PixArt
2020 ESG Report

2020 Beach Cleanup in Zhunan, Taiwan
原相科技 PixArt Imaging Inc.

PX:I PixArt Imaging Inc.
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PixArt
2020 ESG Report

Contents

PixArt Imaging Social Care

20 19

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.

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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.

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

Christmas is a joyous holiday, but for many vulnerable groups their wishes don't come true. My colleagues therefore work to make the Christmas Dream Project happen every year and have heard the wishes of children from other rural areas for many years. PixArt Science and Technology and Peace World collaborated with us for the second time. In December 2020, the company heard the wishes of 70 children from three schools in Miaoli County – Haikou Elementary School, Jing-Shan Elementary School and Daping Elementary School. PixArt Science and Technology visited three elementary schools on Christmas Eve and personally delivered gifts prepared by colleagues to children in rural areas.

Colleagues share Christmas wish cards.

PixArt Colleagues personally delivered gifts to children in rural areas.

Donated epidemic prevention materials to St. Joseph's Home

Due to the Covid-19 epidemic, the company concerned itself with the demand for epidemic prevention materials for neighboring vulnerable groups. In May 2020, the company personally delivered a batch of sanitizer, masks and gloves, and bought eight boxes of diapers for elderly patients for St. Joseph's Home at the mouth of Hsinchu Haikou. 80% were poor residents referred there by the government. Colleagues learned that most of the elders in the hospital needed enterprises to donate expensive free-standing sputum aspirators due to respiratory and pulmonary illnesses. In November 2020, third parties were invited to do their part to help carry a large-scale sputum aspirator, activity table and diapers and donate them to St. Joseph's Home allowing residents and frontline workers to benefit from these resources alike.

In May and November 2020, materials and love were sent to St. Joseph's Home.

Regeneration Plan for Old Computers and Information Equipment

CO₂

Reducing Carbon dioxide emissions **4.78** metric tons

Saving **398.23** trees

With the development of science and technology, how can computers and other devices be given a new lease of 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, the company recovered 433 pieces of computer equipment, reducing carbon dioxide emissions by 4.78 metric tons and saving about 398.23 trees, helping the environment and demonstrating our commitment to cherishing 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, integrating social welfare and shortening the digital gap. Allowing disadvantaged children, young students, women, the elderly and disabled people learn through computer courses and digital learning opportunities really helps improve their lives.

/SUS FOUNDATION 華碩文教基金會		About us	The latest news	Achievements over the years	Recycled Computer Cultivation Program
215	2020/09/25 PixArt Imaging Inc.	LCD	90	90	Reduce carbon dioxide emissions by 4.779 metric tons
		NB	57	57	Equivalent of about 398,232 trees
		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

In recent years, the company has accompanied mentally handicapped people of the Hsinchu Saint Joseph's Social Welfare Foundation to make Mother's Day cards and gingerbread houses at Christmas. I learned that there are a group of mentally handicapped angels in the Saint Joseph Social Welfare Foundation who make egg rolls. Since June 2020, the company has ordered egg rolls every month. While colleagues enthusiastically receive them, they also feel better connected to love and support this group of angels who have mental disorders. We continued to express our support with action and ordered more egg rolls, allowing the mentally handicapped people in the Saint Joseph's Social Welfare Foundation acquire skills as they make, roll and pack egg rolls on their own. Every time they sell a box of egg rolls, they get more reward and build their confidence, finding dignity in the workplace and enriching the value of their lives.

Colleagues enthusiastically receive egg rolls.

The Hsinchu Saint Joseph's Social Welfare Foundation – Egg Roll Made by an Angel with a Mental Disorder.

Healthy Weight Losing through share meals with Love Breakfast Fund

In 2020, due to "epidemic prevention" efforts and "Taiwan Can Help", the company organized weight loss and walking activities as part of the "PixArt Can Help" framework. To encourage people to exercise, after converting the kilograms of weight loss and steps colleagues have taken, the company converted them into public welfare funds, and donated to low-and middle-income children who cannot prepare breakfast at home through social workers of the World Peace Organization. In addition to hoping that colleagues could find the motivation to maintain good exercise habits and enjoy being leading healthier lives, they could also help children from other rural areas.

At the end of 2020, the company and employees as individuals provided financial support to children living in poverty in Hsinchu County Fu-Sing Elementary school to establish a love breakfast fund for the whole school year.

Organized Regular Blood Donation Activities

249

Colleagues participated

Donated
376

blood bags

Many employees of the company do good deeds silently, and regularly donate blood to the Bloodmobile. To encourage more employees to respond to blood drives, the company regularly holds a blood donation event every year, and invites the Hsinchu Blood Donation Center to send a Bloodmobile to the company so employees can conveniently donate blood after a busy work day. What's more commendable is that many employees have responded and donated blood for the first time after their saw their colleagues doing so. From 2017 to 2020, four blood drives have been held with 249 colleagues participating enthusiastically and donating 376 bags of blood to keep love alive.
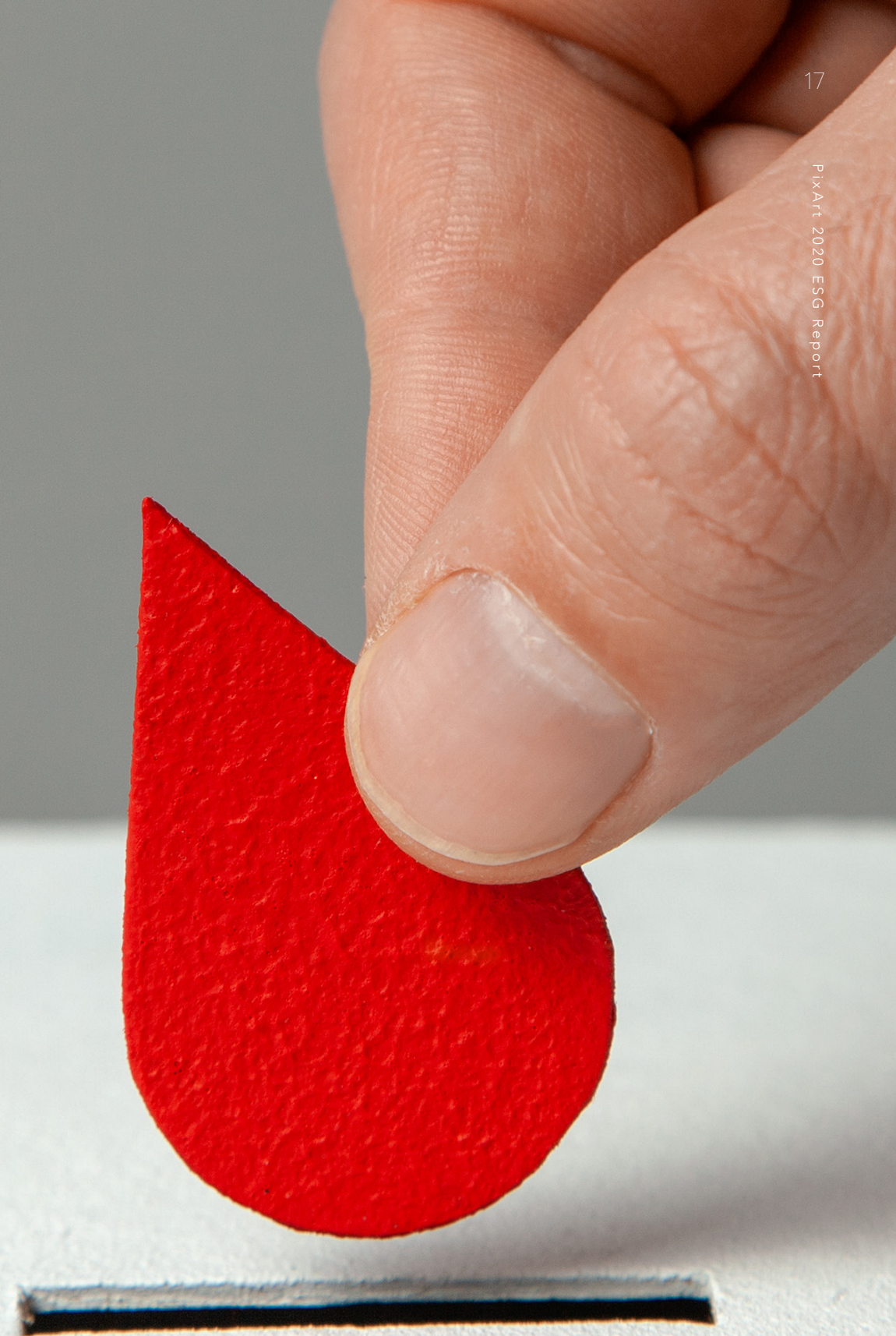
Good to Have You in the Sea, Clean the Beach Together!

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 2020, the beach cleaning operation had been going on for four 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, 2020, colleagues and dependents of the company launched a beach cleaning operation in Miaoli Zhunan Holiday Forest, 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 one 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

1 metric ton of waste

Participants of all ages and genders enjoy fishing.

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

1 Corporate Social Responsibility

A Speech from the Chairman of the Committee

In 2020, the whole world experienced major events: the pandemic, climate change, global warming, and economic recession. As a corporate citizen, PixArt Imaging Inc. is aware that we cannot keep ourselves out of these situations. While pursuing business growth and profit, we must also think about what influence of our economic activities will bring to the society and environment. Furthermore, it is important to value business ethics and incorporate corporate social responsibility, governance and commitment in our business practices. Corporates should invest effort in environmental sustainability and social participation, extend its care to both society and the environment, and support environmental sustainability by taking action to contribute to the common good and sustainable development.

PixArt Imaging Inc.'s business operations performed well in 2020. Revenue increased 34.1% over 2019 and gross margin was maintained at 57.9% (profit margin increased to 22.6%). Meanwhile, all production lines made good progress such as the high-end gaming mouse and track-on-glass (TOG) mouse, game controller products, CMOS image sensor, optical tracking sensor (OTS), health management sensor, TWS products, and more. In the future, along with the development of 5G and AIOT, the demand for intelligence applications and various sensor technologies will increase. We will continue to focus on CMOS image sensor technology, invest in research to increase our technical capability, capture market trends to develop multiple products that can be applied to image sensor technology to provide global users with a more fun and more convenient life experience.

We have also responded to the issues that concern shareholders. PixArt follows the 17 Sustainable Development Goals (SDGs) established by the United Nations to define the importance of ranking regarding CSR issues. The Corporate Social Responsibility Committee works closely with other departments to determine sustainable development goals and operational policies covering all matters while collaborating with staff across the business to promote CSR-related work.

Regarding cooperate governance, we value the independence and diversity of the Board of the Directors. Independent directors make up more than 50% of the Board of Directors, which is considered an achievement of corporate governance. Regarding social participation, PixArt focuses on caring for the environment and underprivileged groups. By combining company resources with staff's self-motivated volunteering services, we take practical action to care for underprivileged groups and participate in social welfare activities to make an impact and create co-prosperity and common benefits for local communities and society. Regarding environmental sustainability, we have organized beach cleanup activities for four consecutive years. We mobilize all staff and their families, as well as external environmental groups, to protect the environment. We also replace old equipment and use energy-saving facilities to implement energy savings and carbon reduction in day-to-day operations.

I sincerely appreciate the enthusiasm and devotion our staff have demonstrated over the past year. Working in the technology industry means not only taking care of yourself, but becoming a person that cares for society and the environment and being a positive force for a better society. I, and all the staff, will continue to follow PixArt's business concept of "Sharing achievements in governance with shareholders and employees, and make all the best efforts to contribute to society," and we will continue to do so.

Huang, Sen-Huang
Chairman of PixArt Imaging Inc.

2 Contents of the Report

Report Overview & Publication Frequency

PixArt Imaging Inc is releasing its CSR report for the first time. In the future we will continue to release report covering our business performance, besides financial results, and demonstrating our corporate vision in sustainability practices and management.

The first edition will be released in August 2021 and we expect the next release to be in August 2022. The information provided in this report is based on previous report and without any modification.

Report Scope

The information revealed in this report covers from January 1 to December 31 2020 and only includes the PixArt Imaging Inc headquarters. Overseas branches are not included.

The statistics in financial section of this report is from PixArt's 2020 annual consolidated financial statements including headquarters and all subsidiaries. Environmental information and Society information sections only cover Pixart headquarters. For more detailed corporate structure, please refer to Pixart's 2020 annual report. There were no major changes regarding the organization size, structure, ownership, or supply chains 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 are based on 2018 version, GRI 207 is based on 2019 version, GRI 306 refers to the is based on 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 per International Financial Reporting Standards (IFRS). The amounts shown are in NTD. The scope of the environmental and social information in the report is from PixArt headquarters.

External Initiatives

In addition to follow the GRI Sustainability Reporting 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, fulfill goals within the the Responsible Business Alliance (RBA), work on the protection of employee's basic rights, and implement human right policies to ensure that every employee is treated equally. We also advocate the Responsible Minerals Initiative (RMI) and request our suppliers to avoid conflict minerals.

PixArt Follows the RBA Method

PixArt is a leading global supplier of CMOS image sensors. Although, we are a fabless company, we set high standards to all our suppliers. As a cooperate citizen in global business world, we always follow the regulations and laws of the Responsible Business Alliance (RBA). We devote our energy to sustainable development and proactively respond to clients' requests.

Labor	1. PixArt sets its human rights policy and treats every employee equally. 2. We have zero instances of violations of labor laws. 3. We request every employee to obey labor laws and regulations. 4. We implement a Personnel Selection Policy (child labor is prohibited) and Sexual Harassment Prevention Guidelines.	Environment	1. Acquired IECO QC-0800 (SGD certification) 2. Establish a Hazardous Substance Free policy for green design and production. 3. All products comply with environmental regulations, meet or exceed CE marking requirement. 4. Actively promote environmental protection and the reduction of carbon, trash and plastic.
Management system	1. Management Review Meetings are held regularly 2. Acquired ISO9001 certification to ensure and continually improve customer satisfaction. 3. All employees are required to take RBA and CSR courses. 4. Risk rating conditions are released online via the RBA. 5. The CSR team sets goals and reviews the execution process and RBA articles regularly.	Health & Safety	1. There is no dangerous working environment. Health examinations and health improvement activities are organized every year for employees. 2. Emergency Management, Maternity Health Protection, and Prevention of Workload Overload rules have been put in place. 3. Staffed with professional nurses and arrange resident doctors on site to serve in the company and organized various healthcare consultancies and lectures.
		Code of Ethics	1. We have established integrity management rules, moral standards and non-conflict mineral rules. 2. Conflicts of interests declaration is released and educational trainings on ethics are offered conducted every year. 3. We value the importance of our information security and protect classified client information as well.

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

SAQ Version	Status	Last Modification Date	% of Completion	Score	Risk Rating	Options
Corporate SAQ-2020	Unreleased	10/26/2020	97	89.0	Low	⚙ Options ▾

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

Method in Accordance with Non-conflict Minerals Use

PixArt works with suppliers to enhance supply chain management and requests all suppliers to use, verify and guarantee that all direct and indirect materials used in products are non-conflict minerals. In addition, suppliers are required to provide and trace the origin of material documents in accordance with the Conflict Minerals Reporting Template to ensure the legitimacy of material origin and prevent conflict minerals from being used. There were two new suppliers qualified for the standard in 2020. All suppliers are now compliant with this standard (100%).

Business Location

	Phone Number	Address
Headquarter	+886-3-5795317	No.5, Innovation Road 1, Hsinchu Science Park, Hsinchu 30076, Taiwan, R.O.C.
Audiowise Technology Inc.	+886-3-5795317	No.1-1, Innovation Road I, Baoshan Township, Hsinchu County 30076, HsinChu Science Park, 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	Drewsensvej 1c, 8600 Silkeborg, Denmark

Contact Information

If you have any comments or questions regarding PixArt Imaging Inc.'s CSR report, please contact us by the methods listed below. 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

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- 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).

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- 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).

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- 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.

3 Stakeholder Engagement

The Identification & Selection of Stakeholders

We set up a rigorous identification and selection method for stakeholder engagement. CSR committee members hold internal meetings to brainstorm about all possible stakeholders based on the 5 principles of the 2015 Stakeholder Engagement Standard (AA1000 SES 2015): 1) Dependency, (2) Responsibility, (3) Tension, (4) Influence, and (5) Diverse Perspective. Six stakeholders were identified for this year. They includes (1) Employees, (2) Clients, (3) Shareholders/ Investors, (4) Suppliers, (5) Government Authority.

The Response to Stakeholders' Matters of Concern

PixArt collects stakeholders' opinions through the department heads and holds meeting to discuss and consolidate opinions matters of concern. Next, we consult with CSR lecturers from the National Sun Yat-sen University and Leadership Consulting Group to review GRI Standards for congruency. Lastly, the major topics for 2020 are determined after internal review and discussion. PixArt will respond to each stakeholder's matters of concern in the report.

In addition to the above standard process, we also establish 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 with PixArt via email.

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

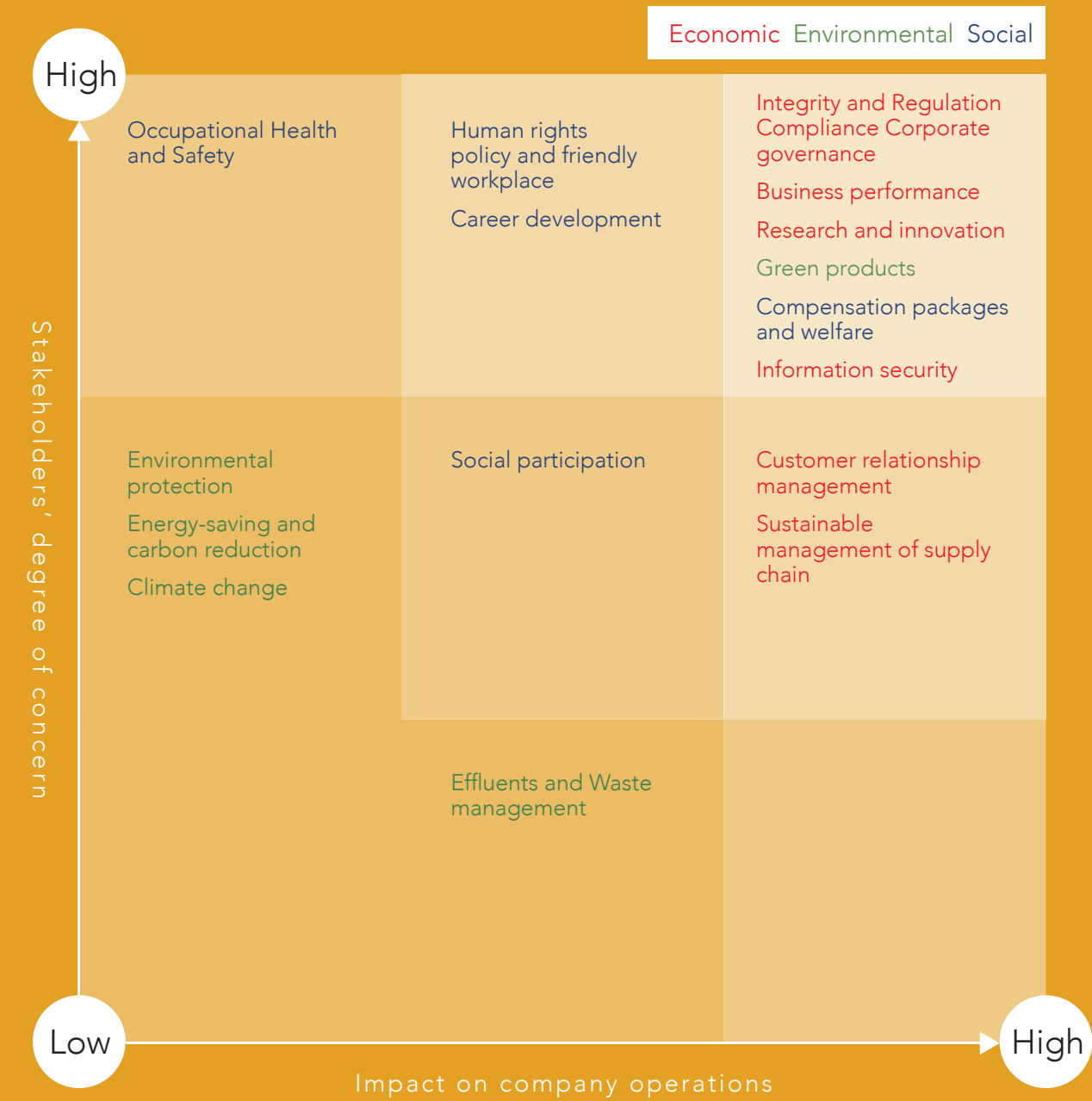| Stakeholder	Matters of Concern	Methods and Frequency of Communication	PixArt's Response & Action
Employees	1. Compensation package and benefits 2. Career development 3. Occupational safety and health 4. Human rights policy and friendly workplace 5. Business performance 6. Corporate Governance 7. Research and innovation 8 Integrity and Regulation Compliance 9. Information security	1. Performance review (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)	1. Implement performance interview at least once every 6 months. 2. Execute training plan irregularly, 969 employees have been trained. 3. Complete 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. 70 various events and 186 company advocation and information sessions were held.
Clients	1. Customer relationship management 2. Research and innovation 3. Green products 4. Integrity and Regulation Compliance 5. Information security 6. Sustainable management of supply chain	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)	1. Respond immediately and contact clients daily. 2. Visit and contact clients irregularly to understand clients' needs. 3. Conducted a satisfaction survey for 17 clients in 2020 and acquired a satisfaction rate of 88.1%. 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	1. Business performance 2. Cooperate governance 3. Integrity and Regulation Compliance 4. Research and innovation 5. Information security	1. Revenue report (Monthly) 2. Financial report (Quarterly) 3. Institutional investor's conference (Quarterly) 4. Shareholder meeting (Annually) 5. Shareholder service section is established on the official website and a contact person is provided (Any time)	1. Announce on public information website and company website before the 10th of every month. 2. Announce on public information website and company website according to the announcement period required by authority. 3. After each quarter, a meeting will be held in the second month of next quarter. Four meetings were held in 2020. PowerPoint and video files are also released on the same day of the meeting on the public information website 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 required by authority on a public information website and company website. 5. Shareholder service section is established on the company website and contact information is provided for Shareholder queries (including contact person, number, and email: ir@pixart.com)
Suppliers	1. Sustainable management of supply chain 2. Business performance 3. Research and innovation 4. Green products 5. Integrity and Regulation Compliance 6. Cooperate governance 7. Environmental protection 8. Information security	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)	1. Immediate response and contact clients daily. 2. Evaluated 34 suppliers in 2020. 3. On-site audit of 32 suppliers and written document audit of 50 suppliers. 4. Email address and contact information are provided on the company website: supplier@pixart.com
Government Authority	1. Integrity and Regulation Compliance 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	1. Announce on public information website (according to the regulation) 2. Corporate governance assessment work (Annual) 3. Official document communication (Irregular) 4. Meetings (Irregular) 5. Company website (24 hours)	1. Process announcement and declaration required for OTC-listed company according to the authority regulations. No violation or punishment is recorded. 2. Execute corporate governance self-assessment work according to the authority regulations. Ranked in the top 6% to 20% in 2020, 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 website and released on the company website. If it is notrequired to be announced or declared, the information will be approved by the company before being released publicly.
Society/ non-profit organizations	1. Social participation	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)	1. Participated in 5 different charity events with the participation of 676 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 and 1 event organized by the College of Electrical and Computer Engineering.

Identifying Major Issues of Concern to Stakeholders

After communicating with stakeholders, PixArt collects the issues that concern stakeholders, conducts the identification of the concerns, arranges the order, confirms evidence, and inspects according to sustainability, importance, completeness, and stakeholder tolerance. This is 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

Economic Environmental Social

High

		Integrity and Regulation Compliance Corporate governance
Occupational Health and Safety	Human rights policy and friendly workplace	Business performance
	Career development	Research and innovation
		Green products
		Compensation packages and welfare
		Information security
Environmental protection	Social participation	Customer relationship management
Energy-saving and carbon reduction		Sustainable management of supply chain
Climate change		
	Effluents and Waste management	

Stakeholders' degree of concern

Low → **High**

Impact on company operations

Major Issues, Impact Range, and Degree of Involvement

Dimensions	Major Issues	Importance to Operations	Employees	Clients	Stakeholder/Investor	Suppliers and Vendors	Government Authority	Society/non-profit organization
Economic	Integrity and Regulation Compliance	Integrity and Regulation Compliance are the basic rules of the company's operation.	●	●	●	●	●	
	Corporate governance	Seize the changes in the internal and external environment, establish a good corporate governance system to achieve the goal of sustainable development and fulfill corporate social responsibilities	●		●	○		
	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 become the driving force for company growth.	●		○		●	

● Direct Impact   ○ Indirect Impact

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	Integrity and Regulation Compliance	• 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 regulation compliance. Assure no major violations. 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	• 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% by Corporate Governance Evaluation System. 2. CFO is appointed as the Head of Corporate Governance with the approval of the Board of Directors and completed a 6-hour advanced course.	102-18 102-27
	Business Performance	• 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 34.1% compared to the previous year, creating a new record of 8.148 billion dollars while the gross margin remained at 57.9%.	102-7
	Research and innovation	• 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, which equals to 19.2 billion dollars, as research funds every year (accounted for 23% 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 training for all new employees. Promote 4 Business Continuity Plans with 1 drill every year. Instant system recovery in 12 hours.	418-1
Environmental	Green products	• 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	Compensation package and welfare	• 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. The average salary of non-department head employees is ranked No.5 among the OTC-listed companies in Taiwan in 2020. 2. Provide leave benefits that are better than that of the Labor Standards Act.	202-1 401-2

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About PixArt

Brand Introduction

Established in July 1998, PixArt Imaging Inc. is headquartered in Hsinchu, Taiwan. PixArt Imaging Inc. currently has excellent international R&D teams in Silicon Valley, Denmark, Malaysia, Japan, Korea, and China. PixArt specializes in IC design, R&D, production, and sales for CMOS imaging sensors (CIS), capacitive touch controllers, and related imaging applications. In addition to these, the company also provides innovative design and development of sensor technology and human-machine interface. PixArt has considerable experience in analog IC, image sensors and system management design. Besides using new technology and applications to shorten the distance between humans and machines, PixArt also provides 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 and offer the best image analytic optimization to customer by our comprehensive SoC solutions.

PixArt's core technology utilizes CMOS image sensors. In addition to standard sensors, we continuously develop image sensor-related applications including Optical Navigation, Dynamic Object Sensor, Touch Sensor, CMOS Image Sensor, Health Management Heart Rate Monitor Sensor, and Customized ASICs. We are the largest supplier of optical mouse sensor chips and also the leader in high-end gaming applications.

As an leader with keen insight into market trends, we actively plan our product portfolio to the CIS-derived application market and committ to provide value-added products with top image quality, low power consumption miniture form factors and SoC integration. We also ally with top foundries, packaging, testing and optical lens companies to provide competitive one-stop-shop turnkey solutions to our customers to shorten their product design cycle and the time to market.

In recent years, PixArt has been actively collaborated with various industry-leading companies to develop new applications for Human-Machine-Interaction (HMI). The encouraging response and recognition we have received inspired and motivated us to accelerate our design pace to offer better and more powerful sensor technologies. Until May 31, 2021, the total capital paid was NT$ 1,419,650,780.

Net Sales

Annual Products	2019 Fiscal Year		2020 Fiscal Year	
	Amount (Thousands of New Taiwan Dollars)	%	Amount (Thousands of New Taiwan Dollars)	%
CMOS Image Sensor Accessories	6,011,940	98.96	8,035,820	98.62
Others	63,080	1.04	112,197	1.38
Total	6,075,020	100.00	8,148,017	100.00

Note: The above amounts are consolidated net operating revenue.

Management Philosophy

- As a market leader with a keen insight into market trends, PixArt is dedicated to develop high resolution, high integration, miniaturized and system-on-a-chip (SoC) products for image sensors and their applications.

- Inspire innovation by providing a challenging and efficient working environment to unleash 'employees' potential and strengths.

- Strengthen the relationship with customers and partners to pursue the best interests of both parties.

- Respect intellectual property rights, reward inventions and enhance global patent applications.

- Share the successes of operating results with shareholders and employees as well as contribute to the community.

R&D Expenses Ratio

▼ R&D annual expenses for the past 5 years
Unit：NT$1,000

Year/Item	2016	2017	2018	2019	2020
R&D Expenses (A)	1,002,190	1,312,358	1,480,033	1,637,598	1,922,977
Net Revenue (B)	4,338,039	5,118,020	5,513,179	6,075,020	8,148,017
(A) / (B)	23.10 %	25.64 %	26.85 %	26.96 %	23.6%

▌Note: The above amounts are consolidated financial figures.

Economic Performance

In 2020, PixArt continued to launch new products and to bring in more brand name customers. During this time, the demands arising from the stay-at-home and remote work economy benefitted us as our major product line grew substantially. PixArt's annual consolidated operating revenue of NT$ 8,148,000,000 marked a record increase of 34.1% from the previous year. After-tax earnings per share reached NT$ 10.6, gross margin remained at 57.9%, and the return on equity ratio was 18.0%. Looking into the future, the development of 5G, AIoT, and other technologies will spur more smart applications and lead to a flourishing demand for a variety of sensing technologies. We believe that our various product development efforts will result in substantial growth opportunities in the future.

▼ Concise Statement of Profit or Loss- International Financial Reporting Standard (Consolidated Financial Statement)
Unit: NT$1,000

Account Title		Financial information of the past 5 years				
		2016	2017	2018	2019	2020
Operating Revenue		4,338,039	5,118,020	5,513,179	6,075,020	8,148,017
Operating Profit		2,173,479	2,848,576	3,178,293	3,514,759	4,718,360
Operating Gains (loss)		78,078	756,236	921,804	961,454	1,838,500
Non-operating Income and Expenses		99,258	62,395	116,699	77,576	(61,772)
Income before Income Tax		177,336	818,631	1,038,503	1,039,030	1,776,728
Earnings from Continued Operations		132,654	662,671	817,216	830,321	1,438,645
Profit or Loss of Discontinued Operations		—	—	—	—	—
Net Income		132,654	662,671	817,216	830,321	1,438,645
Other Comprehensive Income		(76,895)	83,631	(69,771)	279,425	941,793
Comprehensive Income		55,759	746,302	747,445	1,109,746	2,380,438
Net Income Attributable to Owners of the Parent		151,709	702,998	858,358	835,586	1,456,606
Net Income Attributable To Non-controlling Interest		(19,055)	(40,327)	(41,142)	(5,265)	(17,961)
Total Comprehensive Income Attributable to Owners of the Parent		74,814	786,629	788,587	1,115,011	2,398,399
Total Comprehensive Income Attributable to Non-controlling Interest		(19,055)	(40,327)	(41,142)	(5,265)	(17,961)
EPS (Note 1)	Before Retroactive Adjustment (NT$)	1.20	5.52	6.57	6.23	10.60
	fter Retroactive Adjustment (NT$)	1.20	5.52	6.57	6.23	10.60

▌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. Smart devices such as smartphones, Advanced Driver Assistance Systems (ADAS), surveillance and security camera systems, digital cameras, mice, game consoles, and wearable devices not only deliver more convenient, safer, and smarter applications, but also enrich our lives.

The CIS industries are divided into two categories—Standard CIS and Applicational CIS. In standard CIS market, particularly in smartphone resolutions have continued to improve with some suppliers even launching products with over 10 million pixels. Automobile and security applications are also seeing continuous growth. According to the market research institute, TSR, the CIS market size in 2020 was approximately US$19.7 billion and is projected to reach US$27 billions in 2024. The market growth potential is very huge.

Application CIS is quite different from Standard CIS due to product and market characteristics. Application CIS emphasizes on using the image captured by CIS for different applications. Application CIS market tends to have smaller quantity but is more diversified, less competitive and has better gross margin compared Standard CIS market.

Additionally, PixArt had excellent performance in product development and market expansion despite the outbreak of COVID-19 in 2020. The Optical Mouse Sensor provided the necessary support for people stayed and worked from home during the pandemic. Gaming Sensor products helped provide entertainment experience to release stress for people under pressures caused by COVID-19. Other new products such as TWS, Heart Rate sensor, and OTS also received recognition from international enterprises and successfully entered the top brands in the global market.

R&D and Innovation

PixArt has always recognized the importance of patent rights to protect research results. We have more than 2000 valid patents across the world in April 2021. For example, from January 1, 2015, to December 31, 2019, the number of patents applied in the United States were 575. This was a patent per capita of 1.24; much higher than the industry patent per capita of 0.16 (Source: www.freepatentsonline.com). Compared to 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.

Successfully Developed Technologies and Products

(1) Low-power/high efficiency wireless mouse

(2) TOG and Gaming mouse

(3) OFN (Optical Finger Navigation) Sensor

(4) Game console/Smart TV using MOT Sensor

(5) Optical and Capacitive touch solutions

(6) DMS (Distance Measure Sensor) relevant technologies and products

(7) Human Sensing Device/Face recognition

(8) Miniaturized gesture sensor IC

(9) Low-power Heartrate sensors suitable for hand-carry or wearable devices (PPG Sensor).

(10) HD/2M/5M CMOS Image Sensor

(11) OTS (Optical Track Sensor)

(12) 2.4G wireless HID Controller Chips

(13) Bluetooth 4.2 BLE Controller Chips

(14) Optical Motion Tracking Sensor

(15) LOD (Linear Optical Detection) Sensor

(16) BT5.0 Low-power Bluetooth Audio SoC

(17) Array Photoplethysmograph

PixArt Products Development Trends

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

Low-Power Consumption

Due to the demand for lighter, thinner, smaller and multi-function products and continue improving semiconductor technologies, CIS will continue to evolve in the direction to be miniaturized and highly integrated.

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)

5 Corporate Governance

Corporate Governance Policy and Guidelines

We understand the importance of transparency of corporate governance and organization to ensure the alignment between rights and responsibilities for relevant institutes and individuals. 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.

We disclose the establishment and composition of the Company's highest governance body, and ensure that the decision-making of the highest management team is conducted in accordance with PixArt's operational objectives, including economic, environmental, and social issues. We were placed in the top 6%~20% ranking among all listed companies in the 5th, 6th, and 7th Corporate Governance Review, as well as being included 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 about their activities and resolutions.

PixArt Organizational Chart
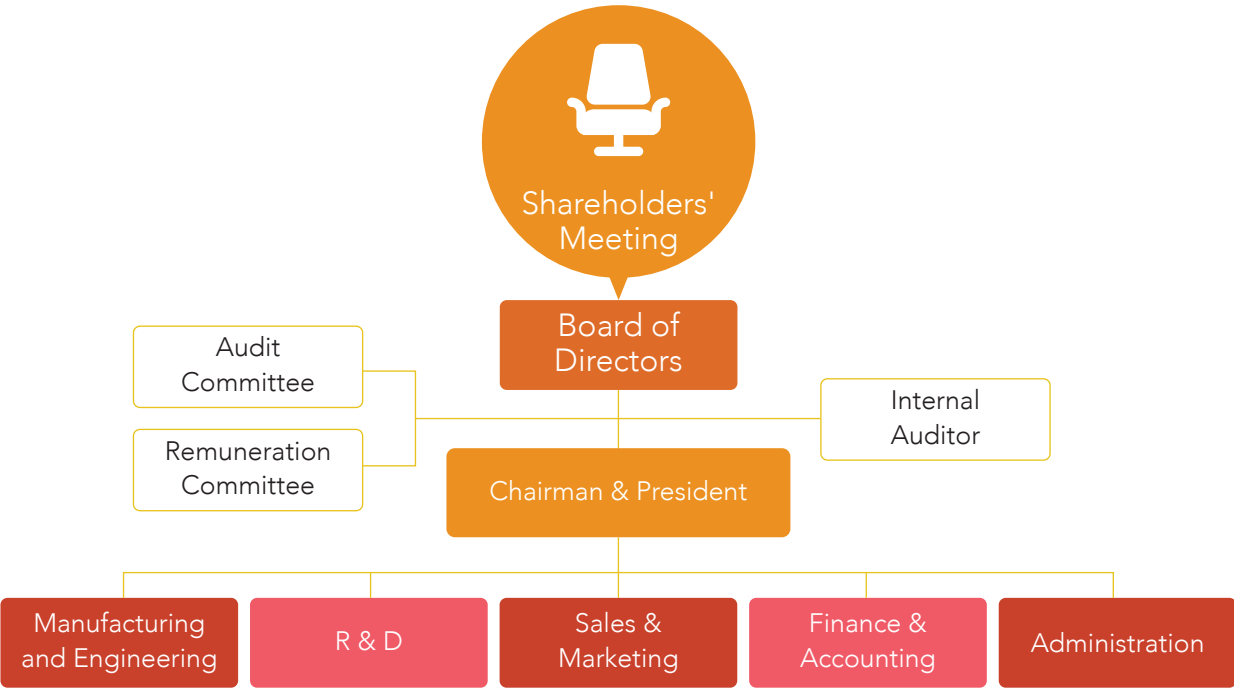
Diverse Board Members

Among the seven directors of the Company, over half (four seats) are independent directors. 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. The Board of Directors' mission is to set 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 98%.

The member of 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 54 hours among the seven directors in 2020.

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 independent directors; 57% of the board. The seniority of the independent directors ranges from one to eight years. One female director accounts for 14% of the board. Five directors are in the age of 60 to 69, and two directors are in the age of 50 to 59. One director is company employee, accounts 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.

Title	Name	Gender	Age	Nationality or Place of Registration	Education & Key Previous Positions	Attendance in 2020
Chairman	Huang, Sen-Huang	Male	61~70	Taiwan	• BS, Electronic Engineering, National Taiwan University • Director of Process Integration Div., United Microelectronics Corp. • Plant director, Hualon Microelectronics Corp. • President of Chino-excel Technology Corp	7
Director	Huang, Yu-Tsung	Male	61~70	Taiwan	• BS, Dept. of Accounting, Tamkang University • Independent Director of TOPBI • Director of Power Quotient International Co. • 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	61~70	Taiwan	• 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 (Note 2)	Male	61~70	Taiwan	• MS, Electronic Engineering, National Taiwan University • Manager, Umax Data Systems Inc. • Project Manager, Aitech International Corporation • ITRI Information and Communications Research Laboratories • ITRI Electronic and Optoelectronic System Research Laboratories	7
Independent Director	Lin, Jung-Lu	Male	61~70	Taiwan	• BS, School of Medicine, • Taipei Medical University • Specialist doctor, Taiwan Society of Pulmonary and Critical Care Medicine • Specialist doctor, Taiwan Society of Tuberculosis and Lung Diseases	6
Independent Director	Liu, Jo-Lan	Female	51~60	Taiwan	• BS, Department of Accounting, Tunghai University • Supervisor of PixArt Imaging Inc. • 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	51~60	Taiwan	• MBA, University of the City of New York, USA • Director of PixArt Imaging Inc. • Manager of the Finance Div., United Microelectronics Corp. • Forex Trader in Taishin International Bank.	5(Note)

Note: Independent Director Hsu, Shin-Yuan took the post on 2020/6/12 - five meetings to be attended

Corporate Social Responsibility Committee

PixArt has been dedicated to implement 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 also have actively participated in subjects such as environmental protection and sustainability, social welfare, and community pride.

We established the corporate social responsibility (CSR) management system according to "Corporate Social Responsibility Best Practice Principles". , CSR Committee is composed of employees from various departments 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.

CSR Committee

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┌─────────────────────────────────────────────┐
│   Corporate Social Responsibility Committee   │
│                  Chairman                      │
└─────────────────────────────────────────────┘
                       │
              ┌────────────────┐
              │ Director General │
              └────────────────┘
                       │
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Corporate Governance	Environmental Sustainability	Corporate Commitment	Social Participation	Partnership Relationship
Finance	Factory Engineering	Administration & General Affairs	Administration & General Affairs	Production Management
Internal Audit	Quality Management	Medical Unit	Volunteer Group	Quality Management

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.

CSR 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 2020 with a total attendance rate of 95%, and discussed issues such as the following:

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

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 2020

(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 2020 was as follows:

Title	Name	Training Date	Organized by	Course Title	Training Time
Director	Huang, Sen-Huang	2020/11/3	Taiwan Corporate Governance Association	Seeing through the hidden key messages of the financial report.	3 hours
		2020/12/22		Introduction to corporate mergers and acquisition, due diligence and business contracts	3 hours
Director	Huang, Yu-Tsung	2020/8/10	Taiwan Corporate Governance Association	Corporate governance and securities laws	3 hours
		2020/8/10		How does the board of directors review financial reports?	3 hours
		2020/8/11		How does the board of directors review financial reports?	3 hours
		2020/8/11		Company Act amendments and board of director responsibility	3 hours
		2020/11/3		Seeing through the hidden key messages of the financial report.	3 hours
		2020/12/22		Introduction to corporate mergers and acquisition, due diligence and business contracts	3 hours
Director	Shih, Li-Jen	2020/11/3	Taiwan Corporate Governance Association	Seeing through the hidden key messages of the financial report.	3 hours
Independent Director	Cheng, Wen-Chin	2020/11/3	Taiwan Corporate Governance Association	Seeing through the hidden key messages of the financial report.	3 hours
		2020/12/22		Introduction to corporate mergers and acquisition, due diligence and business contracts	3 hours
Independent Director	Lin, Jung-Lu	2020/11/3	Taiwan Corporate Governance Association	Seeing through the hidden key messages of the financial report.	3 hours
		2020/12/22		Introduction to corporate mergers and acquisition, due diligence and business contracts	3 hours
Independent Director	Liu, Jo-Lan	2020/11/3	Taiwan Corporate Governance Association	Seeing through the hidden key messages of the financial report.	3 hours
		2020/12/22		Introduction to corporate mergers and acquisition, due diligence and business contracts	3 hours
		2020/11/25	Securities and Futures Institute (SFI)	Seminar on how listed companies can use derivatives for hedging and maintain sustainable operation	3 hours

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

Title	Name	Training Date	Organized by	Course Title	Training Time
Independent Director	Liu, Jo-Lan	2020/11/3	Taiwan Corporate Governance Association	Seeing through the hidden key messages of the financial report.	3 hours
		2020/12/22		Introduction to corporate mergers and acquisition, due diligence and business contracts	3 hours
Accounting Director	Luo, Mei-Wei	2021/1/14~2021/1/15	Accounting Research and Development Foundation	Issuers, securities firms, and security exchange accounting directors' advanced training course	12 hours
		2020/11/3	Taiwan Corporate Governance Association	Seeing through the hidden key messages of the financial report.	3 hours
		2020/12/22		Introduction to corporate mergers and acquisition, due diligence and business contracts	3 hours
Internal Audit	Hung, Ying-Huei	2020/7/21	Accounting Research and Development Foundation	Authorities "assisting companies with writing a financial report" policy analysis and internal management practice.	3 hours
		2020/9/2		Introduction to corporate mergers and acquisition, due diligence and business contracts	3 hours
		2020/11/3	Taiwan Corporate Governance Association	Seeing through the hidden key messages of the financial report.	3 hours
		2020/12/22		Introduction to corporate mergers and acquisition, due diligence and business contracts	3 hours

(3) Advanced training of corporate governance directors of the company in 2020:

Training Date	Organized by	Course Title	Training Time
2020/11/3	Taiwan Corporate Governance Association	Seeing through the hidden key messages of the financial report.	3 hours
2020/12/22		Introduction to corporate mergers and acquisition, due diligence and business contracts	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 2020, 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

We stand firm that Company employees shall not invade the commercial secrets of others nor leak the Company's commercial secrets.

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 2020 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: Every season the company gives relevant trainings regarding trade secrets, intellectual property, information safety, prevention of insider trading and relevant ethical issues. In 2020, we offered 12 face-to-face courses with 60 trained employees totaling 150 hours. One anti-corruption online course included 60 trained employees. Relevant documents are saved 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 2020.
- 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 2020 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 2020, 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 2020. The company was not involved in any lawsuit regarding anticompetitive, antitrust or monopoly practices and it complies with the Fair Trade Act.
- In 2020, there were no fines or warnings due to violations of health and safety laws of products and services and voluntary policies.
- In 2020, there were no fines or warnings regarding violations of laws on information and labeling of products and services.
- In 2020, there were no fines or warnings regarding violations of relevant marketing and broadcasting laws (including advertisement, promotion and sponsorship).
- In 2020, 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.

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 $215,246 until the end of December 2020. 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 2020, 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
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
2019.12.31					
Accounts payable	$1,284,139	$-	$-	$-	$1,284,139
Lease liabilities (Note)	22,081	31,702	21,060	168,533	243,376
Deposit received	-	5,276	-	-	5,276

Note: The calculation period of this table is from 2020.01.0.1 ~ 2020.12.31.

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, 2019 and 2020, the account receivables of the Group's top 10 customers accounted for 94% and 87% 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	The CSR 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	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: Energy saving and carbon reduction The core measures to promote long-term "energy saving and carbon reduction measures" are as follows: • Electronic equipment: 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. Air conditioning operators increase the effluent temperature according to the room temperature and usage demand to reduce energy consumption. 4. Promote the policy of turning off unused PC and laboratory equipment power after working hours. • Water resources: Promote water saving in home and work life. 1. Adjust the outflow water volume of the sinks in toilets and tea rooms to reduce water resource 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. Regularly inspect water motors, tanks, faucets, and pipe connectors, including walls or underground pipes, to check for leakages. • Waste: Sort waste to reduce volumes of garbage 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; 5.05 tons of reduced waste in 2020. • Greenhouse gases: Emission of greenhouse gases scope 1 is 653 (CO_2e/year), scope 2 is 1309 (CO_2e/year). We believe we will participate in the Carbon Disclosure Project (CDP) in the future.

Risk and Financial Impact Relevant to Climate

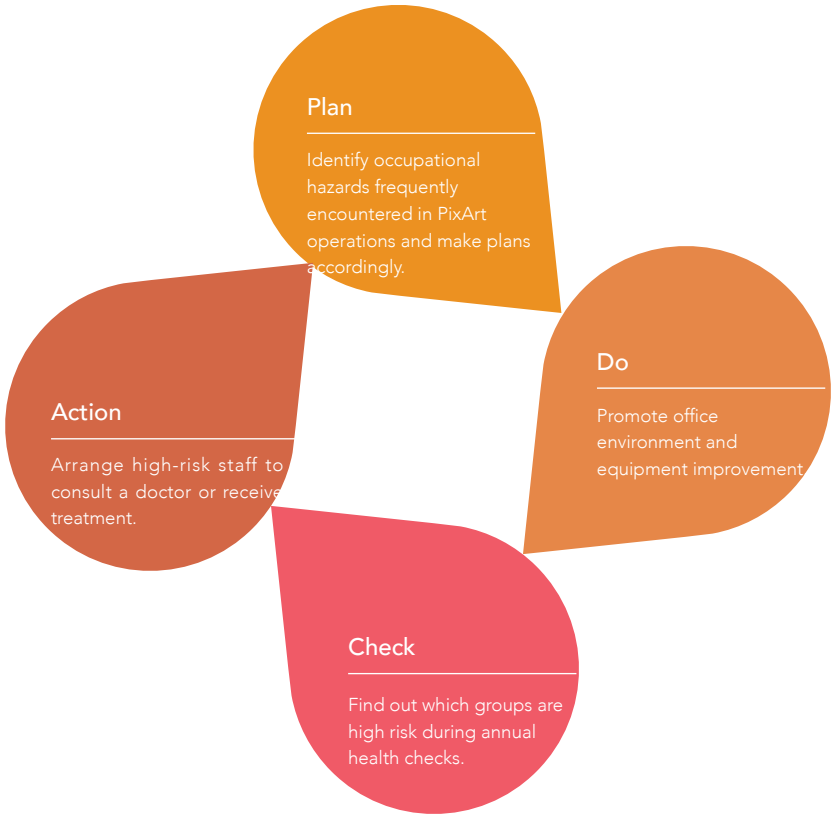| Category	Risk relevant to Climate	Corresponding Measures	Financial Impact
Water Limitation	Water sources are insufficient due to extreme climate; the chilled water provision for stopped air conditioning operators would cause the termination of air conditioners, overheating in the computer room, and interruption to company operations.	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.	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.	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.	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.	1. Expenses on staff in the plant. 2. Expenses on supplier repairs.

Opportunity 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.	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.	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.	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. If employees leave the workplace or transfer due to an environment that may cause harm or illness, they will not be punished.

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 CO_2 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.

Plan
Identify occupational hazards frequently encountered in PixArt operations and make plans accordingly.

Do
Promote office environment and equipment improvement.

Check
Find out which groups are high risk during annual health checks.

Action
Arrange high-risk staff to consult a doctor or receive treatment.

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 identity groups at high risk accordingly. In 2020, we arranged interviews with eight 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 CO_2 concentration in the offices as well, to decrease the impact on staff's health. The company also conducts a CO_2 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

When information security incidents are discovered, report to the Information Technology Department of the highest supervisor.

The Information Technology Department notifies the supervisor in charge and affected colleagues according to the classification and severity of the information security incident.

Crisis management of relevant authority. If any staff is involved in any information security incidents, please report to the supervisor for penalty according to the classification and severity of the information security incident.

The leading director of the Information Technology Department is responsible for evaluating the results of the information security incident and determining whether the impact of the information security incident has been improved and controlled, thus resuming normal operations.

Fill out the information security information notification/log and record for future reference.

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 2020.

	Type of Used Material	Weight or volume of usage (unit)	Percentage of total materials (unit:%)
Renewable materials	Tray	4300 PCS	100%
	Paper	116721.6KG	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	5,099.8kg	934.6kg	18.33%
Mixed metal	5,099.8kg	55kg	1.08%
Plastic	5,099.8kg	3,516kg	68.94%

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 2020, PixArt worked on increasing energy efficiency in each business location and followed international standards, including ISO 14001/ 1SO 50001 / 1SO 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	2018	2019	2020	Energy Intensity in 2020 (Unit: MJ/per person)
Headquarter A (Main Building)	Scope 2(Unit:MJ)	6,896,160	6,813,792	6,632,064	17,049
Headquarter B (Research Building)	Scope 2(Unit:MJ)	754,092	843,638	1,073,343	15,333
Total		7,650,252	7.657,430	7,705,407	

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 CO_2e ／ 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 2018 to 2020 so statistics have been calculated separately.

Air Quality Management

To fulfill our earth citizen's responsibility, PixArt reveals its greenhouse gas emission information. In addition, we set 2020 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	2020	The intensity of greenhouse gas emissions in 2020 (Unit:tonCO$_2$e / Revenue- $k)
Headquarter A	Scope 1	0.852 tonCO$_2$e	0.000000104
	Scope 2	1069.022 tonCO$_2$e	0.0001312
Headquarter B	Scope 1	0.788 tonCO$_2$e	0.000000096
	Scope 2	224.538 tonCO$_2$e	0.000027557
Total		1295.200 tonCO$_2$e	

Note:
1. Electricity consumption switching to CO$_2$ 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 CO$_2$e/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 the negative influence on the environment, PixArt has implemented four carbon- reducing plans including changing office lighting equipment, adjusting the air-conditioning water chiller and researching switching LED lamps and exhaust fans in basement parking lots. In 2020, carbon emissions were 52.20 tonCO$_2$e, less than that of 2019.

▼ Action plan and energy-saving and carbon-reducing performance of PixArt in 2020.

Energy-saving and carbon-reducing measures	Reduction Scope	Reduced Energy	Reduced CO$_2$ emission amount
Change lighting equipment in the office	Scope 2	54,743 MJ	7.74tonCO$_2$e
The water temperature of the air-conditioning unit's outlet adjusted to above 9 degrees.	Scope 2	114,048 MJ	16.12 tonCO$_2$e
Research switching LED lamps in the basement parking lot.	Scope 2	128,563MJ	18.17tonCO$_2$e
The exhaust fans in the basement parking lots operate during working hours and are turned off in non-working hours.	Scope 2	71,928MJ	10.17tonCO$_2$e
Four carbon reducing plans	Scope 2	369,282 MJ	The total amount of reduced carbon emissions in 2020: 52.20 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 CO$_2$e/kWh announced by the Environmental Protection Agency on June 30, 2019.
3. The basis of comparison is 2019.

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
2018	13.572	1.110
2019	12.635	1.140
2020	11.277	0.931

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.

▼ Filter elements are replaced every year to ensure high–quality drinking water is provided.

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 2020, 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 2020 (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	0.637	2.74	6.08	1.96	0.05	1.08	1.2	1.2
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 81 billion in 2020 is used to calculate; an average of $NTD 1 billion revenue generated less than 14.8kg of general business waste.

Environmental Protection and Energy-consuming Measures

▼ PixArt's environmental protection measures are as listed:

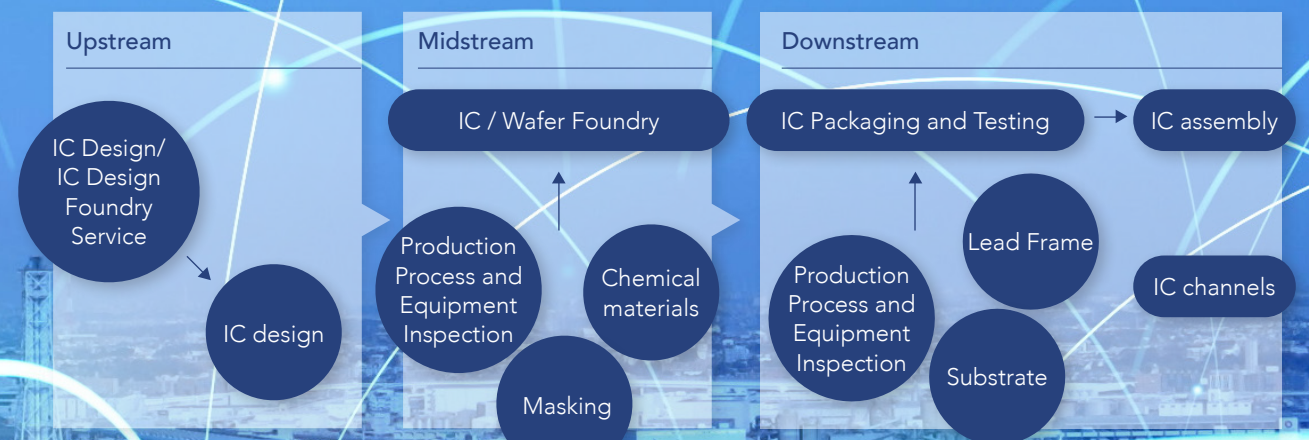| Type	Environmental protection policy/item	Performance and Achievements
Resource Recycling	Computer-based work to reduce paper consumption; recycle used paper	1. Paper towels used in bathrooms are made of recycled paper. 2. Place computers in conference rooms. All computers can connect to network drives 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	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	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	Promotion	We promote waste sorting, energy saving and carbon reducing measures on internal electronic bulletins and pantry rooms, encouraging staff to follow the rules together.

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 2020, 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

Upstream	Midstream	Downstream	
	IC / Wafer Foundry	IC Packaging and Testing	→ IC assembly
IC Design/ IC Design Foundry Service	Production Process and Equipment Inspection	Production Process and Equipment Inspection	Lead Frame
IC design	Chemical materials	Substrate	IC channels
	Masking		

Local Purchases

PixArt has been purchasing materials from local suppliers for a long time. In 2018-2020, 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.

▍The percentage of local procurement in last three years (Unit: NT$)

Year	Gold & silver purchased locally	Total amount of material purchased	The percentage of gold & silver purchased locally
2018	902,989,353	988,801,171	91.32%
2019	1,572,056,120	1,708,273,942	92.03%
2020	1,729,848,126	1,925,700,379	89.83%

Supplier Management

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 2020, 16 suppliers were evaluated on-site, and 25 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
Audit on-site	Estimated Audits	25	16
	Completed Audit	25	16
	Completion Rate	100%	100%
Audit in writing	Estimated Audits	10	25
	Completed audit	10	25
		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 2020, 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
Supplier	A	3	5
	B	31	29
	C	0	0
	D	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 nine 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.

- PixArt is a member of RBA Online. We also submit a SAQ to reveal the risk rating of the company. We are working to attaining a RBA certification in 2021 and will gradually execute the investigation of the Responsible Business Alliance Code of Conduct with suppliers in the future.

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. Staff 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 2020, 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.
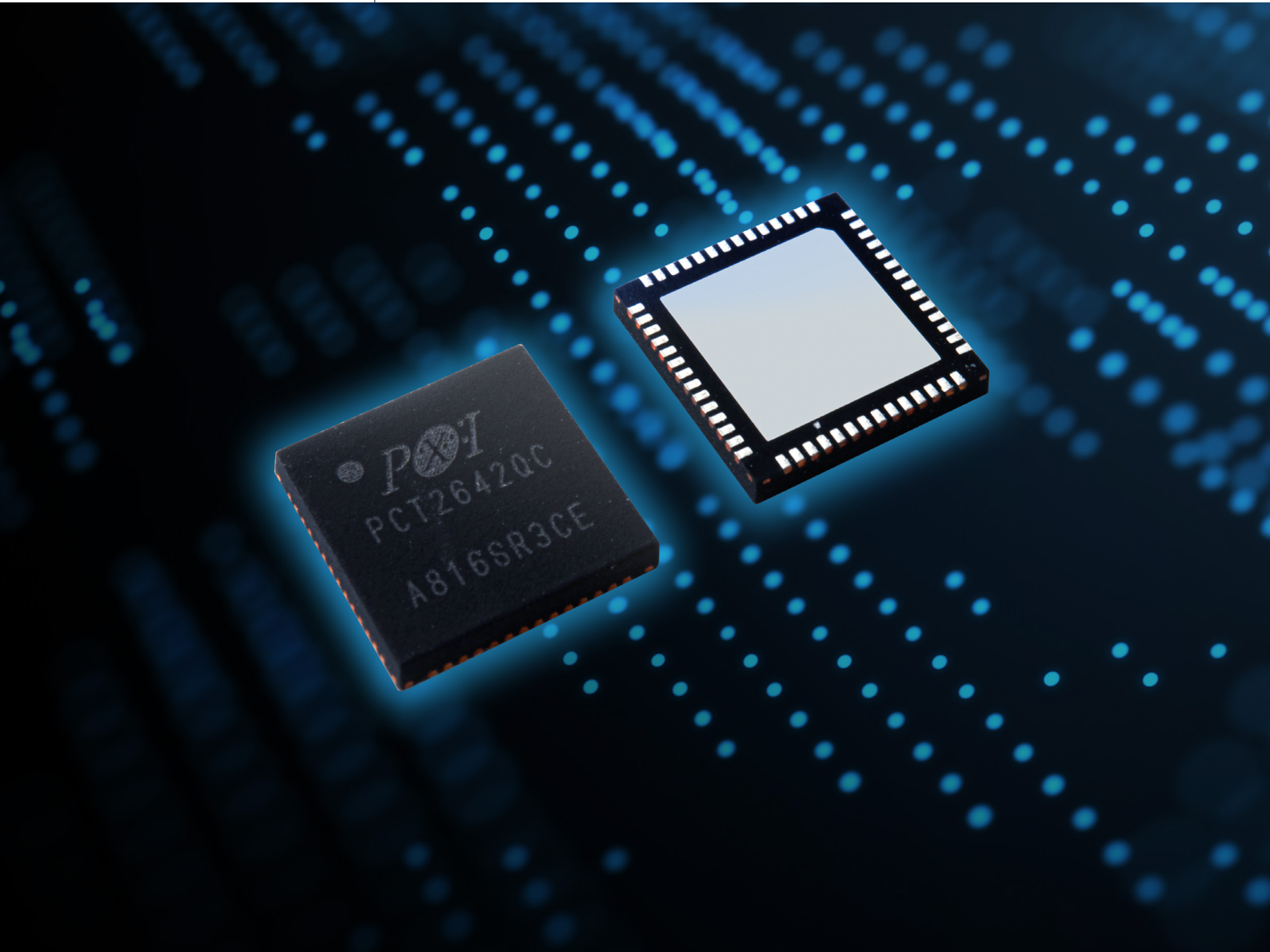
Client Satisfaction and Service

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.

Maintain client relationships

Understand client needs via market trend surveys

Six Sigma and quality educational training

The whole company participates in quality commitment

Continually improve processes
- Product development and design
- Product quality control
- Client service management

Client satisfaction feedback

Provide products and services that consistently satisfy clients

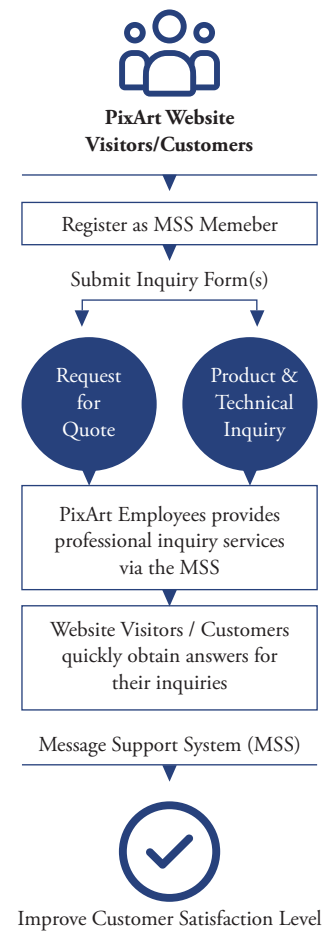PixArt Client Satisfaction Development Process

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

Sales Distribution Network
Request of Quote
Product and Technical Inquiries
Other Inquiries

Design Information

Demo Videos
FAQ
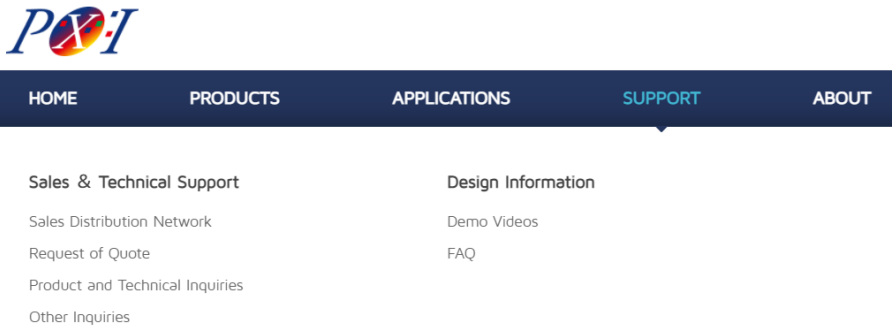
The Advantages of MMS

- Increase response speed: a countdown mechanism is used on every inquiry to ensure customer service staff 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.

PixArt Website Visitors/Customers

Register as MSS Memeber

Submit Inquiry Form(s)

Request for Quote

Product & Technical Inquiry

PixArt Employees provides professional inquiry services via the MSS

Website Visitors / Customers quickly obtain answers for their inquiries

Message Support System (MSS)

Improve Customer Satisfaction Level

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 2020 was 88.10%, and for three consecutive years, the rating has remained above 85%.

In 2020, PixArt offered a series of quality training activities and increased its Advanced Product Quality Planning and Control Plan (APQP) courses to respond customer requirements of improving high-quality products in addition to encouraging employees to continue driving high quality from the ground-up.

Customer Satisfaction Questionnaire

In 2020, PixArt offered a series of quality training activities and increased its Advanced Product Quality Planning and Control Plan (APQP) courses to respond customer requirements of improving high-quality products in addition to encouraging employees to continue driving high quality from the ground-up.

Questionnaire Frequency

1. Irregular customer meetings: PixArt branch staff 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.

Increasing Customer Satisfaction

1. In June 2020, a mainstream mobile company visited PixArt to process on-site supplier quality checks and audit. PixArt and every division fully cooperated with the audit to find out which items required improvement and to plan improvement policy measures. The same client visited again at the end of July in 2020 to confirm improvement processes and effectiveness. In the end, PixArt acquired satisfaction and recognition from the client.
2. On November 2020, an international company wanted process improvement work conducted regarding testing functions. PixArt immediately arranged for our downstream suppliers to have three-way communications for efficiency.

Our crucial clients, during a global semiconductor material shortage in 2020, all gave PixArt a high evaluation regarding delivery date and product quality as follows:

Client H: the overall quality of delivered products are excellent

Client G: assisted with the material shortage problem in appropriate way and solved problem.

Client Moxxx: flexible dispatching, stable delivery date, deployment beforehand.

Client Mixxx: advance information if they have a quality or delivery issue.

Client Satisfaction Performance

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

Goal: Average client satisfaction points>32 points			
Year	2018	2019	2020
Number of Responses	8 clients/per person	19 clients/per person	17 clients/ per person
Response Rate	100%	100%	100%
Average client satisfaction points (Full marks: 42)	37.91 points (90.26%)	36.45 points (86.79%)	37.00 points (88.10%)
Target Score	36 (85.71%)	36(85.71%)	32 (76.20%)

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 establish a friendly workplace that allows employees to thrive, keep improving, and find a work-life balance. PixArt complies with Article 16 of the Labor Standards Act to to notice any employee prior to terminate a labor contract. PixArt also works hard to establish a well-communicated labor relationship. PixArt has achieved the goal to protect labor rights during the period of this report. and did not have any 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) delay or accumulate employees' feedback or complaint. In 2020, 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 no child labor will be used, and that no employees will be forced nor threatened to provide involuntary labor. All of our employees are employed by their own volition and may terminate their employment relationship at will. 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, including the United Nations' Universal Declaration of Human Rights, The United Nations Global Compact and International Labor Standards. We further implement 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 to jointly safeguard human rights.

- Provide a safe, hygienic and healthy working environment
- Prohibit child labor
- Prohibit forced labor
- Opposition to Oppose discrimination, bullying and harassment
- Respect equal treatment and equal job opportunities in the workplace
- Establish multiple communication channels
- Regular review and improve the related systems and actions

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

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.

Diversified Working Opportunities

There were 464 employees, including six managing staffs and 458 regular employees in PixArt at the end of 2020. Male workers accounted for 75.2%, and female workers was 24.8%. Employees under the age of 30 accounted for 14.9%, 31-50 accounted for 82.3%, and above 51 accounted for 2.8%. Employees with a Master's degree or higher accounted for 63.8%.

Employment data in 2020

Main Category	Secondary Category	Male		Female		Subtotal	
		Number	Rate	Number	Rate	Number	Rate
Nationality	Taiwanese	346	74.6%	112	24.2%	458	98.8%
	Foreigner	3	0.6%	3	0.6%	6	1.2%
Subtotal		349	75.2%	115	24.8%	464	100%
Hiring Type	Permanent	349	75.2%	115	24.8%	464	100%
	Under contract	0	0%	0	0%	0	0%
Subtotal	349	75.2%	115	24.8%	464	100%	
Function	Managing Staff	6	1.3%	0	0%	6	1.3%
	Non-Managing Staff	343	73.9%	115	24.8%	458	98.7%
Subtotal	349	75.2%	115	24.8%	464	100%	
Age	21-30	46	9.9%	23	5.0%	69	14.9%
	31-40	160	34.5%	58	12.5	218	47%
	41-50	131	28.2%	33	7.1	164	35.3%
	Above 51	12	2.6%	1	0.2%	13	2.8
Subtotal	349	75.2%	115	24.8%	464	100%	
Degree	PhD	20	4.3%	0	0%	20	4.3%
	Master's	250	53.9%	26	5.6%	276	59.5%
	College / University	76	16.4%	74	16.0%	150	32.4%
	Below	3	0.6%	15	3.2%	18	3.8%
Subtotal	349	75.2%	115	24.8%	464	100%	

Competitive Salaries

Facing the fierce competition of the global technology market, attracting and retaining high caliber employees has become an important task for us. To provide a competitive reward system is one of the most important tasks for the company. To maintain sustainable growth, PixArt offers a highly competitive reward system 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.

Based on the concept of profit sharing, in addition to regular salary, PixArt allocates certain percentage of operation income for employee's incentive compensation and bonus every year. This incentive compensation and bonus is linked to employee's performance to encourage innovation and team work. We also raise employee salary every year based on economy and industry numbers to ensure employees are rewarded for their effort immediately.

PixArt has designed a salary system based on local government regulations, industry numbers, and the current job market situation to meet local requirements and standards. PixArt does not have compensation discrimination based on employee's sexuality, nationality, race, age or religion. The base salary ration between male and female for same position is 1:1 in 2020.

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

Item	2018	2019	2020
The number of non-executive, full-time employees	406	402	426
The total amount of salary of non-executive, full-time employees (NT$ Thousand)	973,673	932,340	1,192,265
The average salary of a non-executive, full-time employee (NT$ Thousand)	2,398	2,319	2,799
The salary median of non-executive, full-time employees		2,092	2,435

Equal, Diversified Workplace

In 2020, 30 male staffs and 13 female staffs were recruited. 23 employees resigned, 15 male and 8 female, a 4.95% resignation rate. PixArt will continue to promote a healthy work-life balance, enhance manager's capability and provide employees with the opportunity for career development to retain employees.

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 and have hired two employees with 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	2.37%	7	1.50%	18	3.88%
	31-40	11	2.37%	4	0.86%	15	3.23%
	41-50	8	1.72%	2	0.43%	10	2.16%
	Above 51	0	0%	0	0%	0	0%
Subtotal		30	6.47%	13	2.80%	43	9.27%
Departed employee	21-30	2	0.43%	2	0.43%	4	0.86%
	31-40	10	2.16%	5	1.08%	15	3.23%
	41-50	2	0.43%	0	0%	2	0.43%
	Above 51	1	0.22%	1	0.22%	2	0.43%
Subtotal		15	3.23%	8	1.72%	23	4.95%

▌Note:

The calculation of the new employee percentage is new employee numbers of each division / the total number of employees.

The calculation of the resigned employee percentage is resigned employees of each division / the total number of employees.

New employees caring system + seminars

| New employee onboarding | Day 7 new employee guide | 1.5 months work feedback | 3 months adaptation care questionnaire |

To accelerate 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 are onboard, a series of caring actions start. A new employee guide is provided within 7 days to meet a new employee's basic needs and fit into the company quickly. After 1.5 months, new employees will be invited to complete a questionnaire regarding their opinions of the company environment and system. In 2020, the average points of new employee's satisfaction was 4.4 out of 5 maximum points and the completion rate of the questionnaire was 100%. PixArt takes new employees' opinions seriously and their feedback is handled and responded immediately. After 3 months, an adaptation questionnaire is sent to understand new employees' adaption and recognition to the company. An interview will also be conducted. In 2020, 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 and one Executive Secretary is appointed to manage general committee affairs. Committee meetings are held from time to time to improve employee welfare by introducing new benefits policies, organizing recreational activities, and providing diversified benefits choices.

We provide a benefit system to full-time employees. In addition to basic rights such as labor and health insurance, earned leave, maternity leave, and parental leave, we also provide various employee welfare options such as personal time off, 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	Provide staff with domestic/international travel aid so they can also spend time with family to balance work and life.
	Fixed salary	14-month basic salary guaranteed, annual salary raise annually. linked to 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 allocated 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 and granted patent rights.
Employee protection	Leave system better than the Labor Standards Act	Offer staff particular leave hours for flexibility. In addition to the earned leave regulated by the Labor Standards Act, PixArt also offers 7 days of floating leave annually.
	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 examinations 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, all managers' spouses are also eligible for free check-ups paid by PixArt. In 2020, the completion rate of employee health check-ups reached 99.9%, and 92 spouse check-ups were completed.
	Healthy seminars and activities	Health seminar and activity topics at PixArt varies from year to year, generally based on the result of health checks and employee interest surveys. In 2020, PixArt held health activities such as a weight-loss club, health-related seminars, blood donation, pap smears for women, and HPV vaccinations. Hopefully these activities can raise health awareness of employees and their families and lead to better and healthier lifestyles. 416 employees participated in the activities in 2020.
	Vaccination	PixArt has provided employees with the influenza vaccination for free for 14 consecutive years. In addition, we also organized self-paid HepA, HepB, and HPV vaccinations from 2018 to 2020 based on check-up result and employees' needs.
	On-Site General Practitioner Services	PixArt hired an in-house Occupational Health nurse, and further co-operated with the National Taiwan University Hospital Hsinchu Branch to provide on-site GP services for employees' well-being.
	Employee Assistance Programs	PixArt works with external counseling associations to provide on-site professional and free-of-charge counseling services. Session topics are at employees' choice and cover family, emotions, social networking, work, and more. Employees' family members may also join the session together if required by the counselor. All counseling remain confidential.
	Ergonomic-Friendly Work Environment and Massage Service	To help employees get appropriate relax from work and provide job opportunities for disadvantaged people, PixArt offers on-site massage services by visually impaired massage therapists.
Complete facility	Sports & exercise center	PixArt provides a sports & exercise center for employee including a gym, basketball, badminton, and table tennis courts, as well as an aerobics classroom, etc. We offer a supportive environment and multiple training courses. 412 employees participated in basketball, badminton, and aerobics lessons organized by PixArt in 2020.
	Cafeteria	The cafeteria provides the safest meal plan for employees. We implement food safety management policy and restrict food supplier's from using 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 in office. Managers understand that employees have to sit at their desks for a long time to deal with business work. Therefore, old desks and chairs were replaced with ergonomic chairs to reduce and prevent back pain.
	Free pregnant women-only parking spaces	To reduce employees' time of looking for parking spaces, PixArt sets up and contracts employee-only parking lots. Designated parking spaces for pregnant employees are also provided (per demand.).
	Set up a breastfeeding room	PixArt cares about female employees and builds a safe, warm breastfeeding/lactation rooms. These rooms have 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 linked to security guard office in lady's shower room to ensure and increase female employee's safety.

Maternal Health Protection Plan

To prevent illnesses induced by long work time and extra workload, potential exposures to hazardous environment and ergonomic musculoskeletal issues, PixArt follows regulations and works with on-site general practitioners, Occupational Safety and Hygiene officers and nurses to conduct preventive steps for potential work related cardiovascular disease, maternal health and ergonomic issues. We use risk level evaluation and priority management system and provide on-site consultation with general practitioners to prevent cardiovascular disease, musculoskeletal issues and to ensure maternal health.

Material Health Protection Guidelines for Female Employees

PixArt complies with the 《Act of Gender Equality in Employment》 and advocate SDGs goal No.5 of gender equality. We protect employees' right of giving birth and raising the next generation. provide 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 but shall not exceed 2 years. During the parental leave period, employees continue to have social insurance.

Moreover, PixArt developed female health and protection management plans to protect pregnant or preparing for pregnancy employees from being exposed to hazardous environment. pregnant or preparing for pregnancy. Job duty risk is evaluated, one-on-one consultation with General Practitioner is conducted and then define the risk level to ensure female employees health.

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 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 2020

	Male	Female	Total
(a) Employees who were eligible to apply for parental leave in 2020	43	7	50
(b) Employees who applied for parental leave in 2020	0	1	1
(c) Employees who were scheduled to return after parental leave in 2020	0	2	2
(d) Employees who returned after parental leave in 2020	0	2	2
(e) Employees who returned after parental leave in 2019	0	2	2
(f) Employees who returned after parental leave in 2019 and continued to work for another year	0	2	2

Application ratio of parental leave b/a	0	14.3%	0
Reinstatement ratio of parental leave d/c	0	100%	0
Retained ratio of parental leave f/e	0	100%	0

Note:
We used the number of employees who applied for maternity leave or paternity leave during the past 3 years (2018-2020) to estimate the return date in 2020.
Employees scheduled to return in 2020.
Employees whose scheduled return date was in 2020 and already returned.
Employees returned in 2019.
Employees who returned in 2019 and worked for another year (who were currently employed in 2020).

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.

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 provided as well. With the three principles of Listen, Handle, and Respond, PixArt sets up an employee suggestion forum and mailbox in the Employee Portal to collect opinions and suggestions regarding the working environment and company system. After listening and understanding employee's thoughts, the responsible departments will either solve the problems or propose improvement plans. There were 16 suggestions in 2020, 2 of them are listed below as examples:

1. Provide ergonomic chairs to employees. We also notice the height difference among employees, therefore, upon the purchase of ergonomic chairs, both the high-back and low-back office chairs ordered. When staff fed back that the height of the chair requires adjustment, a chair that fits better will be provided immediately.

2. Some employees fed back that no convenience store inside the building. After evaluation by the administrative department, the numbers of employees that need convenience store is not big enough to meet the economic scale to set up a convenience store. However, intelligent vending machines used in large convenience stores can be installed instead. We therefore contacted and introduced the equipment to provide employees with more diversified services.

The items employees feedback are responded to and solved immediately. PixArt organizes routine labor and employee welfare meetings in accordance with regulations to promote the improvement of labor conditions, two-way communication, and the negotiation of labor benefits and other related issues.

According to the requirements of the "Responsible Business Alliance Code of Conduct (RBA Code of Conduct)", employees have the right to form associations. However, due to smooth internal communication and immediate responses to employees' opinions, no union has been organized so far.

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 correct and timely information to ensure efficient communications
Conversation with top-tier managers	Irregular		
Employee suggestion forum	Anytime	Working environment, company system, employee care measures.	espond and solve problems proactively. Provide a friendly working environment.
Employee suggestion mailbox	Anytime		
Labor-management meetings	Routine	Issues required to be determined in labor-management meetings in accordance with the law, the promotion of labor condition issues.	Provide employees information about the conditions of company's operation and welfare fund status. Use of the Employee's Welfare Committee to raise labor conditions and promote employee welfare. Keep improving work environment 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.	Analyze investigation results, respond, and make improvements.

Multiple training channels

The average training hours of each employee in 2020 was 4.8 hours. The average training hours for male employees was 5.1 hours, and 3.7 hours for female employees. PixArt provides the best learning environment for employees and introduces multiple learning platforms. In addition to in-person trainings, 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 dedicated 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 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 development, 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 diversified 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: Introduces new employees on the history, management concepts, core values, information security, intellectual property rights, patents, and employee rights and obligations for them to blend into the company as early as possible.
• Professional and quality courses: We provide professional related courses to increase employees' work efficiency or raise their capability of quality control. Employees can choose preferred courses such as Quality System Management, Advanced Product Quality Planning and Control Plan, 8D Report, or PowerPoint presentation courses, etc.
• Management development courses: To enhance management capability, we provide related courses such as interview skills, customer orientation to primary and middle management.

The Planning & Execution of Annual Educational Training

PixArt sets up a Personal Training Course for employees based on the operation guidelines, organizational needs, job capabilities required for a position, and the mid- and year-end performance evaluations. The total hours of training and development courses held in 2020 was 2,229 hours; 969 employees completed the courses, and the average training hours of every employee exceeded 4.76 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 result. All courses are evaluated based on the First Level Reaction Evaluation. The course evaluation includes course content, lecturer and course benefits to conduct satisfaction survey. The average points for course satisfaction were 4.4 points out of maximum 5 points. In addition, a written test is held to evaluate the learning effectiveness for professional courses. Management courses are mostly based on case study and evaluation is based on presentation. 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 2020

Employee Type	Training Type	Total training time (hour)		Average training time of each employee (hour)	
		Male	Female	Male	Female
Employee + department head	Internal training	1610	318	4.6	2.7
	External training	182	119	0.5	1.0

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 to improve the quality of domestic education, enhance the skills and practical experience of young talents, and connect academic courses with industry. In 2019, we contacted the National Tsing Hua University in Hsinchu to discuss a technical cooperation project. The project was evaluated and approved by the Hsinchu Science Park Bureau in 2020. In 2020, we participated in the Graduate Students Cultivation Project organized by the International Design Alliance of the National Yang Ming Chiao Tung University to discuss an academic-industry collaboration, successfully defined a research direction, and worked with the professors and students of the Electrical Engineering Department. In the same year, we also had an academic-industry collaboration project with the National Taiwan University, presented new research results in the technology forum and worked 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 efforts. We participated in 2 keynote speeches and 1 practical lesson to share technology information in 2020 and cultivate System-on-Chip with the academy.

Joined iPAS Industrial Professional Assessment System as a recognized enterprise

PixArt is a recognized enterprise of the iPAS Industrial Professional Assessment System established by the Ministry of Economic Affairs to promote professional assessments. Enterprises are invited to set a professional techniques assessment in accordance with the requirements of the enterprise. The iPAS Industrial Professional Assessment System is certified by the Ministry of Economic Affairs and approved by the Ministry of Education. iPAS provides related resources and services for professional recruitment and training. New employees who have the iPAS certificate will have necessary skills and can contribute immediately. Therefore, PixArt is pleased to participate in the project and dedicate our energy and passion to cultivating professionals for the industry.

Sponsored the 31st VLSI Design/CAD Symposium

PixArt sponsored the VLSI Design/CAD Symposium held in 2020. It is the largest annual event in Taiwan's IC design industry which enhances the communication of professors in domestic universities, researchers, industries and students, and share research experience with others. Moreover, it can also help professors and students in IC design-related field to understand industry trend and technical direction. At the same time, with the real time interaction among IC design professionals, researchers, and students, academic-industry collaboration is easier. Furthermore, it is also an opportunity for excellent students to enter the IC design industry.

Hackathon sponsorship project

Hackathon is a non-profit organization established by the students of the National Tsing Hua University and National Yang Ming Chiao Tung University. It promotes citizen technology on campuses, provides a free platform, and integrates the resources of government and enterprises students solve problems with hacking spirit. When the student representatives contacted PixArt, we showed great support for the self-initiated student organization. After having a conversation with student representatives, our top-tier management made a promise to sponsor the event in 2020 and 2021.

Occupational Safety and Health

The allocation of Occupational Safety and Health staff

PixArt put occupational health and safety at high priority.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, and technical staff, department head, supervisor, from occupational safety and health related departments based on 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 also discuss how to identify and eliminate damage evaluate risk, investigate and audit incidents, and regulate and manage the audit standards for contractors and suppliers.

To enhance employees' understanding of safety and health law, emergency plan, health risk for various activities, PixArt has annual safety and health training like fire drill, emergency evacuation. We also have staffs trained and certified by outside institutes and hold seminars or lectures irregularly.

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 staffs set and execute improving measures according to risk evaluation results monitoring if employees work abnormally. This prevents employees 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 and provide consultations. We also set up pregnant employee-only parking spaces and a breastfeeding room to ensure the employees' health and minds during pregnancy, labor, and breastfeeding.

New employee training

New employees are provided with Health and Safety training during orientation and participate in fire drills within 6 months. We also organize AED (Automated External Defibrillator) workshops regularly in addition to fire escape training to educate employees how to use of AED to gain more rescue time during emergency. PixArt educates employees to understand safety and health regulations and

policies, acknowledge PixArt's commitment to reach the goal for safe and heathy environment.

Conduct occupational safety training for new employees according to regulations

To let employees 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 understand the cause of incidents to reduce accidents occurrence in the working environment and enhance employee awareness of health and safety. In2020, the new employee participation rate for occupational safety training was 100%.
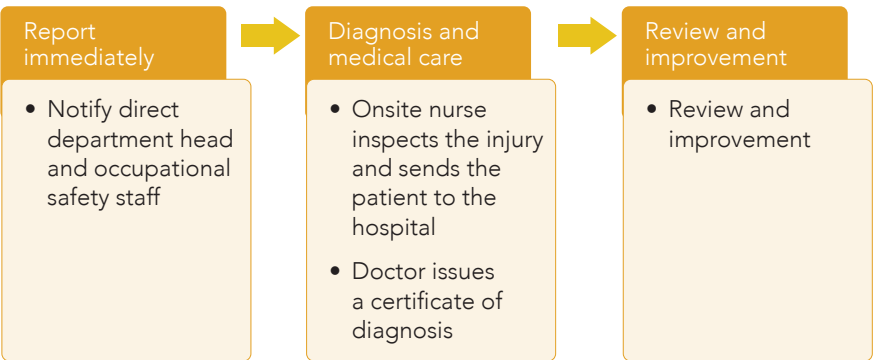
Daily management of labor safety and health:

(1) Access cards for entrance. Routine check-ups by 24-hour onsite security guards to keep employees safe.

(2) Working environment test is conducted every 6 months to ensure good air quality.

(3) Drinking water testing is conducted by qualified company every 3 months to keep employees healthy.

(4) Fitness facilities are provided in every building to encourage exercise.

(5) Fire drills are held every six months and evacuation drills every year.

(6) AED facilities are provided in every building.

Occupational injury

PixArt is an IC design company and no hazardous substances are produced. Only CO_2 and illuminance inspections are required every 6 months according to regulations and all inspection results meet regulation standards. No employees' job duties are categorized as high risks for 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 guideline is approved by the Hsinchu Science Park, Ministry of Science and Technology and executed. No occupational damage occurred in 2020.

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

Report immediately	Diagnosis and medical care	Review and improvement
• Notify direct department head and occupational safety staff	• Onsite nurse inspects the injury and sends the patient to the hospital • Doctor issues a certificate of diagnosis	• Review and improvement

Anti-pandemic management and policy

The frequent occurrence of novel infectious diseases in recent years may cause damage to employees' safety and health and impact company operations in a serverely if not prevented immediately. 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 5 consecutive years (2016-2020). We evaluate the latest pandemic situations, assess any potential risks and propose anti-pandemic countermeasures. At the same time, we continue to enhance employees' health awareness of themselves and their family members to establish a safe working environment.

When COVID-19 began to spread the at the end of 2019, PixArt began to monitor the health condition of employees who were on 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. The management procedures include:

- Clinical thermometer was distributed to every employee.
- Employees with fever were not allowed to enter the building.
- Visitors were required to fill in a Health Declaration Form. Increased the frequency of building disinfection.
- Provided alcohol for sterilization in public spaces and all employees must wear masks during working hours.
- Prohibited dining at the same table. Employees were provided lunch boxes, and must eat at personal desks.

A quick overview of PixArt's countermeasures for the pandemic

1. Establish anti-pandemic team and adjust management procedures according to pandemic situations.

2. Restrict employees from taking business trips. Extend the subsidy application period of traveling abroad, and Advise employees to reduce travel time abroad to lower the chances of being infected in airplane.

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 at every entrance. Replace elevator and entrance buttons with sensitive detectors to reduce contact.

4. Check inventory and purchase epidemic prevention materials such as clinical thermometers, masks, alcohol, and ultraviolet lights.

5. Adjust anti-pandemic measures of each stage according to the pandemic situation.

6. Create anti-pandemic measures and management procedures for employees, visitors, guests, and contractors.

7. Set up a body temperature management system for employees to fill in body temperature. Monitor employees' body temperature, contact history, and health conditions.

The Questionnaire for self-health management

Measure and report body temperature every day

1. Employees will be notified by email to fill in body temperature management system 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 (for example: venue visit 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 with high usage or usually crowded with people (for example, conference room, training room, cafeteria.) Put signs to advocate fighting against the pandemic together.

3. Hand sanitizer dispensers are placed in every space for employees to find and use conveniently.

4. Pantry rooms, bathrooms, and conference rooms are sanitized with alcohol and bleach every day.

5. Elevator and button panels are sanitized with alcohol every 2 hours.

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

Reducing the risk of contact

1. Most doors are modified to become automatic. To enhance employee safety, installed auxiliary facility 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. Push button on all doors are replaced with sensors to reduce contact.

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

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

1. Replace serving tongs with individual tongs for each employee and wrap all chopsticks and spoons with paper to reduce hand contact.
2. After finishing the meal, tongs and tableware are collected and sanitized by approved contractor for reuse.

Cafeteria seating regulations

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

Utensils are wrapped with paper and each person has an individual set. After finishing a meal, utensils are collected and sanitized by approved contractor for reuse to reduce unnecessary contact.

Health management of on-site outsource staffs and visitors

On-site staffs from outsource companies are required to measure body temperature every day and report travel or contact history.

Before entering the building, guests are required to measure body temperature and confirming their travel or contact history are checked.

Working from home regulations

Anti-pandemic measures are adjusted with the international pandemic situation and in accordance with the instructions of the National Health Command Center. At the beginning of 2020, PixArt created a plan to split employees into several groups with different office hours. PixArt takes employees' health as first priority. When pandemic situation is bad, employees are notified to work from home and asked not to go out unless necessary. Employees are required to measure body temperature and fill in the body temperature management system every day. PixArt also cares about stakeholder rights. When employees work from home, they are required to report the progress of each work item and project to the department head regularly. For production line that customers care about, employees are required to inform customers or suppliers the latest status to avoid any omissions and keep our promise to clients.

Assist the Malaysian, U.S., Japanese, and Korean branch offices to purchase masks

In 2020 when the world was impacted by the Covid-19, based on the President's principle of "Employee's health is more important than anything", before the pandemic outbroke, all departments worked together to purchase and deliver masks to overseas branch offices. All employees around the globe can feel PixArt's commitment to care and protect their health put this as company's first priority. Facing another wave of the pandemic, we believe that if employees can keep social distance, wear masks, wash their hands as often as possible, and follow government regulations, we will be able to get through the pandemic safely.

Occupational health services

PixArt values employees' health and provides corporate-paid health check-ups with more than what is required by the government. Employees are covered by additional checkup items including cancer screening, ultrasound inspection in two 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 earlier. In 2020, the completion rate of employee health checkups reached 99.9%. If major abnormal results were identified and listed in the health checkup report, the employee will be informed immediately to make appointment the doctor again. The completion rate of return visits was 100%.

Employee health check reports are reviewed 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 and 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, 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 employees' health is company's wealth. We not only create a comfortable working environment for employees, but also focus more on an employees' 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 medical-related services to employees. We obey the laws and follow practical needs, manage the 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 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 meals. Employees can check what will be served every day. All dishes are with a color based on to their level of calories and nutrients for quick reference 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 and server at least one poached vegetable dish every day for employees to eat healthily.

Buffet food and noodles are served at lunchtime with various kinds of fruits. We also provide light meals such as fruit lunch box and vegetarian bento 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 as 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 and provide 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", and the "Anti-Epidemic Pioneer Golden Award" by the Institute of TIVS (Taiwan Immunization Vision and Strategy) from 2016 to 2020 for 5 consecutive years. Employee's influenza vaccination rate in 2020 reached 68%.

Furthermore, self-paid Hepatitis A/B vaccinations and HPV vaccinations are provided along with health check-ups 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 encourage employees to develop routine exercise habits, PixArt organized fast-walking for a weight reduction charity event from September to November 2020. The final results are listed as follows:

1. Total weight loss of 275kg total in 3 months (average 3.4kg/per person). Moreover, the champion lost 14kg and 31 employees lost 4kg or more.

2. Fast-walked 69,819,560 steps in 3 months (average 821,406 steps/per person). Moreover, the champion fast-walked 1,728,978 steps, and 32 employees fast-walked 1,000,000 steps or more.

PixArt, along with the employees participated in the event, donated a whole-years breakfast fund to the children of low-income families in Hsinchu County Fu Hsin Junior High School.

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 accidents 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.

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 courts, 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 mental and physical balance. Basketball and badminton competitions are held every year 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

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1 消除貧窮	Christmas PixArt's Dream Light Up the Hope of a Remote Area	P.6-7
	Donated epidemic prevention resources to St. Joseph's Home in Hukou Township, Hsinchu County.	P.8-9
	Saint Joseph's Social Welfare Foundation Happy Egg Rolls Roll Up the Connection of Love	P.12-13
	Organized fast-walking for weight reduction charity event	P.103
	Collected and sold second-hand home items and donated all proceeds to the Taiwan Fund Children and Families-Miaoli.	P.5
2 終結飢餓	Organized fast-walking for weight reduction charity event	P.103
3 健康與福祉	Donated epidemic prevention resources to St. Joseph's Home in Hukou Township, Hsinchu County.	P.8-9
	Healthy Weight Losing through share meals with Love Breakfast Fund	P.14-15
	Regular Blood Donation Activities	P.16-17
	Academic-industry collaboration project with the National Taiwan University/National Chiao Tung University to improve the quality of domestic education	P.94
	Hired visually impaired massage therapists to provide on-site massage service	P.102
	Occupational health services	P.101
	Organized fast-walking for weight reduction charity event	P.102
	Organized fast-walking for weight reduction charity event	P.103
	Onsite general practitioner services	P.103
4 教育品質	Regeneration Plan for Old Computers and Information Equipment	P.10-11
	Saint Joseph's Social Welfare Foundation Happy Egg Rolls Roll Up the Connection of Love	P.12-13
	Academic-industry collaboration project with the National Taiwan University/National Chiao Tung University to improve the quality of domestic education	P.94
	Hackathon sponsorship project	P.105
5 性別平權	Maternal Health Protection Plan	P.90

6 潔淨水資源	Providing High-quality Water	P.69
	Drug administration for mosquito breeding areas	P.104
8 就業與經濟成長	Saint Joseph's Social Welfare Foundation Happy Egg Rolls Roll Up the Connection of Love	P.12-13
	Industrial Professional Assessment System as a recognized enterprise	P.94
	Hired visually impaired massage therapists to provide on-site massage service	P.102
9 工業、創新基礎建設	Sponsored the 31st VLSI Design/CAD Symposium	P.95
	Hackathon sponsorship project	P.95
10 消彌不平等	Saint Joseph's Social Welfare Foundation Happy Egg Rolls Roll Up the Connection of Love	P.12-13
11 永續城市	Joined the ASUS Foundation's "Recycling Computers for Hope" program.Joined the ASUS Foundation's "Recycling Computers for Hope" program.	P.10-11
13 氣候行動	Energy Saving and Reduction of Greenhouse Gas	P.68
14 海洋生態	Good to Have You in the Sea, Clean the Beach Together!	P.18-19
	PixArt Volunteer Group invited Jinashi residents for a river cleaning initiative.	P.5
	Expanded the reach of the beach cleanup to Evergreen's Forest in Zhunan Township, Miaoli County.	P.5
15 陸地生態	PixArt Volunteer Group invited Jinashi residents for a river cleaning initiative.	P.5

SUSTAINABLE DEVELOPMENT G⊙ALS

PixArt 2020 ESG Report

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