Gas 	P.68
	<ul style="list-style-type: none"> • Good to Have You in the Sea, Clean the Beach Together! • PixArt Volunteer Group invited Jinashi residents for a river cleaning initiative. • Expanded the reach of the beach cleanup to Evergreen's Forest in Zhunan Township, Miaoli County. 	P.18-19 P.5 P.5
	<ul style="list-style-type: none"> • PixArt Volunteer Group invited Jinashi residents for a river cleaning initiative. 	P.5



PixArt 2021 ESG Report

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