



2019

Vanguard International Semiconductor Corporation
Corporate Social Responsibility Report



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Letter from Chairman

Breaking New Ground In Time Of Change

As a responsible corporate citizen, VIS is committed to exert its influences to endorse, support, and practice business ethics, employee rights, health, and safety, and environmental standards recognized internationally within the scope of law, and proactively engages in environmental protection and social participation, practicing environmental sustainability and creating common good for the society through concrete actions.

In 2019, VIS acquired GlobalFoundries' 8-inch fab in Singapore and its MEMS IPs and business. Through the effort of all employees, VIS achieved great results in both annual revenue and profit. Steady profit allowed VIS to continue investing resources to promote and practise corporate social responsibility (CSR), strengthen communication with stakeholders, including shareholders, customers, suppliers, employees, media, and the public, listen to all stakeholders' voices, and keep pace with global trends and introduce new changes in the aspects of corporate governance, environmental protection, and social participation.

In 2018, VIS tried to define 14 major CSR topics jointly with our stakeholders for the first time in response to the 17 SDGs set forth by the United Nations; in 2019, we further focused on the opinions of the management team through VIS CSR Questionnaires. Based on stakeholders' expectations and senior executives' viewpoints, VIS defined

and ranked the levels of materiality of major CSR topics. Through two dimensions, "Level of Stakeholder Concern" and "Impact on Corporate Operation," major CSR topics were ranked according to respective materiality for more precise presentation. CSR Committee also targeted the 12 major CSR topics identified in 2019 and formulated sustainable goals and management guidelines for each topic, responding to stakeholders' demands with a concrete foundation of CSR development.

In the area of corporate governance, VIS has complied with corporate governance principles, and



in accordance with relevant laws and regulations, established effective corporate governance frameworks that strengthen the functionality of the board of directors and fulfill the functions of the Audit Committee. While maintaining normal business development and protection of shareholders' equity, VIS also respects the rights of stakeholders and strengthens information disclosure of corporate governance to promote information transparency. VIS has achieved the honor of top 5% listed companies at TPEx for five consecutive years in the corporate governance evaluation conducted by Taiwan Stock Exchange. In 2019, VIS made plan to establish "Risk Management Committee" in 2020, which will regularly report to the board and Audit Committee, strengthening the Company's risk control and management through better defined organizational responsibilities and duties.

In the area of environmental protection, VIS undertakes precautionary environmental protection measures to minimize adverse effects of its manufacturing operation on the community, environment and global warming, and continuously invests in the development and deployment of environmentally friendly technologies. In 2019, VIS received a score of A- for the first time among 8,400 companies participating in the Carbon Disclosure Project (CDP) in the world. VIS continues to implement various energy-saving and carbon-reduction projects, and is projected

to reduce GHS emissions to 22% below the 2015 level by 2025. Also, VIS has developed technical platform for power management IC that saves more energy, increasing the share of high eco-friendly components in products. Furthermore, VIS has proactively participated in advocacy of environmental protection, for example, the radio program sponsored by VIS has invited experts to discuss climate change and environmental protection related issues with the public. Also, in March 2020, VIS participated in the global energy-saving event, "Earth Hour;" without compromising the production of wafer fabs, VIS turned off the lights in the office areas for one hour to save energy and reduce carbon emissions.

As for social participation, VIS has encouraged employees to make use of own expertise and enthusiasm, and join the Company to help those in need, support education in rural areas, and partake in community building, becoming the driving force of social development; also, VIS leads the entire supply chain to partake in the aforementioned endeavors to maximize the influences. In 2019, VIS achieved historical highs in terms of donated resources, numbers of volunteering person-times and hours, as well as total amount of charity donation and the number of organizations and groups helped. Purposes were specified for specific donations to more effectively and concretely help those in need.

In 2019, VIS' social participation and innovation endeavors included: inviting social welfare groups to set up charity booths at the fair on Family Day, and distributing charity raffle tickets to employees, which could only be used at specified booths to help generate profits for social welfare groups; providing lunch boxes with suppliers and having volunteers to join senior citizens in communities for meals; organizing fundraising campaign within the Company and making use of volunteering employees' musical skills to help children at children's home through art therapy; furthermore, VIS invited suppliers to participate in its annual charity year-end party and maintain the Cherry Blossom Park and Qianjia Park in Hsinchu City adopted by the Company, leading the entire supply chain to participate in charity.

Beginning in late 2019, the outbreak of COVID-19 has spread throughout the world. As soon as the first imported case was confirmed in January 2020, VIS established an internal interdepartmental pandemic-prevention taskforce to formulate and execute various pandemic-prevention measures. To date, all VIS employees at fabs in Taiwan and Singapore are in sound health, and there is no confirmed case. All four fabs have remained normal operations as VIS has cooperated with both governments' pandemic-prevention requirements.

Currently, the pandemic continues to affect the world, and the development of the US-China trade war remains complicated and unpredictable. VIS will continue to safeguard the health and safety of all employees. My self, as well as all members of the management team, will do our best to protect the Company's interests through changing situations and cautiously move forward. Also, VIS will continue to invest resources to achieve environmental sustainability, create value-added for all stakeholders, and march toward a future of synergy and common good.

Chairman of VIS
Leuh Fang



2019 Consolidated Revenue Reached

NT\$ **28.29** billion

EPS was

NT\$ **3.54**

ROE was

19.9 %

2019 Average Monthly 8-inch Capacity was

209,000 wafers

1. About VIS

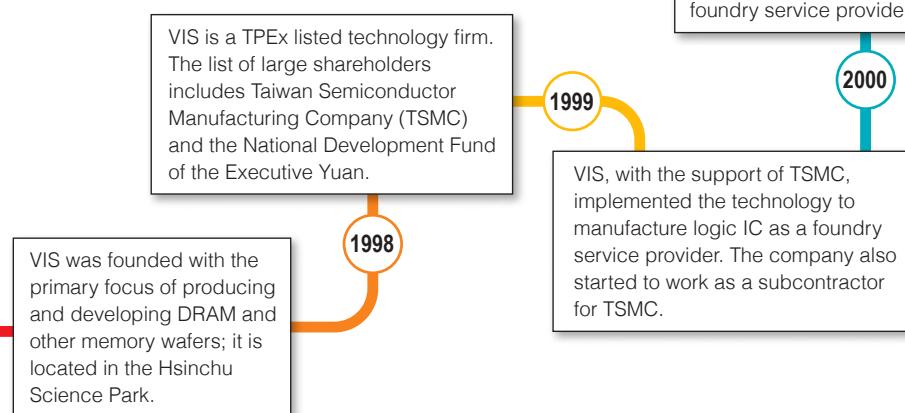


1.1 Company Profile

Vanguard International Semiconductor Corporation (VIS) is a leading specialty IC foundry service provider, consistently offering its customers cost-effective solutions and high value-added services. VIS headquarters is located in Hsinchu Science Park, Taiwan. VIS currently has three 8-inch fabs with a monthly capacity of approximately 209,000 wafers in 2019.

VIS is a spin-off of the Sub-Micron Project, sponsored by the Industrial Technology Research Institute (ITRI). Original investors include Taiwan Semiconductor Manufacturing Company (TSMC) and 13 other institutional investors. VIS was founded with the primary focuses on the production and development of DRAM and other memory IC. In March 1998, VIS became a listed company on the Taiwan Over-The-Counter Stock Exchange (OTC). Its main shareholders include TSMC, National Development Fund of the Executive Yuan and other institutional investors.

Milestones of VIS



In 1999, VIS started to work as a subcontractor for TSMC for the manufacturing of logic and mixed signal IC. In 2000, VIS officially announced its plan to transform from a DRAM manufacturer into a foundry service provider. Later on, various process technologies, such as High Voltage Device and 0.18 Nanometer Flash, all successfully entered volume production. In July 2004, VIS officially ended DRAM manufacturing, and successfully transitioned into a 100% foundry service provider.

To satisfy customers' demands of capacity and technology, and ensure the Company's growing dynamics, VIS acquired three wafer fabs between 2007 and 2020. In 2007, VIS acquired an 8-inch fab from Winbond, establishing VIS Fab 2. In 2014, VIS acquired the fab owned by Nanya Technology located in Taoyuan County and acquired Sumpro's equipment, spare parts and inventories, establishing Fab 3. In 2019, VIS acquired GLOBALFOUNDRIES' Fab 3E 8-inch fab in Singapore. VIS has taken over full operation and management of the fab in 2020, which is VIS Singapore Fab, the first overseas VIS fab.

From one to four fabs, every acquisition represented VIS' commitment and resolute to answer customers' needs through capacity expansion, and has brought the Company significant growth, and sustained steady profit. The acquisition of VIS Singapore Fab marked an important milestone in VIS' growth and globalization.



Photo of VIS Management Team and GLOBALFOUNDRIES Delegation at the Signing Ceremony



VIS Chairman Leuh Fang and GLOBALFOUNDRIES Senior Vice President Tim Breen Sign the Contract on behalf of both Companies

Company Name: Vanguard International Semiconductor Corporation

Stock Symbol: 5347 Date of Establishment: December 5, 1994

Chairman: Leuh Fang Total Number of Employees: 5,315

President: Leuh Fang

Independent Director: Chintay Shih, Benson W.C. Liu, Kenneth Kin

Capital: NT\$16.39 Billion Total Asset: NT\$42.79 Billion

Net Income: NT\$5.86 Billion

Company Telephone No.: 03-5770355

Company Address: No. 123, Park Ave. 3, Hsinchu Science Park, Hsinchu

Company Website: www.vis.com.tw

As of 2019, VIS has 5,315 employees. To better serve its worldwide customers, VIS has established sales and service offices in worldwide main IC clusters in addition to Taiwan Headquarters.

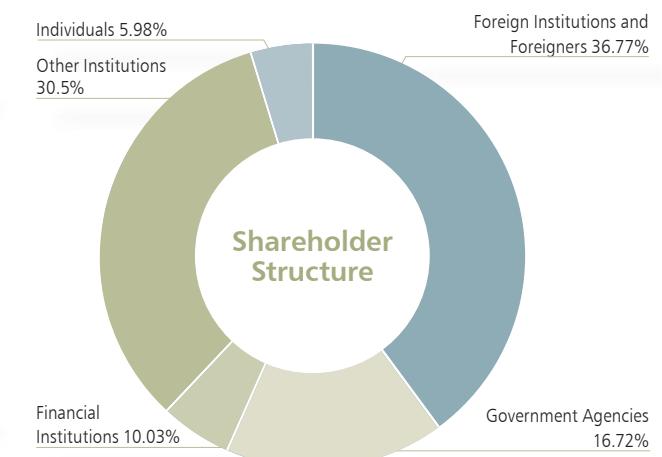
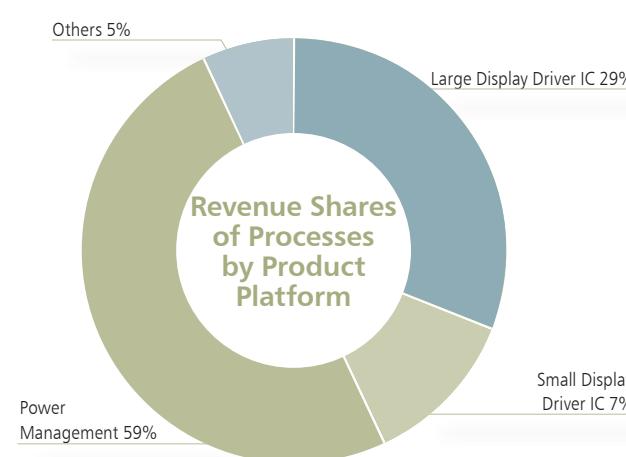
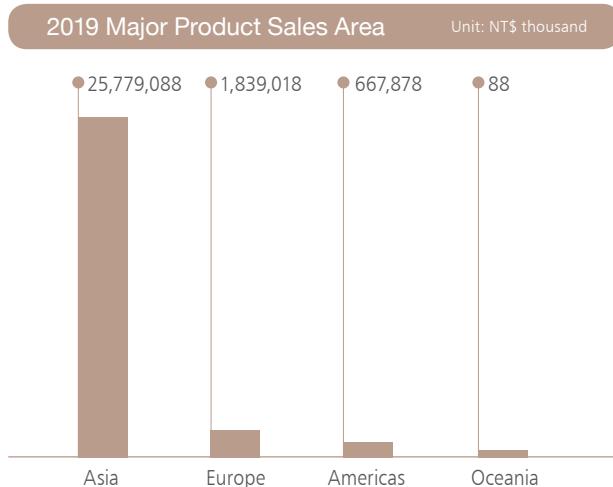




Over the years, VIS' production of display driver ICs, power management ICs, and discrete components have exhibited distinctive operational performances. In order to diversify product and market centralization, reduce operating risks, and simultaneously extend its reaches in the high-profit market, in addition to our existing high-voltage analog, BCD process, and ultra-high-voltage processes, VIS will continue to accelerate development projects relating to sensing devices, fingerprint sensor ICs, and high-power management ICs as well as embedded memory platforms. This will enable VIS to adapt to the energy saving and carbon reduction era and to satisfy market demand for automobile electronics and Internet of Things applications.

Shareholder Structure

In 1994, Taiwan Semiconductor Manufacturing Company (TSMC) and 13 other companies jointly invested and founded the Vanguard International Semiconductor Corporation. In March of 1998, VIS became a TPEx listed technology firm. The list of large shareholders included TSMC and the National Development Fund of the Executive Yuan. The current shareholder structure is shown in the right chart below:



1.2 Green Innovation

VIS has leveraged its existing core technologies and skills to continue its investment in product development and process technology in fulfillment of industry and market needs. VIS offers a wide range of process technologies, including High Voltage, Ultra High Voltage, Bipolar CMOS DMOS (BCD), Silicon on Insulator (SOI), Discrete, Logic, Mixed-Signal, Analog, High Precision Analog, Embedded Memory and MEMS, to further help increase the global competitiveness of its foundry customers.

Adhering to the Company's value-oriented core value, VIS develops More than Moore wafer fabrication technology to help customers produce and manufacture green products. Through the Company's wafer fabrication technology, customers can adopt energy-saving and eco-friendly designs and manufacture green products that are widely used in various products and applications, such as computers, communications, consumer electronics, industrial products, and cars.

In order to enhance its IP service capability, VIS has continued its IP development by strengthening strategic partnership with its IP providers. Currently available IPs are standard cell library, SRAM, one-time programmable memory, multiple-time programmable memory, electrical fuse, and power phantom cells. With help from strategic IP partners, VIS is also able to provide IPs that are required by specialty ICs.

Cases of Innovation

VIS has developed technological platforms including HV, BCD, and UHV, which determine the efficiency of energy use and realize energy-saving technology. Through these platforms, the Company is able to create greater value-added for its driver IC and power management IC, producing wafers with lower energy consumption and higher efficiency. These products play an important role in electronic products, providing steady power to terminal devices; these products also have lower energy consumption, helping customers realize their goal of manufacturing green products.

The revenue from HV and power management IC account for a significant share in the Company's portfolio. In 2019, VIS delivered over 1 million wafers of HV and power management IC.

Using VIS' UHV products as an example, each IC can save 5W of energy, which converts to 125kW per one 8-inch wafer. VIS produces 23,000 wafers a year, and can save 5.2 billion kWh of power a year. Compared to the capacity of 10 billion kWh of Taiwan's nuclear power plants, VIS can save a nuclear power plant's one year generation in two years. VIS will continue to invest in UHV process technology, which will definitely help the lighting industry in the future in terms of energy saving and carbon reduction.

Moreover, VIS continues to develop more diverse value-oriented technological platforms, such as MEMS, and will continue to create value for the progress of modern society in various industrial applications including IoT and healthcare.

1.3 Financial Performance

Financial Performance

Affected by the US-China trade war, VIS' annual revenue in 2019 was NT\$28.29 billion, a decrease of approximately 2% compared to NT\$28.93 billion of the previous year. The Company's average gross profit for the year was approximately 35%; net income was NT\$5.86 billion, and EPS was NT\$3.54. The return on equity was 19.88%. VIS contributed as many as NT\$1.53 billion in tax money.

2019 Consolidated Financial Information

Item	Basic Elements	Unit: NT\$ Million		
		2017	2018	2019
Direct Economic Value Generated (A)	Revenues (Note 1)	24,962	29,246	28,735
	Operating Cost (Note 2)	13,132	14,036	13,705
	Employee Wages and Benefits (Note 3)	6,522	7,710	7,631
	Payments to Shareholders (Note 4)	4,917	4,917	5,245
	Payments to Government (Note 5)	799	1,327	1,532
	Community Investment (Note 6)	4	6	6
Economic Value Retained (A-B)		(412)	1,250	616

Note 1: Revenues include net Sales Revenue and net nonoperating income and expense.

Note 2: Operating costs include cost of goods sold and operating expenses, and exclude employee wages and benefits, property tax, stamp tax, vehicle tax, other taxes and community investment.

Note 3: Includes bonus, pension, and labor and health insurances.

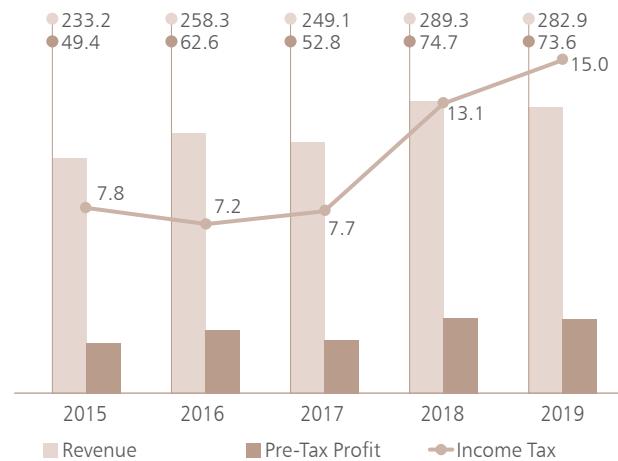
Note 4: Cash dividends of the year.

Note 5: Includes income tax, property tax, stamp tax, vehicle tax, and other taxes.

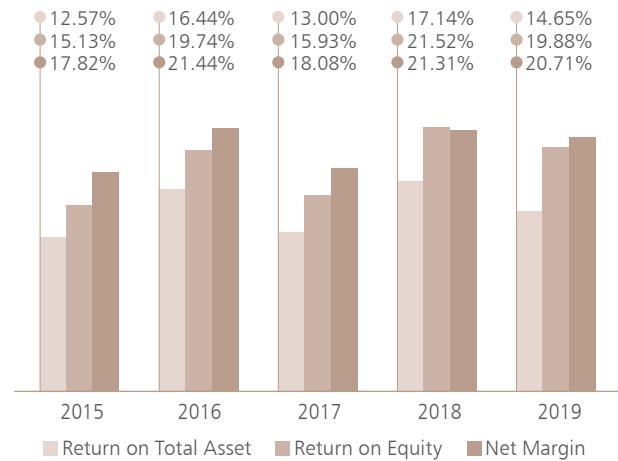
Note 6: Charity expenses donated to government agencies, social welfare groups, and neighborhood charity

Revenue, Pre-Tax Profit and Income Tax

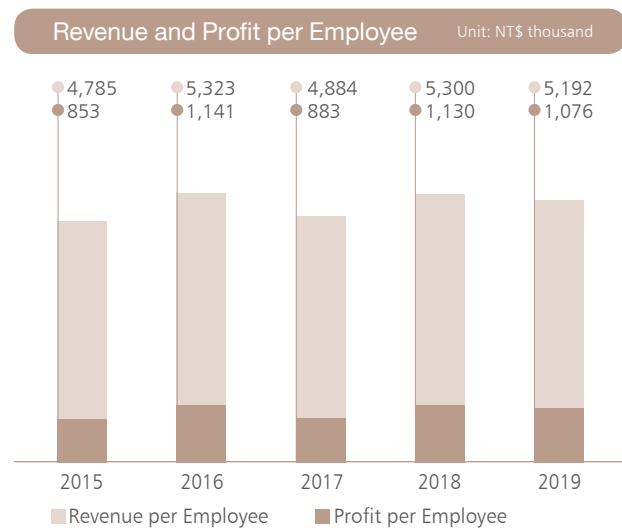
Unit: NT\$100 Million



Company Profitability



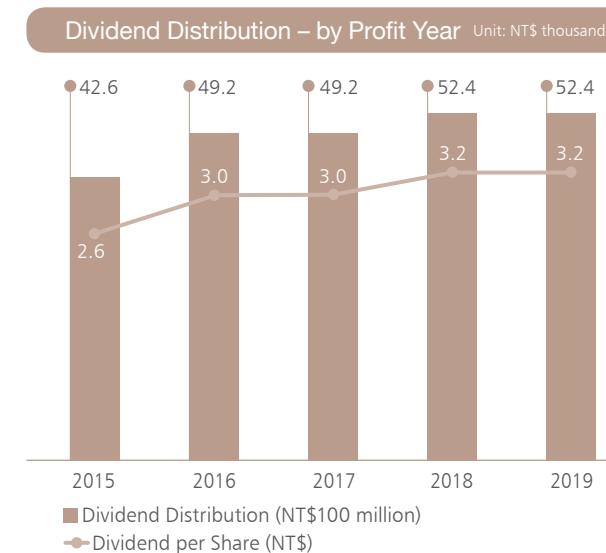
The profitability of VIS relies on each and every employee. In 2019, the revenue per employee was NT\$5,192 thousand, and profit per employee was NT\$1,076 thousand.



VIS is experiencing steady growth, and since 2005, it has distributed cash dividends every year. Current five years distributed dividends as follows:

Item	2015	2016	2017	2018	2019 (Note)
Distributed dividends (NT\$100 Million)	42.6	49.2	49.2	52.4	52.4
Amount (NT\$)	2.6	3.0	3.0	3.2	3.2

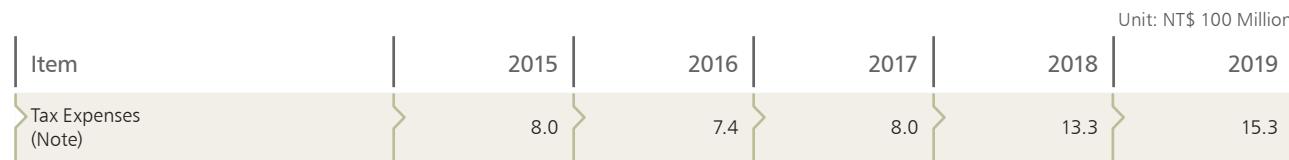
Note: Distributed dividends of 2019 has yet been calculated. The matter will be resolved in the shareholders' meeting on June 12, 2020.



In addition to distributing cash dividends to shareholders, VIS will also invest capital expenditures and R&D expense according to the Company's strategy. In 2019, VIS acquired the Singapore Fab, including plant building, facilities, machinery and equipment, and MEMS IPs and related business, showing VIS' determination to expand capacity.

Tax Policy

Tax payments made to the government by VIS primarily encompasses corporate income tax, property tax and stamp tax. In 2019, total tax amounted to NT\$1.53 billion; and actual amount paid to the government was NT\$1.73 billion.



Note: Tax Expenses include Income tax, property tax, stamp tax and vehicle tax.

Tax credits and tax exemptions in 2019 are as follows:

Legal Basis	Tax Exemptions	Amount
Article 10 of the Statute for Industrial Innovation	Tax credit for research and development expenditure	191
Article 10-1 of the Statute for Industrial Innovation	Smart machines and 5th Generation Mobile Networks	4
Article 23-3 of the Statute for Industrial Innovation	Undistributed earnings used to purchase software or hardware equipment for use in production or operation after such earnings are derived	31
The Management, Utilization, and Taxation of Repatriated Offshore Funds Act	Investment income distributed by an invested enterprise over which a profit-seeking enterprise has the controlling power or a significant influence and which is in countries or jurisdictions outside Taiwan, Penghu, Kinmen, and Matsu, used for: Expenditures for construction or purchase of buildings used for production or operation. Expenditures for installation or purchase of software and hardware equipment or technology used for production or operation	46

1.4 Awards and Achievements

In 2019, VIS received a score of A- among 8,400 companies participating in the Carbon Disclosure Project (CDP) in the world, being recognized for its contributions to mitigation of global warming. Furthermore, VIS has also earned the following recognitions in areas of CSR, environmental protection, environmental education, vocational safety, workplace health, happy enterprise, and corporate A&M:

- Top 5% and received the highest honor in the Fifth Corporate Governance Evaluation of Listed Companies
- Top 10% in the Fifth Corporate governance Evaluation of TWSE- or TPEX- Listed Companies with a market value of 10 billion regardless of industries
- ISO 14001 Environmental Management Systems
- OHSAS 18001 Occupational Health and Safety Systems
- ISO 14064-1 International Standard for Quantifying and Reporting GHG emissions
- ISO14046 Product Water Footprint Verification
- ISO 14067 Product Carbon Footprint Verification
- ISO 50001 Energy Management System
- ISO 14051 Material Flow Cost Accounting Analysis
- EPA's silver award at the "ROC Enterprises Environmental Protection Award"
- EPA's First Green Chemical Application and Innovation Award
- EPA's First Place in Hsinchu City Private Enterprises in 7th "National Environmental Education Award"
- OSHA's "Outstanding Enterprise of Occupational Safety and Health"
- The 9th MAPECT Taiwan M&A Awards Most Influential M&A Deal of the Year
- TAISE "Taiwan Corporate Sustainability Report Award" Bronze Prize
- No. 30 in CommonWealth "Top Corporate Citizens"
- Cheers Magazine's Top 20 Happy Enterprises in Tech Industry"

①Fab 1 Deputy Director You-bin Lin (Right) accepts EPA's "First Green Chemical Application and Innovation Award" on behalf of VIS

②Recruiting Staffing Manager Pei-chen Kuo (Center) accepts Cheers Magazine's Top 20 Happy Enterprises in Tech Industry" on behalf of VIS

③PR Manager Dana Tsai (R4 in second row) accepts TAISE "Taiwan Corporate Sustainability Report Award" on behalf of VIS

④Fab 2 Director Chun-liang Yu (L1) accepts EPA's Seventh "National Environmental Education Award" on behalf of VIS

⑤Fab 3 Deputy Director You-chun Ho accepts EPA's silver award at the "ROC Enterprises Environmental Protection Award" on behalf of VIS

⑥Corporate Development Division Head Hsing-han Liu (Center) accepts The Ninth MAPECT Taiwan M&A Awards Most Influential M&A Deal of the Year on behalf of VIS



2. Sustainability and Corporate Governance



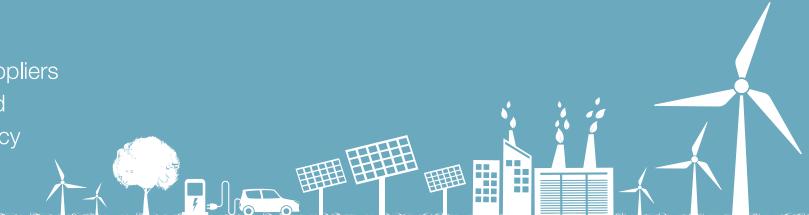
In 2019, CSR responded to
11 SDGs

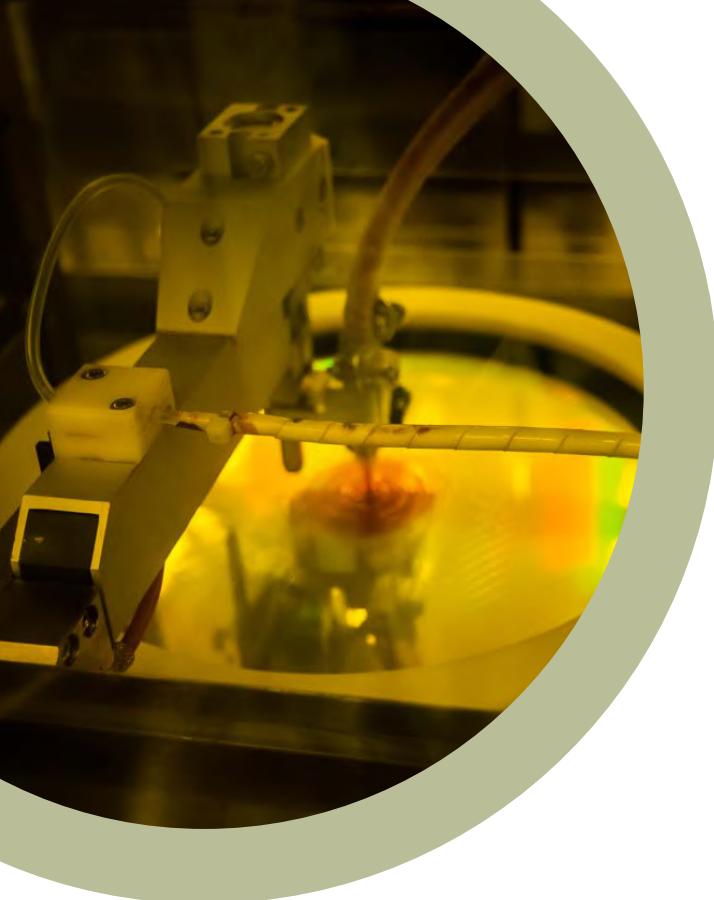


12 major topics concerned
by stakeholders



In 2019, 100% new suppliers
recognized with and
signed VIS CSR Policy





2.1 Corporate Social Responsibility Policy

VIS commits to embrace, support, and enact, within its sphere of influence, to the extent of applicable laws, a set of internationally recognized standards in the areas of business ethics, employee rights, health and safety, and the environment, and actively invests itself in environmental protection and social participation to realize environmental sustainability through actions and create common goods for the society.

Our management further commits to establish a management system for ensuring the compliance of the Company and its next tier of suppliers to this set of standards and their continuous improvement.



Corporate Governance

VIS complies with corporate governance principles and has in accordance with relevant laws and regulations established effective corporate governance frameworks that strengthen the functionality of the board of directors and fulfill the functions of the Audit Committee. While maintaining normal business development and protection of shareholders' equity, VIS also respects the rights of stakeholders and strengthens information disclosure of corporate governance to promote information transparency.

Business Ethics

VIS upholds integrity in employee and executive conducts in all business activities and internal interactions. Financial statements shall be clean, transparent, and compliant to applicable regulations and accurately reflecting the financial performance and health of the Company.

VIS will work against corruption in any and all forms, including extortion, bribery, and embezzlement.



VIS respects intellectual property rights of others and establishes tight control in protecting customers' intellectual property as well as trade secrets.



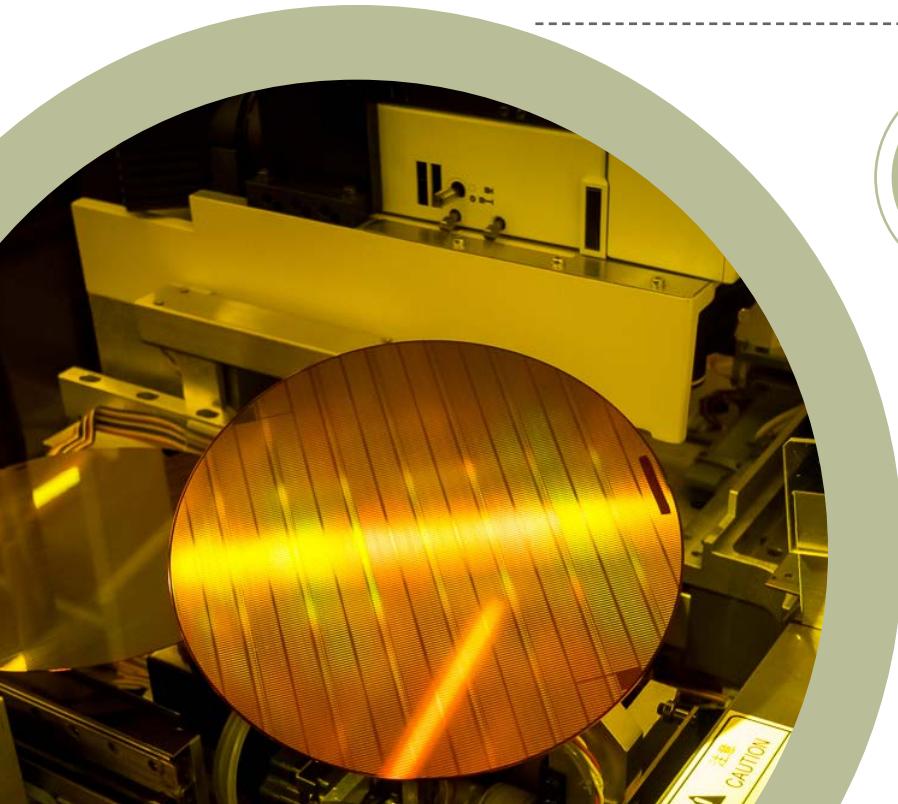
Employee Rights

VIS supports internationally proclaimed human rights of employees, and treats them with dignity and respect, without discrimination of any kind. No inhumane treatment including sexual harassment, corporal punishment, mental coercion, or verbal abuse, shall be tolerated.

Employees' work hours are not to exceed the maximum limit set by local law. All works are voluntary and employees are free to terminate their employment at any time. VIS does not employ child labors.

Employee compensation shall comply with all applicable local laws, including minimum wages, overtime pay rates, labor, medical and group insurances, fringe benefits and severance/retirement pays.

Employees are free to join or organize labor unions in accordance with local laws. Elected employee representatives meet with management once every quarter to communicate grievances and solutions.



Health and Safety

VIS recognizes its utmost responsibility is to provide a healthy and safe work environment for its employees, and to enhance the Company's global competitiveness. VIS is diligent in conducting risk management, legal compliance, and self-audits to achieve continuous improvement.



Environmental Protection

As a global citizen, VIS undertakes precautionary environmental protection measures to minimize adverse effects of its manufacturing operation on the community, environment and global warming, and continuously invests in the development and deployment of environmentally friendly technologies.

2.2 Corporate Governance

Corporate Governance Structure



The Board of Directors is the Company's highest level of governing body, which is responsible for strategy direction, management and oversight, and should fulfill obligations for the entire organization and stakeholders. To better implement corporate governance and strengthen management of the Board of Directors, two committees – Audit Committee and Compensation Committee – have been established under the Board of Directors to assist the Board perform its duty of oversight. In 2019, the Board passed the

decision to appoint the General Counsel as the Chief Corporate Governance Officer of VIS, responsible for the matters related to corporate governance. However, decisions related to economic, environmental, and social issues shall be made by "CSR Committee" consisting of representatives of different execution units, such as Public and Investor Relations, Workplace Safety and Environmental Protection, and Human Resources, which convenes quarterly meetings to formulate CSR guidelines and actions, and reports to the Board of Directors every six months.

VIS has garnered much recognition for its efforts in corporate governance, and has ranked in the top 5% in the Corporate Governance Evaluation of Listed Companies conducted by TWSE and TPEX.

Organization of the Highest Level Governing Body

VIS insists on operational transparency and cares about shareholders' equity. We also believe that a sound and efficient Board of Directors is an underlying requirement for optimal corporate governance. VIS has established a Compensation Committee and an Audit Committee to improve its function of oversight and strengthen management. The Compensation Committee is responsible for assisting the Board of Directors in setting and evaluating the performances of directors and managers, compensation policies, compensation systems, standards and structure, and help to set and conduct periodic evaluations of these members' salaries. The Audit Committee is tasked with overseeing adequate representation of the Company's financial statements, appointment (or dismissal) of certified public accountants as well as their competence, independence, and

performance, effective implementation of the Company's internal controls, the Company's compliance with relevant laws and regulations, and control over existing or potential risks to the Company.

Organization of the Board of Directors

VIS' highest level of governing body, the Board of Directors, is composed of seven outstanding individuals with extensive experience in industrial and academic fields. VIS follows the board member diversity policy. Board members who also serve as managerial officers of the Company should not exceed more than one third of the board members and they should have different professional backgrounds and work experience and should be balanced between the genders. They should possess the knowledge, skills, and experience necessary for performing their duties.

For the election of the Board of Directors, the Company followed the principles of corporate governance and adopted the nomination system. Among the seven Directors, three are independent, they are as follows: Kenneth Kin, former Senior Vice President of Taiwan Semiconductor Manufacturing Company; Benson W.C. Liu, Chairman of Taiwan Corporate Governance Association; and Chintay Shih, former Chairman of the Industrial Technology Research Institute. Among the other four Directors, three are representatives of juristic persons, they are: TSMC Representative Leuh Fang (Chairman of VIS), TSMC Representative F.C. Tseng (Vice Chairman of VIS), and Representative of the National Development Fund Management Committee, Executive Yuan, Lai-shou Su. Six out of the seven directors do not serve as managers at the Company.

Duties and Operations of the Board of Directors

The Board of Directors is the Company's highest level of governing body and the primary business decision-maker. The duties of the Board of Directors include the appointment and directing of corporate executives; supervising business performance; preventing conflict of interest; ensuring the Company's compliance with laws, Articles of Incorporation, the resolutions adopted in shareholders' meetings.

The Board of Directors shall be responsible for the Company's overall operational activities, establish definitive goals, and strive to achieve these goals. The Board of Directors shall direct the Company's operation and management strategies, formulating concrete objectives. The Board of Directors shall be responsible to the shareholder's committee. Directors' compensations shall be determined based on the performance evaluation conducted by the Compensation Committee and Board of Directors. The results are then presented at the shareholders' meeting for final approval. The shareholders shall determine and acknowledge the outcomes submitted by the Board of Directors. This process serves as a means for measuring the managerial performance of the Company's highest level of governing body. Through the performance evaluations of the Board of Directors, the Board's decision-making ability and efficiency will be enhanced, resulting in the effective management and supervision of the Company's goals. Furthermore, the Company's annual report discloses the meeting attendance rates of the Directors of the Board; this strengthens the Directors' sense of obligation in fulfilling their responsibilities, and ensures they fully utilize their skills to oversee and manage company operations.

The Board of Directors meeting is held at least once per quarter, where they will listen to reports by the management team and evaluate development strategies and other proposals submitted by management teams. VIS held a total of 7 board meetings in 2019.

Title	Name	Attended in Person	Attended by a Representative	Attendance Rate (%)
Chairman	TSMC Representative: Leuh Fang	7	0	100
Vice Chairman	TSMC Representative: F.C. Tseng	6	1	86
Independent Director	Benson W.C. Liu	7	0	100
Independent Director	Chintay Shih	7	0	100
Independent Director	Kenneth Kin	7	0	100
Director	Edward Y. Way	7	0	100
Director	Representative of the National Development Fund Management Committee, Executive Yuan: Lai-Shou Su	7	0	100

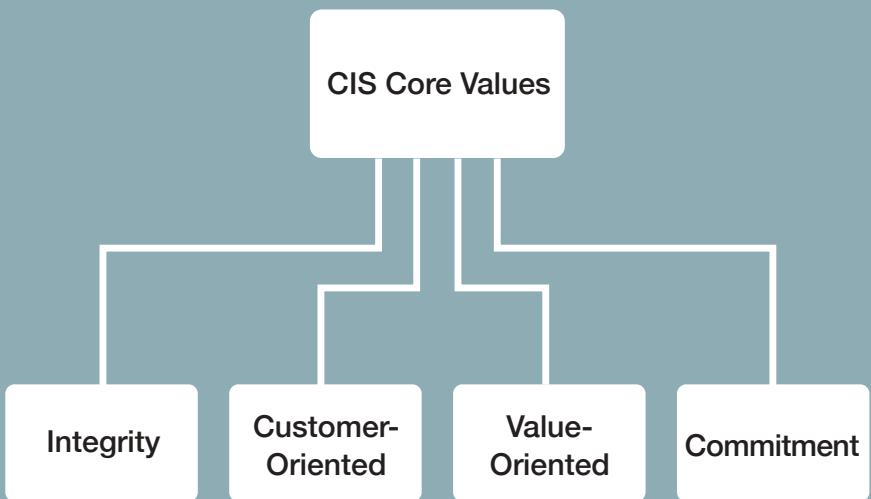
Note: During the 2018 shareholders meeting, President Leuh Fang was elected as a new Board Director and was also elected as the Chairman. All the members of the Board of Directors are male over the age of 50. Please refer to VIS' Annual Report or website for details on education and work experience of VIS directors and their positions at other companies.

Conflict of Interest

The Company has established provisions related to the prevention of conflict of interest, and has rules and regulations in place to prevent conflict of interest in the Rules of Procedure of Board of Director Meetings and Audit Committee Charter. If any Director or juristic person represented by a Director is a member of the interested party, or a Director's spouse or lineal blood relatives, or companies that have controlling and subordinate relation with a Director, whose involvement with a meeting agenda may have conflict of the Company's interests, they may not be present nor participate in any discussion or vote on that item, and may not act as another director's representative to exercise their voting rights. When engaging in activities within the business scope of VIS for him/herself or on behalf of others, the director or general manager shall acquire prior approval at the shareholders or Board of Directors' meetings in accordance with the laws and regulations; any transactions concerning related-parties must be disclosed.

Furthermore, the Company has elected professional and independent directors. Independent directors shall propose business ideas from an objective and fair standpoint based on their expertise and experience while formulating corporate strategies. When discussing any topic with the Board of Directors, opinions of the independent directors must be taken into full consideration. Any reasons for agreeing or disagreeing must be fully documented in meeting minutes, and the conflict of interest prevention principle must be taken into the account to protect the Company's best interests. In addition, no members of the Board of Directors are involved in cross-holding with the Company's key suppliers.

2.3 Ethical Corporate Management



Ten Articles of VIS Business Philosophy

1. Upholding Ethical Business Practices

2. Focusing on Core Business

3. Internationalized Operation with View on Global Market

4. Focusing on Long-term Business Strategies, Striving
to Be a Perpetual Enterprise

5. Treating Customers as Partners

6. Building Quality into All Aspects of Our Business Compliance

7. Constant Innovation and Entrepreneurial Vitality

8. Creating a Dynamic and Enjoyable Working Environment

9. Establishing an Open Management Style

10. Being a Good Corporate Citizen by Contributing and Caring
for both Shareholders and Employees

Ethical Corporate Management Best Practice Principles

VIS' core values are integrity, customer-oriented, value-oriented, and commitment, and the first article of VIS business philosophy is "upholding ethical business practices, which show how much emphasis VIS puts on integrity. In light of this, VIS has formulated "Ethical Corporate Management Best Practice Principles" to nurture corporate culture of ethical corporate management and establish sound business model. The principles, in addition to being disclosed on VIS website, VIS has also produced videos of the 10 Articles of VIS Business Philosophy to promote within the Company. VIS regularly reminds directors, independent directors, and employees the importance of "Ethical Corporate Management Best Practice Principles," and conduct training; VIS also advocates fair trade, anti- bribing, and Code of Conduct. Moreover, VIS reports at least once in board meeting the implementation of VIS Ethical Corporate Management Best Practice Principles, to ensure promotion and outcomes of the principles.

To strengthen ethical corporate management, VIS has formulated Guidelines for Reporting and Handling Ethical Conduct Violations, and established three independent mailboxes for reporting: Chairman's Mailbox (vis_chairman@vis.com.tw), Audit Committee Mailbox (audit_committee@vis.com.tw), and President's Mailbox (vis_president@vis.com.tw). The mailboxes serve as channels for reporting violations of professional ethics, regulations, or misconducts, and the chairman as well as independent directors shall take necessary measures. In 2019, the Audit Committee Mailbox received one report of misconduct of an employee. The case was handed over

by Convener of Audit Committee for internal audit, which inquired the department executives of the said case and did not find concrete evidences of misconducts. Chairman's Mailbox and President's Mailbox did not receive any reports.

Code of Conduct

VIS Code of Conduct has established provisions related to the prevention of conflict of interest, and has rules and regulations in place to prevent conflict of interest. If any employee has the following situations, he or she must proactively report to the Company: employee or close relative is employed by any supplier, customer, or competitor; employees activities outside the Company are in direct competition with VIS business; employee utilizes company resources for activities outside the Company, employee has relatives working in the Company. Upon receiving the report, HR and senior executives will jointly discuss how to address the issue and report to the president for approval.

Code of Conduct Training and Promotion

Through diverse channels, such as videos of the 10 Articles of VIS Business Philosophy, announcements on internal websites, publications and promotional materials, and company e-mails, VIS continues to promote Code of Conduct to employees; starting in 2019, VIS has integrated two digital courses, "Professional Code of Conduct" and "Ethical Corporate Management Best Practice Principles," which has been included as an annual

required course of employees. In 2019, a total of 5,170 employees completed the "Professional Code of Conduct and Ethical Corporate Management Best Practice Principles" digital course, achieving a completion rate of 98.6% for related courses, which was an improvement of 3.6% compared to 2018. The goal in 2020 is to achieve 100% completion rate.

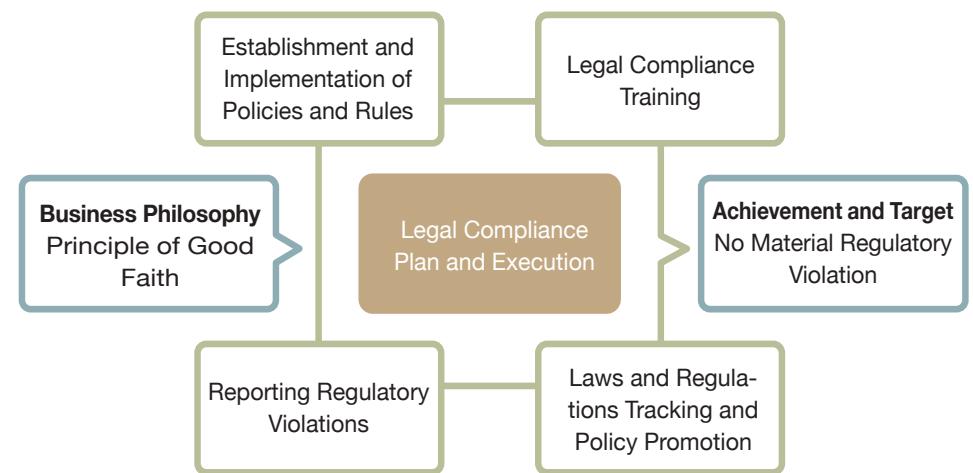
Code of Conduct and Ethical Corporate Management Practice Principles Course

Number of Participants	Description
Approximately 9,820 People Completed "Professional Code of Conduct" and "Ethical Corporate Management Best Practice Principles" digital courses in 2018, a 95% completion rate.	Approximately 5,170 People Completed "Professional Code of Conduct and Ethical Corporate Management Best Practice Principles" digital course in 2019, a 98.6% completion rate. The course includes prevention of conflict of interest, understanding dishonest conducts and prevention, report, and appeal systems, and protection of whistleblower.

Legal and Regulatory Compliance

To ensure company operations comply with relevant laws and regulations, and to protect the rights and interests of VIS, its customers, shareholders, and employees, VIS has established a Legal Department to deal with legal and IPR affairs. In addition, all the other departments are requested to pay close attention to any changes in policies, laws, and regulations that may potentially have a significant impact on VIS' operations, businesses, or finance activities. By establishing its policies and rules in accordance with relevant laws and regulations, offering training courses, tracking

amendments to laws and regulations, promoting the said policies and rules, providing channels for filing complaints, conducting legal compliance self-inspections and internal audits; VIS has set up its legal compliance program.



Establishment and Implementation of Policies and Rules

VIS has established policies and rules, according to relevant governmental policies, laws, and regulations on various business activities, including but not limited to, supply chain safety, information security, CSR, anti-sexual harassment, environmental protection, internal control, financial report compilation, document management and destruction, procurement of non-conflict minerals, ethics compliance, personal data protection and PIP policy, and requested all employees to comply with such policies and rules

while performing their job functions. To reinforce the implementation of legal and regulatory compliance and ensure VIS' compliance with relevant policies, laws, and regulations, VIS has also incorporated its internal working principles into its policies and rules.

To support business development and encourage employees to comply with laws and regulations, VIS continues to include the prevention of violation of Anti-Trust Laws as the focus of legal compliance this year. By providing Anti-Trust Laws training course, requesting high-risk business units to periodically inspect their business activities, we cultivate employees' compliance with Anti-Trust Laws to ensure that VIS continues to adhere to its regulatory commitments.

In 2019, VIS did not have any litigations relating to Anti-Competition, Anti-Trust, and Anti-Monopoly laws and regulations.

Legal Compliance Training

Training is an integral part of legal compliance plan. VIS provides online training courses that focus on Authorized Economic Operator (AEO) and supply chain safety, sexual harassment prevention, intellectual property rights introduction, and etc., enabling its employees to get easy access to legal compliance training courses during office hours. Specific training requirements have also been established based on the job functions of

employees. Furthermore, tests are conducted after each course to examine and correct the employee's understanding regarding legal articles, policies, and rules.

In order to enable employees to get a better understanding of Anti-Trust Laws in regions where VIS conducts its business activities, and to help employees identify potential violations of Anti-Trust Laws, VIS' Legal Department has provided its employees with online Anti-Trust Laws training course, and conducts Anti-Trust Laws propaganda through such training course. Furthermore, to enhance the high-risk departments' awareness of the importance of complying with fair competition laws, reduce the risk of VIS' violation of relavent laws and regulations, VIS will constantly require high-risk departments to complete Anti-Trust Laws training course in 2020.

Laws and Regulations Tracking and Policy Promotion

In order to ensure the legitimacy of its primary business activities, as well as monitoring changes in laws and regulations, VIS' Legal Department periodically reviews amendments to laws and regulations, posts the amendment information on VIS' internal website for all departments to evaluate the possible risk and impact of such changes in laws and regulations on VIS, and revise or establish their policies and rules accordingly. VIS also requests all departments to conduct legal compliance self-inspection periodically, which is subject to audit conducted by Audit Department,

to reduce the impact and risks of regulatory violation on VIS. Related propaganda materials were posted on VIS' internal website and bulletin board.

Reporting Regulatory Violation

In order to prevent the rights and interests of its customers and employees from being damaged by any regulatory violation, and to protect its corporate image, VIS offers multiple internal and external channels for its employees and third parties to report suspected regulatory violation. VIS adheres to the principle of confidentiality over the identity of such employees and third parties as well as the contents of the reported cases.

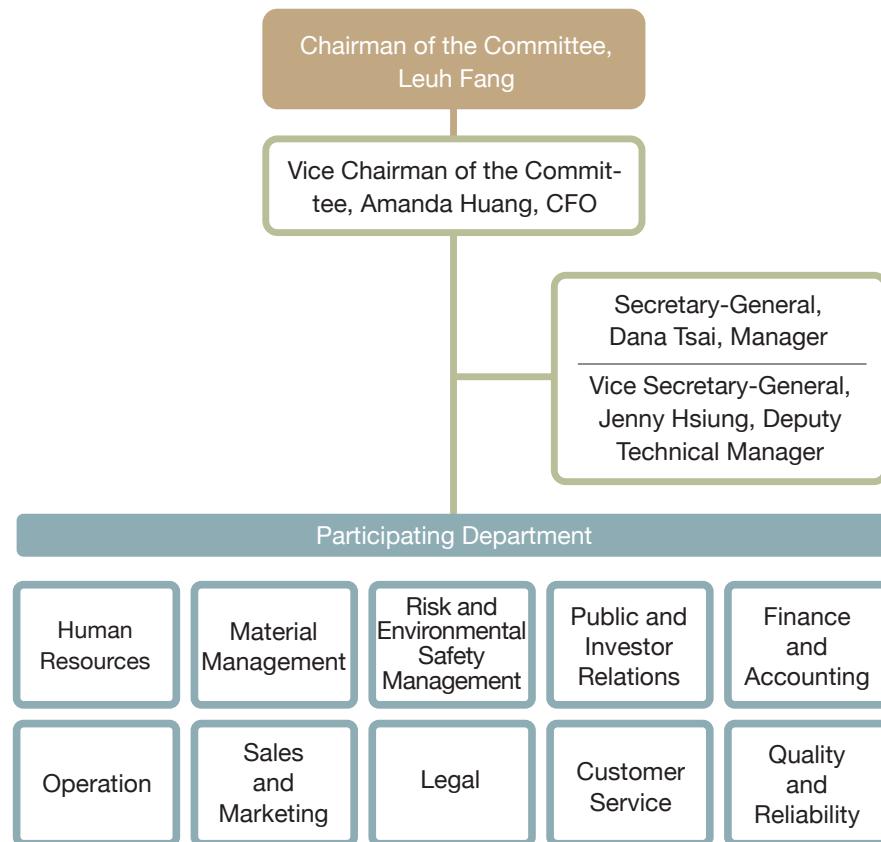
VIS did not have any material regulatory violation in 2019, which will also be the target for VIS in 2020.

The CSR Committee is chaired by VIS Chairman Leuh Fang, CFO/VP D.L. Tseng serves as the Vice Chair of the committee. The committee formulates the Company's CSR guidelines and regularly reviews the execution progress of various tasks. The committee also consists of representatives of various divisions of the Company, include those involved in human resources, public and investor relations, legal affairs, material management, business operations, quality and reliability assurance, industrial safety, environmental protection, finance and accounting, customer service, and marketing. Each representative plans and implements different CSR missions based on respective responsibilities, and reports on the progress and achievements during the quarterly CRS Committee Meeting. Through the process of continuously setting and adjusting goals, all the committee members brainstorm together and constantly reviews implementation outcomes and make improvements.

2.4 Corporate Social Responsibility Committee

To implement CSR, promote economic development, strike a balance between society and environmental ecology, and maintain sustainable development, VIS formulated the Company's Corporate Social Responsibility Policy in 2012 in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies and the Responsible Business Alliance (RBA), and founded the Corporate Social Responsibility Committee (CSR Committee) to build the CRS management system of VIS.

CSR Committee Organization Chart



2.5 Major Topics and Stakeholder Communication

Major Topics

In 2019, following Global Reporting Initiative (GRI) standards and AA1000 Stakeholders Engagement Standards (SES), and referencing other major semiconductor companies' major topics, the CSR Committee discussed and determined 24 Sustainability Topics. A questionnaire was compiled by the CSR Committee members and then sent to all stakeholders, including our employees, customers, suppliers, investors, media, and related public and private agencies. The top 12 topics were chosen as major CSR topics of 2019.

2019 VIS Major Topics

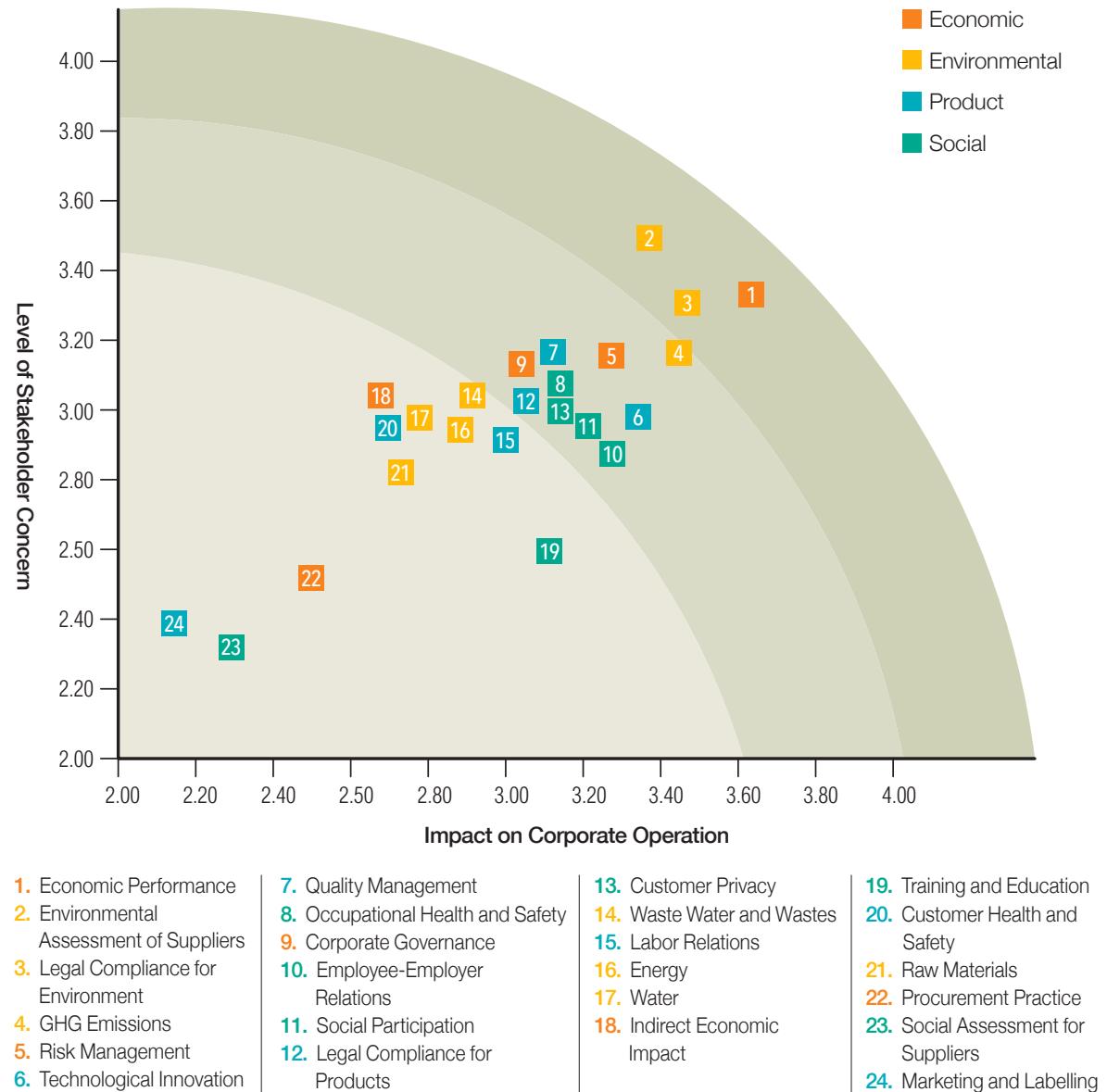
Dimension	Impact
1. Economic	Economic Performance
2. Environmental	Environmental Assessment of Suppliers
3. Environmental	Legal Compliance for Environment
4. Environmental	Emissions
5. Economic	Risk Management
6. Product	Technological Innovation
7. Product	Quality Management
8. Social	Occupational Health and Safety
9. Economic	Corporate Governance
10. Social	Employee-Employer Relations
11. Social	Social Participation
12. Social	Legal Compliance for Products

Engagement Mechanism of Major Topics

Phase 1: Identification		Phase 2: Collection and Analysis of Sustainability Topics			Phase 3: Confirmation
Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
					
Select Target of Communication	List Sustainability Topics	Survey Level of Concern	Analysis Impact on Operations	Matrix of Major Topics	Review and Disclose Content
7 Categories of Stakeholders	24 Sustainability Topics	244 Questionnaires	43 Executives	12 Topics	20 Specific Themes
VIS values the opinions of all stakeholders. According to level of mutual influences, VIS has identified 7 key targets of communication, including employees, suppliers (partners), investors, government agencies, customers, media, and community/society.	Following the topics, product uniqueness, concerned issues of domestic and overseas industries, and global sustainability trends, in the GRI Standards, VIS focused on the Company's own operations and business, and identified 24 sustainable topics.	Collect stakeholders' concrete responses through distribution of questionnaires to identify major topics. According to communication frequency, dependency, and influence, to determine the level of importance of stakeholders and collected a total of 244 questionnaires.	VIS CSR Committee invited all executives to participate; through questionnaires, we investigated the impacts on operations in three aspects: environmental, social, and economics.	Through comprehensive analysis and matrix of major topics, the committee selected 12 major topics through careful discussions.	Compare the 12 major topics and GRI specific themes, and disclose management guidelines and report requirements based on related regulations.

A total of 244 questionnaires were distributed to stakeholders, collecting 172 valid questionnaires. A total of 43 questionnaires were distributed to executives, collecting 39 valid questionnaires. To properly listen to employees' opinions, the questionnaires were distributed to employees of different positions, departments, and nationalities, in order to achieve sample representativeness, fully reflecting the thoughts across all levels.

Weight	Stakeholder	Collected Questionnaires	Valid Questionnaires
18.0%	Employees	129	85
15.0%	Suppliers (Partners)	53	33
13.0%	Investors	26	23
12.0%	Government Agencies	2	2
18.0%	Customers	27	23
12.0%	Media	5	5
12.0%	Community/Society	2	1
Total		244	172



Major Topics and VIS Value Chain

Major Topics	Importance to Operation	Influences on Value Chain			Corresponding GRI	Annual Achievements (Chapter/Section)
		Procurement	Manufacturing	Customer Utilization		
1. Economic Performance	Increasing profit is the basis of corporate management and operation, and can achieve long-term steady and sustainable performances	V	V		201-1	1.3 Financial Performance 3.3 Environmental Policy and Management
2. Environmental Assessment of Suppliers	Conduct environmental assessment management targeting the supply chain, to enhance supply chain resilience and reduce operation risks	V	V	V	308-1	3.3 Environmental Policy and Management
3. Legal Compliance for Environment	Comply with laws and regulations to earn stakeholders' trust, reduce operational costs, such as fines and fees	V	V		307-1	3.3 Environmental Policy and Management
4. GHG Emissions	Effective emission management can reduce operational costs and environmental impact	V	V	V	305-1, 305-2, 305-3	3.3 Environmental Policy and Management
5. Risk Management	Identify related economic, social and environmental risks to reduce impact on operations	V	V		N/A (Set by VIS)	3.3 Environmental Policy and Management
6. Technological Innovation	Actively develop innovative technology to timely respond to environmental changes and market demands	V	V	V	N/A (Set by VIS)	1.2 Green Innovation
7. Quality Management	Stable and outstanding product quality helps enhance company reputation and operation performances	V	V	V	N/A (Set by VIS)	3.1 Customer Service and Quality
8. Occupational Health and Safety	Employees are important assets, and VIS shall protect their workplace safety and eliminate occupational accidents	V	V		403-2	3.4 Occupational Safety and Health
9. Corporate Governance	Sound and transparent governance structure is the foundation of stable corporate management and operation	V	V		102-18	2.2 Corporate Governance
10. Employee-Employer Relations	Sound employee-employer relations can strengthen company cohesion	V	V		403-2	4.1 Talent Recruitment and Retention
11. Social Participation	Participate in social welfare activities, care for disadvantaged groups, give back to the society through concrete actions			V	N/A (Set by VIS)	5.1 Social Welfare and Social Participation
12. Legal Compliance for Products	Comply with laws and regulations to earn stakeholders' trust, reduce operational costs, such as fines and fees	V	V	V	417-1 Product environmental and social impacts 417-2 Incidents of non-compliance concerning product and service information and labeling	3.1 Customer Service and Quality

Major Topics Management Guidelines

Major Topics	Policy and Commitment	Sustainable Goals	2019 Results	Future Direction and Plan	Resources	Assessment Mechanism
Economic Performance	Focus on global market for globalized operations; focus on long-term strategy in pursuit of sustainability	<ul style="list-style-type: none"> ROE reaches 20% Continue to give back to shareholders through steady or growing net income Top 10 foundry service provider in the world 	<ul style="list-style-type: none"> ROE reached 19.9% EPS reached NT\$3.54 Ninth largest foundry service provider in the world 	Sustain steady growth; cash dividends distributed to shareholders since 2005	Invest capital expenditure and R&D funds according to the Company's strategy. Acquired Singapore Fab in 2019 to demonstrate the determination to continue expanding capacity	Disclosure of financial information according to international financial report standards recognized by FSA
Environmental Assessment of Supplier	Long-term cooperation with suppliers to jointly build and develop stable relations and urge them to be responsible for environment	<ul style="list-style-type: none"> 100% Suppliers recognize and comply with VIS CSR Policy 100% Suppliers comply with R.B.A. Responsible Minerals Initiative 	<ul style="list-style-type: none"> 100% new suppliers recognize and signed with VIS CSR Policy All mining related suppliers completed Responsible Minerals Survey to declare compliance with R.B.A. Responsible Minerals Initiative 	<ul style="list-style-type: none"> Establish supplier sustainability management assessment and supplier CSR policy management Demand suppliers' operations to comply with related laws and regulations in respective countries and related international code of conduct 	Urge suppliers to comply with the Company's HSF policy, occupational safety and health and environmental policies, and responsible minerals management	Laws and regulations in respective countries, as well as EU Restriction of Hazardous Substances Directive (EU RoHS), EU Registration, Evaluation, Authorization, and Restriction of Chemicals (EU REACH), and R.B.A. Responsible Minerals Initiative
Legal Compliance for Environment	With the spirit to continue improving environmental protection, ensure environmental performances at all the fabs exceeding all targets in accordance with ISO 14001 framework	<ul style="list-style-type: none"> Comply with laws and regulations, and pass ISO 14001 certification Formulate related policies and rules to avoid violations and impacts on company operation and finance No major violations in the environmental aspect 	No major violations	No major violations	Environmental Safety Department logs into National Laws and Regulations Database monthly to learn latest environmental protection laws and other requirement, ensuring compliance	Each fab will report to the fab safety committee the results of ESH implementation every month, and the implementation of the entire fab will be compiled quarterly and reported at the Company's safety committee meeting for President's feedbacks.
GHG Emissions	Comply with laws and regulations, formulate GHG management policy and rules, and promote energy-saving and carbon-reduction goals	Continue promoting various energy-saving and carbon-reduction plans to achieve the goal of emitting 22% less GHG per unit area of wafer than 2015 level by 2025	GHG emissions per unit area of wafer 14.7% below 2015 level	GHG emissions per unit area of wafer 20% below 2015 level by 2022	Continue to carry out GHG reduction and replacement as well as energy-saving and carbon-reduction measures, such as replacing large energy-saving facilities, heat recovery treatment, variable frequency pump, and optimal operation of chiller	Continue to promote ISO 50001 Energy Management System, and carry out ISO 14064-1 GHG Verification and ISO 14067 Product Carbon Footprint Verification and third-party verification, and submit regular reports

Major Topics	Policy and Commitment	Sustainable Goals	2019 Results	Future Direction and Plan	Resources	Assessment Mechanism
Risk Management	Through threat identification, assess potential impact on operation and establish effective and flexible response capability, so that operation can be sustained, protecting shareholders, reputation, brand, and stakeholders	Establish Corporate Risk Management Committee, formulate risk management procedures and rules. Identify corporate operational risks through risk identification and risk assessment, and adopt risk monitoring, reporting, and responsive measures (including avoidance, mitigation, distributions, and tolerance). Reduce the impact of risks	<ul style="list-style-type: none"> Natural Disasters: <ul style="list-style-type: none"> (1) Earthquake: Earthquake BCP drills to test recovery strategy and communication flow through drill scenario, ensuring effectiveness of BCP strategy (2) Flood Prevention: Completed 4 flood/typhoon prevention response training to effectively reduce likelihood of disaster Fab Risks: Introduced thickness gauge, endoscope, vibrometer, and drone, to ensure effectiveness of pipeline inspection and pipeline safety 	<ul style="list-style-type: none"> Natural disasters: Targeting impacts of climate change and extreme weather, such as torrential rain and water shortage, carry out risk assessment and improvement of soft and hard facilities, reducing potential losses Operational risks: targeting pipelines, information security, disease prevention, and fire safety, continue to review and make improvement; based on results of inspections, implement management and improvement measures to achieve goals of sustainable operation 	Completed business continuity plan in 2007. Through risk assessment, determine improvement strategy and carry out regular drills. Adopt preventive measures and establish crisis communication mechanism, backup human resources plan. Execute annual company-level BCP drill to ensure business continuity.	Carry out annual risk control and management assessment through the following mechanism: mid-year (direct subordinate units of each organization) implementation of inspection and report of current status, annual risk control and management audits by each divisions, and confirm, review of control and management mechanism and items, and effectiveness at annual risk audit meeting
Technological Innovation	With the spirit of More than Moore, and value-oriented core value, the Company strives to develop specialty IC manufacturing technology	<ul style="list-style-type: none"> Offer customers more competitive technology and services, and continue to develop more specialty IC from core technology, and enhance value-added of services Utilize core technology to improve energy consumption of products, produce more environmental-friendly products, and support customers to realize manufacturing of green products 	VIS has developed technical platform for power management IC that saves more energy, and achieved 60% share of high eco-friendly components in products in 2019	<ul style="list-style-type: none"> Strive to develop high-efficiency, energy-saving and carbon-reducing products, and continue to develop high-voltage and power management technical platforms that answer market demands Continue to develop new process technology, and processes of products with new specifications, such as merchandising new materials, such as GaN and second-generation power management components, to offer customers options better than traditional silicon substrate 	Company allocates 6% of revenue as R&D fund for technical development	<ul style="list-style-type: none"> Share of eco-friendly components in products Share of wide-bandgap semiconductor products

Major Topics	Policy and Commitment	Sustainable Goals	2019 Results	Future Direction and Plan	Resources	Assessment Mechanism
Quality Management	VIS is committed to becoming global customers' preferred choice for semiconductor manufacturing by providing services of the highest quality. Our employees are dedicated to achieving their daily objective of exceeding customer expectations by focusing on delivering exceptional services with continuous quality improvement.	<ul style="list-style-type: none"> Continue to implement "CIT" activities, to enhance product quality and production efficiency, reduce costs, and improve customer satisfaction Utilize advanced statistical methods and quality tools to establish real-time defense system and prevent abnormal events. Timely detect abnormal events to avoid impact of quality issues on customers 	In 2019, a total of 2,948 suggestions and 417 cases by CIT were proposed and implemented, generating a benefit as much as NT\$1,037 million.	<ul style="list-style-type: none"> Launch "CIT" activities, and organize company-wide improvement case presentations, "VIS Annual CIT Conference," encouraging quality improvement through prize money and open recognition Continue to improve statistical methods, strengthen real-time defense system to avoid impact of quality issues on customers 	Introduce ISO 9001 and IATF 16949 Quality Management System and IECQ QC 080000 Hazardous substance Process Management System to ensure quality management and hazardous substance process management. Continue to meet requirements of ISO 9001/ IATF 16949 and IECQ QC 080000	<ul style="list-style-type: none"> Pass third-party audit and certification to ensure quality management system and hazardous substance flow management systems and continue to meet requirement of ISO 9001/ IATF 16049 and IECQ QC 080000 Continue to formulate and achieve annual goals of continued improvement
Occupational Health and Safety	VIS complies with OHSAS 18001 and CNS 15506 frameworks to ensure that safety and health performances exceed set targets for continued improvement of safety and health	<ul style="list-style-type: none"> Provide employees safe and healthy working environment No major occupational accidents 	No major occupational injuries and diseases	<ul style="list-style-type: none"> Zero-occupational safety accidents and proactive prevention of occupational diseases Employee disabling injury frequency (FR) <0.45 and severity (SR) <4 	Implement the Company's various safety and health management measures, including safety and health promotion and training, machinery and facilities safety and working environment monitoring, health management, chemicals and individual protective gear management, incident investigation and analysis, to ensure safe working environment and personal safety	Each fab will report to the fab safety committee the results of ESH implementation every month, and the implementation of the entire fab will be compiled quarterly and reported at the Company's safety committee meeting for President's feedbacks

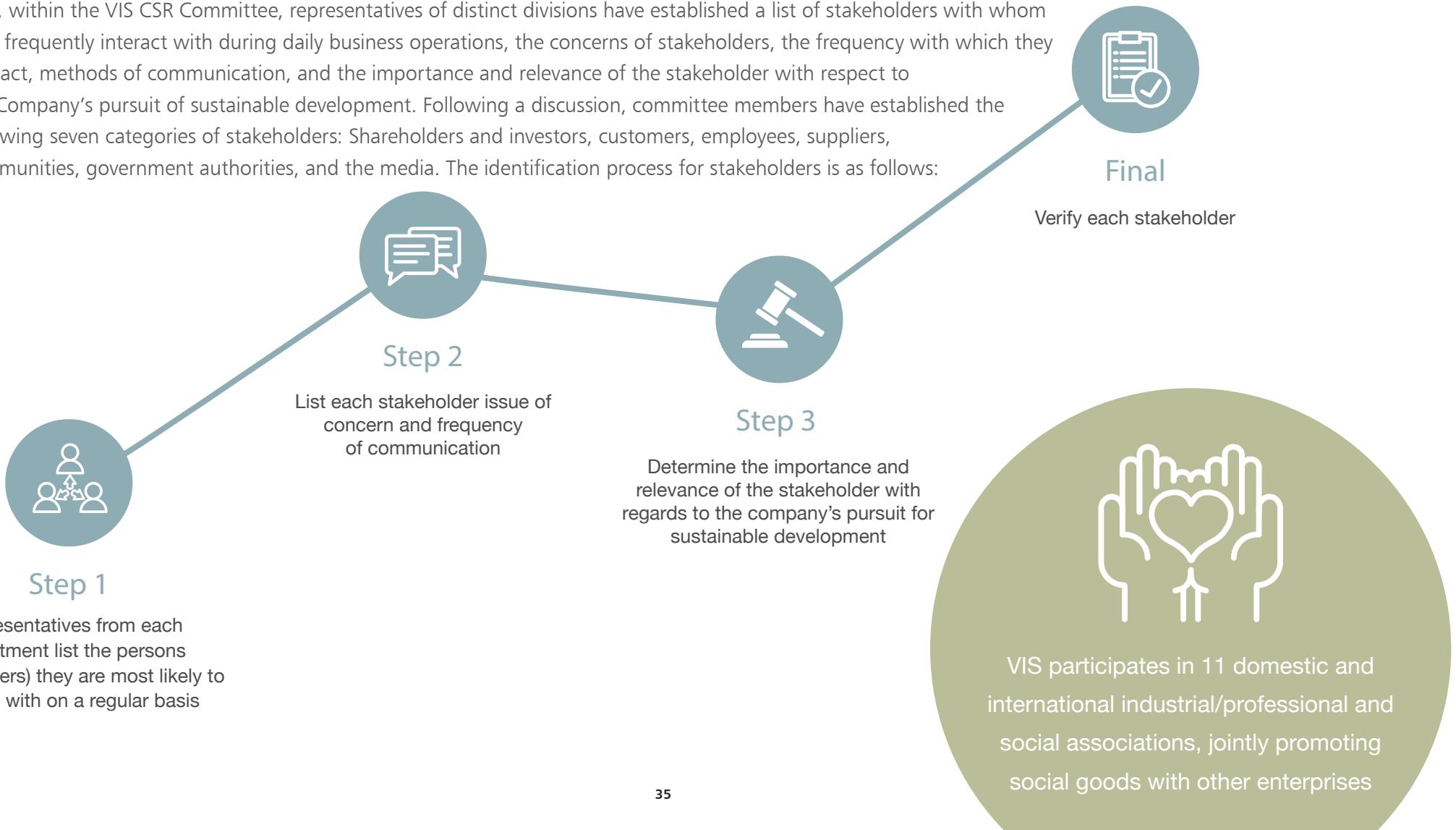
Major Topics	Policy and Commitment	Sustainable Goals	2019 Results	Future Direction and Plan	Resources	Assessment Mechanism
Corporate Governance	VIS has established corporate governance system in accordance with laws and regulations, as well as the following principles: <ul style="list-style-type: none">● Establish corporate governance system according to laws and regulations, as well as● Protect shareholders' rights and interest● Strengthen functionality of board● Fulfill the functions of the Audit Committee● Respect stakeholders' rights and interests● Improve information transparency	<ul style="list-style-type: none">● Establish effective corporate governance framework and strengthen the structure and operation of board of directors● Protect shareholders' rights and interests and treat all shareholders equally● Fulfill CSR and respect the rights and interests of stakeholders● Enhance disclosure of various financial and non-financial information of the Company and improve information transparency	<ul style="list-style-type: none">● Top 5% in corporate governance evaluation in 2019● Established the position of Chief Corporate Governance Officer● Commissioned external agency for board performance assessment in accordance with Board of Directors Performance Assessment Policy● CSR Committee regularly reported to board on communication with stakeholders● Disclose resolutions of Compensation Committee	<ul style="list-style-type: none">● Establish Risk Management Committee to strengthen the Company's control and management of risks● IP Management regularly reports to board of directors● Financial report announced on the day of approval by board of directors or within one day after submission	To better implement corporate governance and strengthen management of the Board of Directors, two committees – Audit Committee and Compensation Committee – have been established under the Board of Directors to assist the Board perform its duty of oversight (as well as the position of Chief Corporate Governance Officer to help the Board to perform its duties). Also, VIS has established CSR Committee to be responsible for promotion of CSR	The Company has formulated "Corporate Governance Practice Principles," "Audit Committee Charter," "Organizational Regulations of the Compensation Committee," "Board of Directors Performance Assessment Policy," "VIS Corporate Social Responsibility Principle," "Code of Ethics for Directors," "VIS Ethical Corporate Management Best Practice Principles," "guidelines for reporting and punishment of non-ethical behaviors," and "Procedures for Handling Material Inside Information" and conducted related operations accordingly
Employee-Employer Relations	Strive to build a challenging yet fun workplace that enables continued learning, attract outstanding professionals in various domains, to make VIS a diverse, innovative, and steadily-growing enterprise	<ul style="list-style-type: none">● Offer benefits and leave policies superior to legal requirements● Offer insurance in compliance with local laws and regulations, including labor insurance and universal health insurance, as well as group all risks insurance● Regularly conduct "Survey of Corporate Business Philosophy" so that employees recognize the VIS business philosophy, as well as to refine corporate business philosophy● In the long term, ideal turnover rate is from 5% to 10%● Strive to give shareholders above-average compensation, while also providing employees industry-leading benefits	<ul style="list-style-type: none">● Turnover rate of 4.6%● 2018 "Survey of Corporate Business Philosophy" revealed that employees had an 88% recognition level of the Company's business philosophy	<ul style="list-style-type: none">● Short-term goals:<ol style="list-style-type: none">(1) Campus outreach Strengthen connection with schools and organize campus activities(2) Establish diversified recruitment channels Utilize social media, campus activities, and training institutions, to enhance efficiency of recruitment and attract talents● Mid-term goals:<ol style="list-style-type: none">(1) Becoming top brand of employer and attract outstanding talents(2) Offer competitive compensation to attract and retain top talents, encourage employee with great performances and long-term contributions	Company provides all employees life, accident, medical, and cancer insurances, as well as flexible leave days, pension, emergency aids, wedding and child subsidies, funeral aids, birthday subsidy, year-end party subsidies, discount stores, irregular group vacations, and club activity subsidies.	Quarterly legal compliance review, checking if all units are in compliance with RBA and all related ROC laws and regulations

Major Topics	Policy and Commitment	Sustainable Goals	2019 Results	Future Direction and Plan	Resources	Assessment Mechanism
Social Participation	<ul style="list-style-type: none"> ● Select specific issues and demographics for long-term engagement ● Develop diverse volunteer programs ● Continued donation to disadvantaged groups 	<p>Invest manpower, resources, and money to:</p> <ul style="list-style-type: none"> ● Support disadvantaged groups ● Bridge rural-urban education gap ● Participate in community building ● Promote environmental education to convey ideals of environmental sustainability 	<ul style="list-style-type: none"> ● In April 2019, VIS CSR Committee invited TSMC Charity Foundation Chairwoman Sophie Chang to give a keynote speech on the topic of "Pay It Forward," and participated in "10,000 per Household" project, adopting 5 households that were affected by the Hualien earthquake in 2018. ● In 2019, VIS employees and family members engaged a total of 164 person-times of volunteering, accumulating a total of 550 hours of volunteering services. ● Provide lunch boxes with suppliers and have volunteers joining senior citizens in communities for meals once a month ● VIS distributed charity raffle tickets on Family Sports Day and invited five social welfare organizations to set up booths ● VIS' Charity Year-End Party had 42 tables and set a new record in number of participants, inviting over 400 friends from social welfare organizations and the press ● On Family Sports Day, VIS invited Atayal children of the Skikun Culture and Creative Dance Group from Yilan for an exciting opening performance. After the performance, VIS made arrangement for them to visit "TSMC-NCTU Energy Education Center – Orchid House," where engineers explained to the children how to achieve environmental protection through energy-saving design, blending education with entertainment. ● Sponsored NT\$2 million to IC Broadcasting Co., for "Focus on Taiwan" hosted by former news anchor Chun-hua Shen, discussing AI applications, air pollution, rise of women, mobile banking, and international volunteering 	<p>Consolidate all resources and manpower to participate in social welfare events. Long-term care for disadvantaged groups. Launch internal fundraiser and make donation to social welfare organizations, giving back to society through concrete actions</p>	<p>Social participation in 2019 reached NT\$5.685 million, including:</p> <ul style="list-style-type: none"> ● Charity donations of NT\$1.2 million to six social welfare organizations ● Adopting 5 households of "10,000 per Household" project at a total of NT\$600,000 ● Year-end charity donation of NT\$2.5 million designated for Taoyuan LOHAS Preschool's "Children Art Therapy Program," Blue Sky House's "Detained Youth Guidance Program," the Garden of Hope Foundation's "Abused Young Girl Education Aid Program," Old Five Old Foundation's "Embrace Senior Citizens Living alone with Love Program," Huashan Social Welfare Foundation's "Year-End Banquet for People in Need," and Eden Social Welfare Foundation's "Love-Chinese New Year Feast." ● Invested NT\$354,000 in community building ● Invested NT\$97,000 in environmental education 	<ul style="list-style-type: none"> ● Department representatives report at quarterly CSR Committee meeting on status of implementation ● CSR Committee Vice Chair reports to BoD every six months
Legal Compliance for Products	<p>Strive for reduction, elimination and ban of hazardous substances, establish related management system of green design, green procurement, green production, and green services. Strive for the goal of providing products with no hazardous substances.</p>	<p>100% compliance with related laws and customers' regulations on hazardous substances-free products</p>	<ul style="list-style-type: none"> ● 100% compliance with related laws and customers' regulations on hazardous substances-free products ● Comply with SVHC List of EU REACH, EU RoHS, and SONY SS-00259 requirements based on results of wafer inspection 	<ul style="list-style-type: none"> ● 100% compliance with related laws and customers' regulations on hazardous substances-free products ● 100% PFOA free and replaced with alternatives 	<p>Targeting PFOA and related substances: VIS has started a survey of raw materials and worked with our suppliers to develop alternative plans. It is expected that we will be completely free of these types of substances in 2020.</p>	<p>Assess whether products are in compliance with related laws and customer regulations according to QC 080000 Hazardous Substance Process Management System</p>

Stakeholder Communication

In the value chain of VIS' overall operations, various stakeholders are often concerned about different issues; therefore, the Company has attempted to identify who the stakeholders are, and to fully understand their ways of thinking in order to formulate appropriate business strategies, establish business goals, elevate its overall competitiveness, strengthen communication, and satisfy the expectations of various stakeholders.

First, within the VIS CSR Committee, representatives of distinct divisions have established a list of stakeholders with whom they frequently interact with during daily business operations, the concerns of stakeholders, the frequency with which they interact, methods of communication, and the importance and relevance of the stakeholder with respect to the Company's pursuit of sustainable development. Following a discussion, committee members have established the following seven categories of stakeholders: Shareholders and investors, customers, employees, suppliers, communities, government authorities, and the media. The identification process for stakeholders is as follows:



To strengthen communications with stakeholders, the Company's official website contains the contact information of various departments, which also serves as a communication channel for filing complaints for our stakeholders (such as customers, suppliers, and shareholders and investors) in case of rights infringement. In addition, investor conferences are held periodically to provide briefings on operation performance. Revenue related financial information is published in our monthly press releases, the Market Observation Post System, and company's official website for the general public.

The Company's website also publishes related financial information as references for investors. To strengthen communication channels for employees, the Company has set up mailboxes for communicating with the president/vice president, and Board of Director's communication meetings are conducted on a quarterly basis. The Board of Directors has also established a chairman/Audit Committee mailbox on the Company website (vis_chairman@vis.com.tw, audit_committee@vis.com.tw). The mailbox serves as a channel for reporting violations of professional ethics, regulations, or misconducts, and the chairman as well as independent directors shall take necessary measures.

Stakeholder Engagement Mechanism

Groups of Stakeholders	Channel, Method, and Frequency of Communication	Issues of Concern	VIS Responses and Actions
Shareholders and investors	<ul style="list-style-type: none"> • Annual meeting of shareholders • Quarterly meetings of the Board of Directors and investors conference • Monthly business revenue announcements • Immediate update of material information on the Company website and the Market Observation Post System 	<ul style="list-style-type: none"> • Technical Innovation • Economic Performance • Risk Control and Management 	<ul style="list-style-type: none"> 1.2 Green Innovation 1.3 Financial Performance 3.3 Environmental Policy and Management
Customers	<ul style="list-style-type: none"> • Real-time online customer communication system • Quarterly business meeting • Regular project discussion • Meetings • Unscheduled customer visits 	<ul style="list-style-type: none"> • Customer Privacy • Quality Management • Technical Innovation 	<ul style="list-style-type: none"> 3.1 Customer Service and Quality 1.2 Green Innovation
Employees	<ul style="list-style-type: none"> • Internal network and telephone communication platform • Employee Assistance Program (EAP) hotline • Quarterly meeting between employer and employees • Quarterly meeting of factory directors • President communication meeting • Mailbox of the executives, mailbox of the Audit Committee, mailbox of the Chairman 	<ul style="list-style-type: none"> • Employee-Employer Relations • Occupational Health and Safety • Economic Performance 	<ul style="list-style-type: none"> 4.1 Talent Recruitment and Retention 3.4 Occupational Safety and Health 1.2 Green Innovation
Government agencies	<ul style="list-style-type: none"> • Instant communication according to law • Periodic reporting 	<ul style="list-style-type: none"> • Legal Compliance for Environment • Legal Compliance for Products 	<ul style="list-style-type: none"> 3.3 Environmental Policy and Management 3.1 Customer Service and Quality
Supplier	<ul style="list-style-type: none"> • Semi-annual joint review of qualified suppliers • Annual audit of major suppliers • Scheduled yearly communication with suppliers • E-Supply supplier communication platform 	<ul style="list-style-type: none"> • Customer Privacy • Quality Management • Legal Compliance for Environment • Environmental Assessment of Supplier 	<ul style="list-style-type: none"> 3.1 Customer Service and Quality 3.3 Environmental Policy and Management
Community/Society	<ul style="list-style-type: none"> • Hold randomly scheduled events and makes donations • Sponsor regular regional broadcast shows to discuss social concerns • Provide scheduled volunteer services to care for those in need 	<ul style="list-style-type: none"> • Legal Compliance for Products • Local Community • Charity Activities 	<ul style="list-style-type: none"> 3.3 Environmental Policy and Management 5. Charity and Social Participation
Media	<ul style="list-style-type: none"> • Quarterly conferences • Monthly business revenue announcements • Immediate update of material information on the Company website and the Market Observation Post System • Update important information 	<ul style="list-style-type: none"> • Economic Performance • Indirect Economic Impact • Technical Innovation 	<ul style="list-style-type: none"> 1.3 Financial Performance 1.2 Green Innovation

Foreign and Domestic Associations

VIS has actively and selectively participated in domestic and foreign organizations and associations over the past few years to contribute to the industry and society. Also, through the exchanging and sharing information with member companies of the organizations, VIS strives to make improvements and create win-win



VIS Chairman Leuh Fang (L) elected as a new director of TSIA

situation through "cooperation through competition" with other companies within the industry, jointly achieving common goods for the society.

In 2019, VIS joined "Taiwan M&A and Private Equity Council" (MAPECT) and Chairman Leuh Fang was elected to the association's sixth board of supervisors.

Domestic and International Associations

Type	Organization	Role
Industrial	Taiwan Semiconductor Industry Association	Director
	The Allied Association for Science Park Industries	Supervisor
	Taiwan M&A and Private Equity Council	Supervisor
	Taiwan IC Industry & Academia Research Alliance	Member
	Taiwan Electrical and Electronic Manufacturers' Association	Member
	Chinese National Association of Industry and Commerce, Taiwan	Member
	Electronic Industry Citizenship Coalition	Member
Social	WBCSD Global Network Partner	Member
Professional	The Institute of Internal Auditors-Chinese Taiwan	Member

2.6 Response to UN SDGs

In 2019, VIS continued to define 12 CSR major topics jointly with our stakeholders in response to the 17 SDGs set forth by the United Nations. Among these major topics, VIS' efforts have echoed, to various degrees, 11 UN SDGs of "No Poverty, Good Health And Well-Being, Quality Education, Clean Water And Sanitation, Decent Work And Economic Growth, Reduced Inequalities, Sustainable Cities And Communities, Responsible Consumption And Production, Climate Action, Life On Land, Peace, and Justice".

Responses to UN SDGs

SDGs	Responses in 2019	SDGs	Responses in 2019
No Poverty 	<p>Organized "Family Sports Day": Invited social welfare groups to set up charity booths, and distributed "charity raffle tickets" to employees, which could only be used at specified booths to help generate profits for low-income children, disabled children, and abused children</p> <p>Launched Year-end Charity Donation: Raised from employees NT\$2.5 million, and donated to six non-profiting organizations to take care of children in midway houses and senior citizens living alone</p> <p>Support small farmers' "Local organic fruits and rice for reduction of food miles and carbon footprints," helping small farmers to sustain livelihood</p>	Decent Work and Economic Growth 	<p>Top 5% and received the highest honor in the Fifth Corporate Governance Evaluation of Listed Companies</p> <p>Cheers Magazine's Top 20 Happy Enterprises in Tech Industry"</p> <p>Provided employees superior compensations and benefits in the industry</p> <p>Provided employees superior leave policies</p>
Quality Education 	<p>Launched "Elementary, Junior High, and Senior High School Outreach Program," offering environmental education to nearby schools</p> <p>Invited National Tsing Hua University to visit the fabs for environmental safety and health exchange events, and offered campus labs safety suggestions</p> <p>Visited Hsinchu HsinKe Junior High School to promote the importance of energy-saving and carbon reduction, as well as water resources, introducing environmental protection concepts to daily life</p>	Good Health and Well-Being 	<p>Targeting "zero accidents and occupational disease" to build safe and healthy working environment</p> <p>Health examination more frequent than regulatory requirement; examination rate reached 94.9% in 2019</p> <p>Build healthy workplace through health promotion activities and employee assistance programs</p> <p>Offer employees diverse activities of art, health, parent-child, and clubs, helping employees to achieve balance between work and life</p>
Gender Equality 	<p>Balanced gender distribution of employees: male 48.11% and female 51.89%</p> <p>The overall compensation will not differ due to gender, and ratio of compensations of basic level employees was nearly 1:1</p> <p>Offer both male and female employees parental leaves in compliance with "Act of Gender Equality in Employment," and "Regulations for Implementing Unpaid Parental Leave for Raising Children"</p> <p>"Maternity Health Care" Management Project assessed maternity health of employees who were pregnant or had just had a baby, and adjusted their workloads and positions</p>	Industrial Innovation and Infrastructure 	<p>VIS will continue to accelerate development projects relating to sensing devices, fingerprint sensor ICs, and high-power management ICs as well as embedded memory platforms. This will enable VIS to adapt to the energy saving and carbon reduction era and to satisfy market demand for automobile electronics and Internet of Things applications</p> <p>Continue to increase investment in products and process R&D, developing BCD and UHV processes related to power management</p>
Clean Water and Sanitation 	<p>Adopted Ke-Tzu-Hu Creek to build comprehensive ecosystem and hydrophilic environment</p> <p>Recycled and reused process water to save water resources</p>	Responsible Consumption and Production 	<p>Introduced IECQ QC 080000 Hazardous substance Process Management System and integrated with ISO 9001 Quality Management System to build hazardous substance management into process design and development, raw material procurement, supply chain management, and manufacturing process control and management.</p> <p>Prioritize energy-saving products with Eco Labels for procurement. Accumulated over NT\$1.6 million in green procurement over the past seven years.</p> <p>Urged all suppliers to comply with HSE, occupational safety, health, environmental policies, as well as fulfill their CSR obligations and perform their due diligence in procurement of responsible minerals by following relevant international and domestic laws and regulations</p>
Life on Land 	<p>Adopted Cherry Blossom Park and Ke-Tzu-Hu Creek; formed firefly restoration team with NTU Professor Ping-shih Yang, to carry out firefly restoration at Ke-Tzu-Hu Flood Detention Pond</p> <p>Procure local organic fruits and rice to reduce food miles and carbon footprints</p>	Peace, Justice and Strong Institutions 	<p>Required downstream suppliers to sign commitment guarantee letters to fulfill their corporate citizenship role</p> <p>Build harmonious employer-employee relationship through diverse and open channels where employees can reflect opinions and feedbacks</p> <p>Support internationally proclaimed human rights of employees, and treats them with dignity and respect, without discrimination of any kind. No inhumane treatment including sexual harassment, corporal punishment, mental coercion, or verbal abuse, shall be tolerated.</p> <p>Comply with local labor laws, respect people's rights to freely choose their occupations, and do not force or threaten people into labor</p>
Climate Action 	<p>Strengthened green management of manufacturing processes, obtaining ISO 50001 Energy Management System, ISO 14001 Environmental Management, and ISO 14064-1 GHG Emission Inventory certifications</p> <p>Implement GHG emissions management measures, achieving a reduction of 14.7% in GHG emissions per unit area of wafer in 2019</p> <p>Leveraged ASIC manufacturing technology, developed low-carbon design products, and enhanced efficiency</p>		

Climate Action Initiative

As for advocation of climate action, the broadcast program on IC FM97.5 sponsored by VIS regularly invited experts of different domains to explore the difficulties and potential solutions in Taiwan's development, in aim to cultivate listeners' ability to contemplate and debate on public issues through dialogues and discussions. In 2018, VIS has made the special requirement that the program must discuss the influences of "climate change" in the next year. In 2019, the climate issues discussed by experts on the program are listed below:

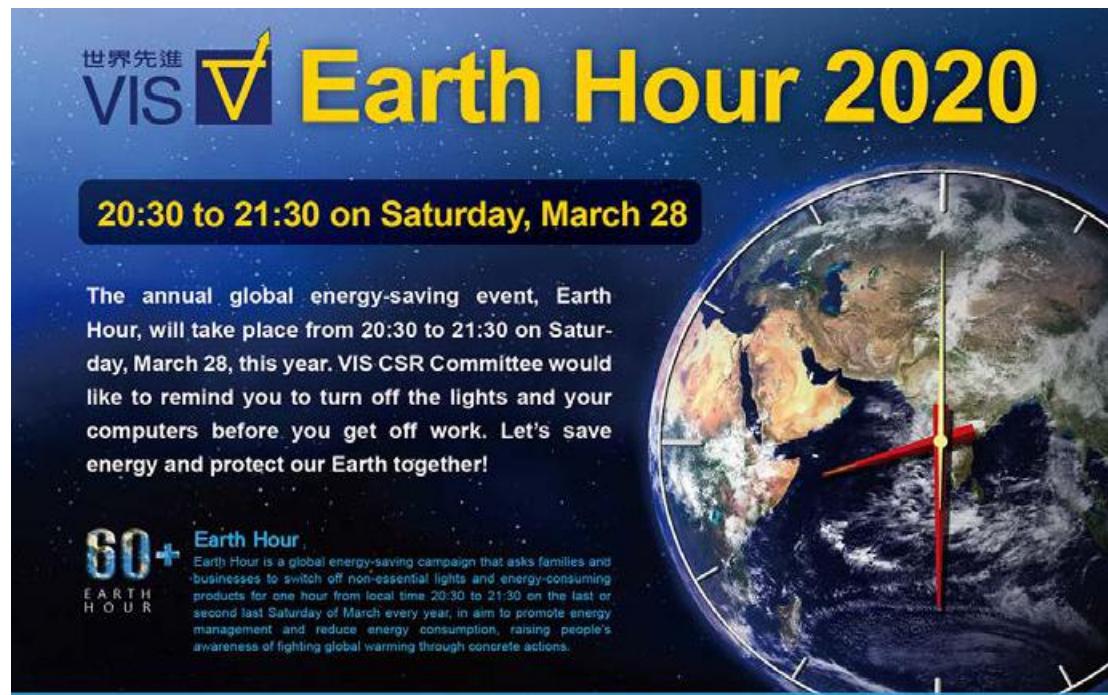
Date	Topic	Guest
2019.01.07	CSR of Taiwan's enterprises covers diverse aspects including energy, green architecture, climate change, environmental protection products, energy-saving, etc.	Jimmy Hsiung, Supervisor, Survey Center, CommonWealth Magazine
2019.01.28	When dragonflies take off – Jen-shiu Hsu's fight to protect ecosystem and video story	Jen-shiu Hsu, Chairman, Wilderness Foundation Formosa
2019.04.15	From Seediq butterfly heaven, listen to indigenous youth's experience of returning home and tribal elders' eco-friend mindset of "enough is good enough"	Chia-shiun Wang, Taiwan's Ten Outstanding Young Persons
2019.04.22	Refocus from the World to Taiwan: Peace Boat Maritime School from aquaculture to environmental protection, and human rights of minorities	Yu-yao Chan and Min-shu Cheng, Lung Yingtai Cultural Foundation
2019.05.06	Decoding PM 2.5! On air pollution, carbon reduction, and proper concepts of self-protection	Chuen-jinn Tsai, NCTU Professor and PM2.5 Control Association Chairperson
2019.07.01	Turn air into glue using lightning! Potential profitability of plasma technology and environmental-friendly and toxic-free shoemaking application	Hong-yi Wang, AP Plasma Corporation Co-Founder
2019.10.14	Stopping great extinction, world No. 1 botanic conservation center in Taiwan! How can botanic conservation help us fight climate change, and stabilize Earth's environment?	Chia-wei Li, CEO of Dr. Cecilia Koo Botanic Conservation Center
2019.11.25	Hero Bugs! Taiwan's insect economy. Decompose wastes using insects to create products useful to men and reduce overfishing of seedlings	Cheng-hsuan Hsu, Co-Founder of Wormax, Winner of Circular Economy Youth Startup Award

Reduced Inequalities Initiative

Other than continuing exploration of "climate change," VIS has also asked the program to discuss the topic of "Reduced Inequalities" as part of the Company's initiative in the next year. Preliminary arrangements have been made for experts to talk about topics of eliminating educational gap between urban and rural areas and defending children's right to life.

Sustainable City Initiative

Starting in 2020, VIS also participates in the global energy-saving event, "Earth Hour," reminding all employees in office areas at all four fabs to turn off the lights before they get off work on Friday, March 27, in response to the Earth Hour event from 20:30 to 21:30 on Saturday, March 28, 2020. All VIS fabs must remain in operation around-the-clock for wafer manufacturing, and were excluded from this event. Turning off the lights in office areas reduced a total of 179.3kg of carbon.





3. Green Manufacturing



3.1 Customer Service and Quality

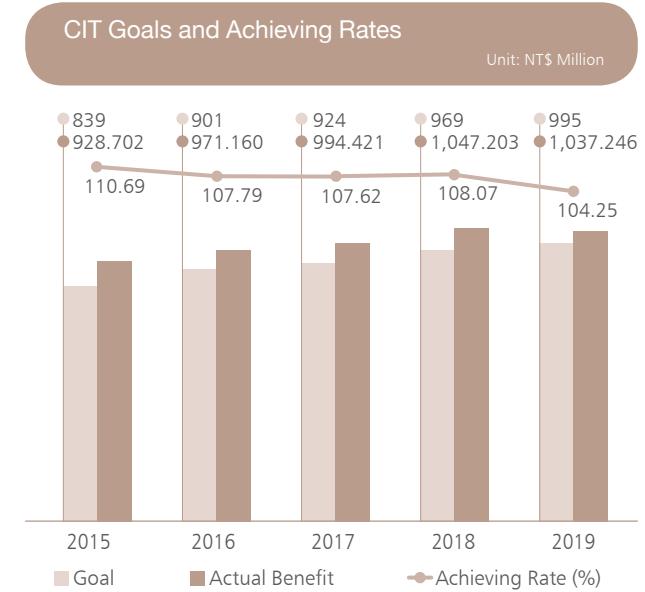
VIS is committed to becoming global customers' preferred choice for semiconductor manufacturing by providing services of the highest quality. Our employees are dedicated to achieving their daily objective of exceeding customer expectations by focusing on delivering exceptional services with continuous quality improvement.

Quality Reliability Assurance Organization continues to make improvements for corporate sustainable operation and offer products with excellent quality. It strengthens the Company's quality culture and promotes to the entire supply chain, helping suppliers to improve operation and management. Also, Quality Reliability Assurance Organization introduces various innovative methods to elevate quality, and coordinates inter-departmental cooperation to ensure worry-free quality of all the products through meticulous inspection procedures.

Strengthening Quality Culture

Quality is the responsibility of all VIS employees, as well as the principle they adhere to when performing tasks and services. In addition to improving product quality, this principle also further raises customers' level of satisfaction.

To strengthen the Company's quality culture, continue enhancing product quality and production efficiency, lower production cost, and improve customer satisfaction, VIS has launched Suggestion System (SS) (Note 1) and Continual Improvement Team (CIT) (Note 2) in all fabs, and organized the Company-wide "VIS CIT Conference," aiming to encourage VIS employees to constantly seek improvement and drive inter-departmental learning through measures such as prizes and public



Note 1: Employees identify opportunities of improvement in daily operation, and proactively propose solutions or ideas to executives for implementation, in order to make improvement or solve issues. Scope of suggestions include quality, cost, delivery date, production process, internal/external customer service, workplace safety and environmental protection, fab administration, and facilities.

Note 2: A CIT usually consists of 3 to 10 or even more members. Members are usually employees from different business units, who need to solve a shared problem. Improvement goals include quality, cost, delivery date, service, productivity, production technology, workplace safety and environmental protection, and safety and health.



①



②

recognition, enhancing employees' problem solving and innovation capabilities and maintaining the Company's competitive edge, while achieving the win-win objective of customer satisfaction.

In 2019, a total of 2,948 suggestions and 417 cases by CIT were proposed and implemented, generating a benefit as much as NT\$1,037 million. Out of the 263 closed CIT cases, 34.2% (90 cases) were related to product quality improvement. In 2018, VIS launched Best Innovation Award, Teamwork Award, and Best Presentation Award to participating CIT's.

Enhancing Quality Capability

VIS continues to optimize manufacturing capability, eliminate product flaws and refine manufacturing process control; Quality Reliability Assurance Organization and Operations Organization cooperate to apply advanced statistical method and quality tools to build an immediate defense system to detect abnormalities in advance, preventing influences of quality incidents on customers.

In addition to meeting customers' demand, achieving customer satisfaction, and creating value for customers, product quality must also strive for environmental sustainability, to ensure ecological stability and sustainable development. To better comply with EU regulations and customers' demand for green products, VIS has introduced the IECQ QC 080000 Hazardous substance Process Management developed by International Electrotechnical Commission Quality Assessment System for Electronic Components, which has been integrated with Quality Management System ISO 9001, to establish hazardous substance management within manufacturing process R&D, raw material procurement, supply chain management, and manufacturing process control. VIS has also earned third-party certification, ensuring that the hazardous substance management system and quality management system continue to comply with the IECQ 080000 and ISO 9001 requirements. Also, all products produced by VIS are randomly sampled and tested by a third- party external lab, to ensure continued compliance with EU laws and regulations, and customer demands.

① ISO 9001 Quality Management System Certification
② IECQ 080000 Hazardous substance Process Management

VIS Hazardous Substance Management Process

Plan

- Identification Required by Laws and Customers
- Formulate VIS Green Procurement Regulations and Hazardous Substances List
- Set Goals and Plans of Hazardous Substance Management
- Identify Hazardous Substances Used in Production and Formulate Management Plan

Execution

- Use Low-Hazard Raw Materials in R&D Phase
- New Materials and New Suppliers Green Procurement and Environmental Protection, Safety and Health Review
- Fab Staff Hazardous Substance Management Training
- Hazardous Substances Replacement Plan Execution

Review

- Internal Audit of Hazardous Material Management System
- ECOA in Compliance with Hazardous Substance Management Rules
- Commission Third-Party Lab for Test of Hazardous Substances in Products
- Supplier Hazardous Substance Management Audit

Audit

- Hazardous Substance Management System is examined every six months:
- Status of Objectives
 - Improvement and Preventive Measures
 - Changes as Required by and Compliance with Laws and Customers
 - Continued Opportunity of Improvement

Hazardous Substance Management

In accordance with international regulations on hazardous substance, VIS has established a hazardous material management system (QC 080000) to ensure that wafers produced by us and subsequent outsourced processing meet the following international regulations as well as customer requirements for hazardous substance management. This includes:

- EU Restriction of Hazardous Substances Directive (EU RoHS): All VIS products meet these regulatory requirements.
- Perfluorooctane Sulfonate (PFOS) Restriction Standards: VIS has fully terminated the use of PFOS in our manufacturing processes in 2010; all of our products are PFOS free.
- Perfluorooctanoic acid (PFOA) and Related Substances Restrictions: VIS is aware that in the future, the use of PFOA and related substances will be restricted by international regulations. In the beginning of 2015, we began a survey of raw materials and worked with our suppliers to develop alternative plans. It is expected that we will be completely free of these types of substances in 2020.
- Halogen-free requirement: all products of VIS comply with the halogen-free requirement.
- EU Registration, Evaluation, Authorization, and Restriction of Chemicals (EU REACH): With respect to the list of hazardous substances specified by EU REACH and the list of Substances of Very High Concern (SVHC), it has been determined that all VIS products are compliant with these requirements.

In addition to these international legislations and customer demands, VIS will continue to monitor potential future legal requirements in order to be prepared for taking effective response measures.

Realizing Quality Application

To provide excellent and reliable product quality, help customers gain market advantage, and ensure consumer and product application safety, avoiding massive call-back after mass-production, Quality Reliability Organization helps customers to introduce into product design product reliability requirements during the R&D and product design stages. Also, to help automotive product customers achieve low defect parts per million (DPPM), VIS implemented the automotive product quality improvement project.

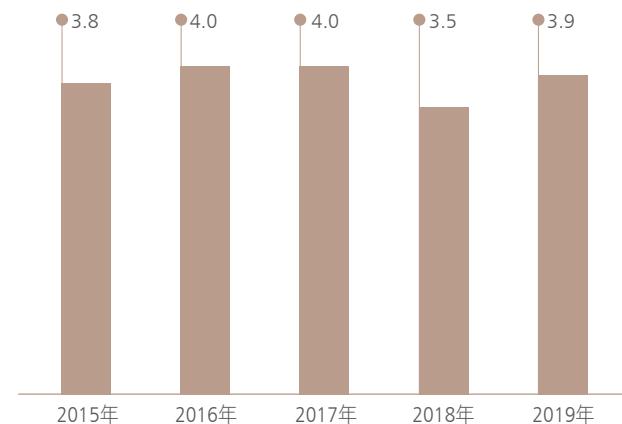
Customer Satisfaction and Methods for Filing a Complaint

VIS conducts Annual Customer Satisfaction Survey regularly. The survey is conducted by a neutral third-party consulting company, and its objectives are to determine customer satisfaction with the Company in terms of our technology, quality, product delivery, and services. We also make sure to properly handle and fully understand all customer feedbacks in order to provide our customers with the best products and services.

In addition to the Annual Customer Satisfaction Survey, VIS also conducts Quarterly Business Reviews with its key customers. Through face-to-face communication with our company executives, we are able to gain a better understanding of customer needs and their degree of satisfaction. At the same time, VIS' sales and service teams continue to maintain close interactions with our customers to fulfill their needs and enhance service quality.

VIS has also established Guidelines for Handling Customer Complaints, which provides customers with transparent, effective channels to file complaints against our products and services. VIS handles all customer complaints in a fair and timely manner to protect the rights and interests of our customers. In 2019, all customer complaints received were properly handled according to the Guidelines for Handling Customer Complaints, and we have responded to each customer accordingly.

Average Score of the Annual Customer Satisfaction Survey - Trend of Overall Customer Satisfaction Scores



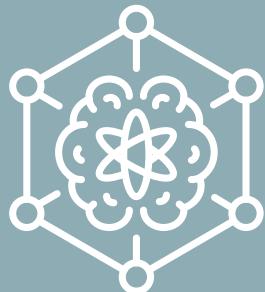
Note 1: Satisfaction scores range from 1 to 5

Note 2: Overall customer satisfaction scores are obtained from major customers based on their overall levels of satisfaction.

Strengthening Patent Portfolio

VIS continues to invest in innovative R&D and patent deployment to enhance the strength of intellectual property.

VIS is a leading “specialty IC foundry service” provider, and continues to offer customers more competitive technology and services. VIS continues to develop diverse and specific process technology to expand application from core technology, including High Voltage, Ultra High Voltage, BCD, and SOI. VIS continues to invest in R&D of Embedded Flash, Fingerprint, and GaN processes, and carries out global patent deployment according to R&D strategy to ensure comprehensive protection of R&D results. Since its inauguration, VIS has obtained more than 2,000 patents in different countries, and has been increasing steadily. Such achievements keep VIS obtaining leading position in specific technologies and gaining competitive advantage, also offering better and comprehensive protection of the interests of VIS and our customers.



VIS continues to invest in innovative R&D and patent deployment to enhance IP strength

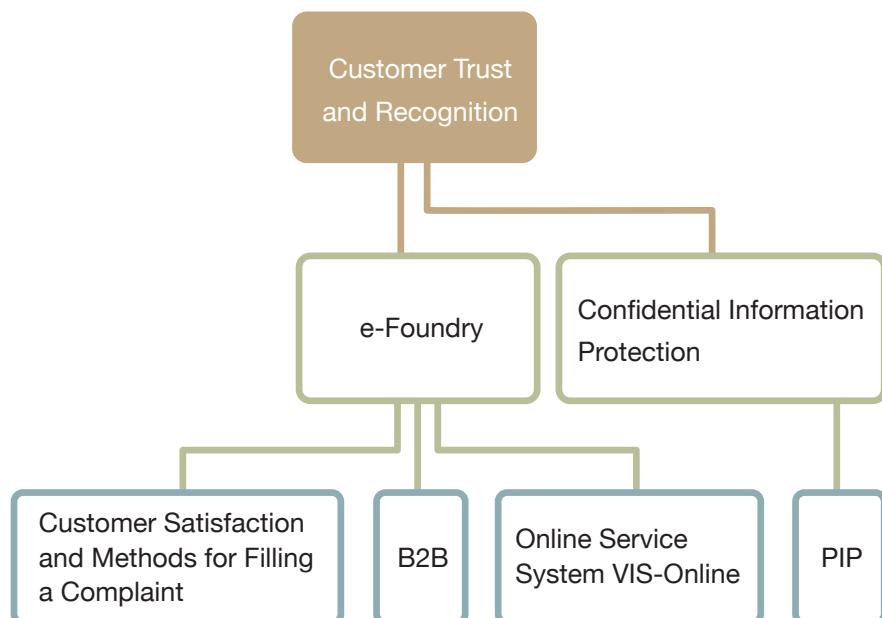
Protection of patents and trade secrets are important aspects of the management strategy of modern enterprises, VIS offers employees online patent training course. To enhance the knowledge of R&D personnel on patent and trade secret infringement, Legal Department held online training and completed more than 300 questionnaires in 2019, helping employees to further gain concrete concept on protection of patents and trade secrets, enhancing their awareness and knowledge, to effectively reduce operational risks and increase competitiveness.

Looking forward, VIS will continue to focus on core business, and strive for innovation, providing related process technology and services in power management, energy-saving, and green energy and environmental protection. VIS will convert innovations into IP, while avoiding the threats of IP risks, and continue to devote to sustainable operation and CSR.

Customer Service

Comprehensive Customer Service Strategy

VIS strives to establish comprehensive customer service to meet customer needs, and win customer trust and recognition, achieving its goal of sustainable operation. Based on such belief, the customer service team has always done its best as a window of communication and coordination, and protected customers' confidential information adhering to the highest standards, supporting customers' needs in design, mask production, and wafer manufacturing; furthermore, VIS provides turnkey service to help customers with backend packaging and testing, so they can successfully earn product certification.

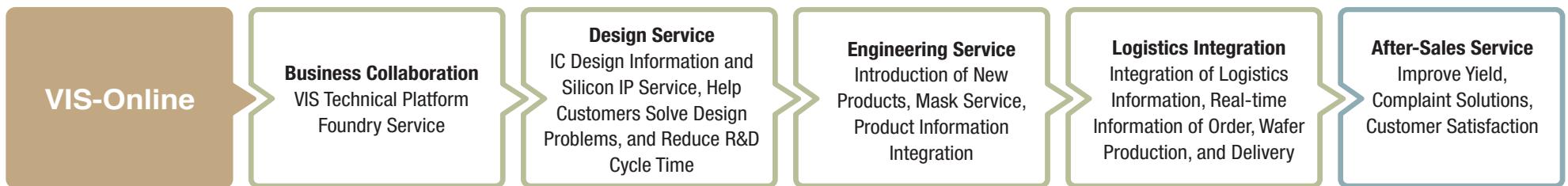


e-Foundry

VIS establishes the VIS-Online service platform, which provides customers comprehensive and real-time online supply chain information, including design support, engineering integration, and logistics service integration. Through the Internet, customers can check order production status, delivery time, and product quality data and status at all times; customers can generate customized report based on their own management needs, so they can immediately learn and manage complete product manufacturing information. In 2014, VIS built a vertically integrated online tape out system to help customers compile tape out information more easily, saving significant cycle time.

To timely learn customer satisfaction, VIS has developed the Customer Service Satisfaction (CSS) online system, where customers can propose their needs, opinions and suggestions for products or services any time they want; later, VIS will have designated personnel be responsible for dispatching and handling, and responding to customers, and customers can inquire progress online anytime. To VIS, this helps us to understand customer needs, and convert into real actions, constantly enhancing service quality and competitiveness for better customer satisfaction.

In 2019, all customers are satisfied with VIS' dealing with their proposed demands.



Realizing Proprietary Information Protection

Proprietary information, such as trade secrets, are important assets of VIS and our customers, and crucial to the competitiveness of VIS. From process recipes, process flow, machine parameters, yield rate, factory design, and customers' product and financial information, when inappropriately leaked or used, will result in severe influences on VIS and our customers.

To prevent inappropriate leakage or usage of trade secrets and proprietary information, and prevent employees from violating laws and regulations and damage company interests, preserving the competitive advantages of VIS and our customers, and becoming trusted partners of our customers, VIS has established the Proprietary Information Protection Policy (PIP Policy) in 2003, setting clear rules governing the classification of proprietary information and the reception, transmission, storage, and use of proprietary information. Also, VIS has established corporate information security management system, and obtained ISO 27001 ISMS Certification in 2015, to properly implement information security policy and management procedure, striving to perfect protection mechanism.

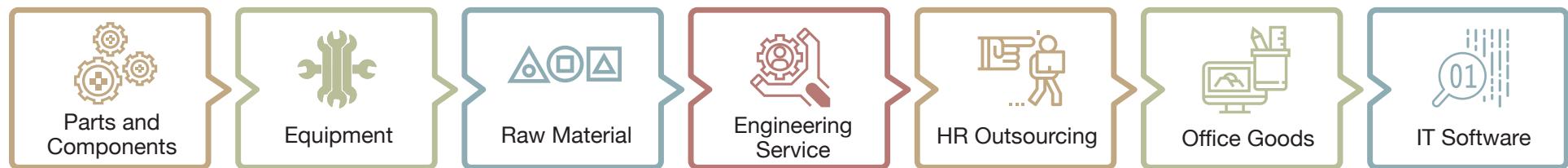
To strengthen compliance with proprietary information protection, VIS launched in 2017 reviews on proprietary information protection and management mechanism, re-examining the classification of proprietary information, and completing amendments of PIP Policy. Also, VIS established Proprietary Information Protection section on the internal website, allowing employees to conveniently access related rules and promotions, and training materials, so they could conduct self-training anytime; and through online courses, case studies, and offline classes, VIS enhanced employees' knowledge on VIS trade secrets and proprietary information protection, to further strengthen the protection of VIS' trade secrets and proprietary information. In 2019, "PIP Promotion – What You Need to Know about PIP" online course was completed by all employees.

In terms of execution, to ensure proper operation of the propriety information protection mechanism and timely correct any violations, VIS has established an inter- organizational PIP Committee, consisting of representatives from various departments, including Legal, HR, ITEC, Audit, R&D, QRA, Finance and Accounting, OES. The committee convenes quarterly meetings to review the violations over the past quarter and make improvement to perfect the system; when necessary, special meetings are held to discuss time-sensitive cases and issues in order to continue enhancing the protection of proprietary information. In 2019, no customers filed complaints concerning breaches of customer privacy.

3.2 Responsible Supply Chain

VIS' supply chain covers an extensive range that includes international and domestic equipment suppliers, parts suppliers, raw material suppliers (8-inch wafers, chemicals, gases, photoresist materials, and metal targets), engineering services with its, information software facilities, office supplies (including computer, communication, and consumer electronics), information technology software, and outsourced manpower (security services, cleaning, dormitories, and transportation vehicles). VIS has over 1,000 partners worldwide and we have been dedicated to support local companies in recent years. More than 95% of our suppliers are domestic suppliers (including manufacturers with branch offices in Taiwan, agents, and distributors).

Types of Supply Chain



Green Supply Chain

VIS treats all suppliers as business partners and has long-term cooperation with suppliers to jointly establish and develop a stable, competitive and sustainable supply chain partnership. Apart from closely monitoring the quality, delivery time, costs, and services of products from our suppliers and requiring them to continuously enhance their competitiveness, we also urged them to fulfill their responsibility to protect the environment, continuously improve a safe and healthy environment, value employee rights, schedule reasonable work hours, prohibit the use of child labor, and emphasize gender equality. We seek to fulfill our corporate responsibilities together with the suppliers, while developing effective risk management and business continuity plans.

In order to achieve these goals, the Procurement Department not only strives to fulfill its CSR obligations, but also prioritizes the purchase of energy-saving products with environmental protection labels, and engages in the green procurement of government-promoted energy-saving environment-friendly products including computer equipment, office papers, and electrical appliances. In recent years, vehicles that are eco-friendly and energy-saving have been launched, and VIS also responded to this trend, targeting these vehicles as priorities for cars of senior executives. The cumulative amount of green procurement over the past 7 years has reached NT\$160 million.

VIS will not stop here, instead, to further expand our influential power, we urged all suppliers to comply with VIS HSF, occupational safety, health, environmental policies, as well as fulfill their CSR obligations and perform their due diligence in procurement of responsible minerals by following relevant international/domestic laws and regulations. We also required our upstream suppliers to sign commitment guarantee letters to fulfill their corporate citizenship role and extend their activity scope upward. This not only facilitates our environmental protection efforts, but also expands VIS' contribution to CSR.

Supplier Management Cycle

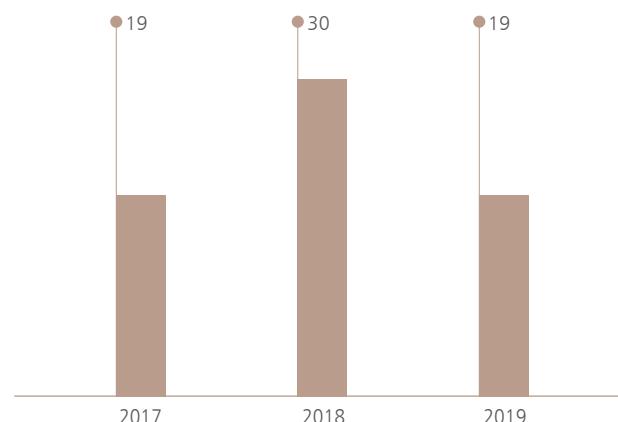
VIS' management of suppliers are divided into four categories: selection, declaration, management, and evaluation (shown in the diagram below):

Supplier Selection

With regard to supplier selection, potential raw material suppliers must operate according to VIS' supplier management policies as well as the "Vendor Safety, Health, and Environment Audit Management Guidelines"; suppliers must follow these guidelines and complete relevant evaluation procedures before they are selected to become qualified vendors.

Amount of Green Procurement in the Past 3 Years

Unit: NT\$ million



The evaluation process includes a preliminary survey and an on-site audit. Our Supplier Quality Management Department conducts the preliminary surveys and specification reviews, then invites our Risk and Environmental Safety Management Department, as well as any other relevant departments to conduct audits. The audits include areas such as environmental protection, health and safety, etc. Finally, our supplier quality management, procurement, material planning, and risk and environment safety management departments jointly select suitable suppliers based on the audit results. In addition, the same evaluation procedures also apply to our existing suppliers. We require continuous improvements of our suppliers in order to raise their competitiveness in product quality, delivery time, costs, and services.

Supplier Declaration

VIS not only formulated and implemented its own corporate social responsibility policies, but also required all suppliers to follow VIS' requirements and sign and submit commitment guarantee letters. VIS commits that we, as well as our suppliers, conform to applicable laws and regulations of the country where its operations take place as well as international codes of conduct, including but not limited to "Corporate Social Responsibility Policy of Vanguard International Semiconductor Corporation," "EU RoHS Directive," "EU Registration, Evaluation, Authorization and Restriction of Chemical Substances (REACH)," and "Responsible Minerals Rules and Regulations" and any other relevant changes.

Supplier Management

In addition to our declarations for the business partners, VIS also requires its supply chains to follow the same standards applicable to VIS during their business operations. The management of major suppliers includes their

product quality, environmental protection, occupational health and safety, green products, ethical guidelines, non-hiring of child labor, no-overtime requirement, gender equality and in compliance with the provision of Responsible Business Alliance (RBA, formerly known as EICC: Electronic Industry Code of Conduct) to fulfill responsible mineral procurement management. We require them to implement all of the above and also conduct questionnaires and on-site audit to ensure the compliance of suppliers.

Supplier Assessment

To effectively manage the product quality, delivery time, costs, services, industrial safety and environmental protection practices of suppliers, the procurement, material planning, quality management and industrial safety departments conduct joint reviews of qualified suppliers listed in the qualified vendors list (QVL) every six months. The review focuses on their product quality, delivery time, costs, services, industrial safety practices, and environmental protection measures. In this review, the importance of each item is considered, and different weights are assigned to evaluate a supplier's performance. Even if a supplier demonstrated high performance with evaluation scores of all items at 90 points or above, VIS still requires the supplier to make continuous improvements and enhance its competitiveness.

Regarding management of key suppliers, the risk and environment safety management department holds annual on-site audits to ensure suppliers comply with "Safety, Health, Environmental Protection, and Fire Prevention" laws, regulations and guidelines. In the past three years (2017~2019) 54 on-site audits were conducted. More specifically, in 2017: 13 times; 2018: 20 times; 2019: 21 times. Results from audits in the past three years showed that suppliers' overall performance has been stable and all suppliers were able to

meet VIS' requirements; nevertheless, each competent authorities of audit still provided suppliers with recommendations against complacency and to continuously improve so that suppliers are able to continue to make progress and successively enhance their overall competitiveness.

2019 Supplier Audit Results

Year	Counts of Supplier Audit	Score	Results
2017	13	92.7	Major deficiencies: None Other deficiencies: Fire prevention, workplace environment, record maintenance Follow-up: Require to reply improvement status and continuous improvements
2018	20	91.3	
2019	21	93.2	

To ensure that all suppliers comply with our green product policy, we required suppliers to submit chemical analysis reports and safety data sheets (SDS) in accordance with our regulations; the reports are reviewed by designated VIS authorities. In addition, we required suppliers to sign a RoHS affidavit, in which they pledge to uphold environmental protection commitments, to ensure that all VIS products and products of its suppliers comply with the VIS green product standards, as well as international regulations and customers' product specifications.

No Child Labor

VIS strictly forbids its supply chains from employing child labor (the age of child labor is determined by the laws of that country). In addition to the aforementioned declaration which requires all suppliers to comply with the requirement, the questionnaires also clearly state that a supplier who violates this policy shall be identified as an unqualified supplier, even if they fulfill all other requirements.

Supplier Operation Management

To keep our promise to customers regarding steady supply of goods, VIS has established the Business Continuity Plan and the Post-Disaster Recovery Plan, reinforced employee training and conduct periodic drill exercises, we also look upon risk management of continuous operation of supply chains as a part of competitive advantage. VIS requires its suppliers to actively report on post-disaster impacts and recovery plans, and implement relevant investigations and management mechanisms according to the situation in order to reduce the risk of supply interruption, thereby achieving the purpose of continuity management.

In addition to a series of earthquakes in Japan and Taiwan in 2019, VIS has also conducted surveys as quickly as possible to provide immediate responses to customer inquiries.

Responsible Minerals Management

As for the management of responsible minerals, VIS is in accordance with the requirements of Responsible Business Alliance (RBA, formerly known as EICC: Electronic Industry Code of Conduct), as well as the conflict minerals source disclosure regulations recently issued by the U.S. Securities and Exchange Commission (Rule 13p-1 of the U.S. Securities Exchange Act of 1934), to avoid purchasing conflict minerals (gold, tin, tantalum, tungsten, and other minerals that may be regulated in the future by the RMI (Responsible Minerals Initiative) from specified countries (Democratic Republic of the Congo and neighboring countries).

In addition to declaring conflict minerals management policies to suppliers, VIS requires all suppliers to assure their minerals are from certified refineries (Conflict-Free Smelter) that recognized by the RMAP (Responsible Minerals

Assurance Process) of the international organization, RMI, establish a mechanism of reasonable certainty, exercise their due diligence, and acquire relevant certifications. For refineries not certified by the RMI, VIS requests the refineries via suppliers to obtain certification from RMI or a third-party audit organization, which will ensure that the minerals used by the VIS and its suppliers are all in compliance with due diligence and responsible minerals management.

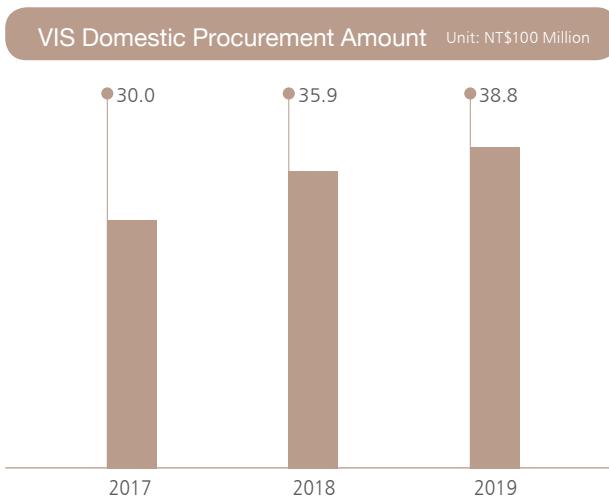
In consideration of customer concern over information on the management of conflict minerals, the procurement department provides the most up-to-date Conflict Minerals Reporting Template (CMRT) on the official website of VIS Online to facilitate customer inquire, access and download the relevant management information.

In compliance with the RMI revision in 2018 (v.5.11: effective on April 27, 2018), VIS completed related supply chain surveys and confirmed them in compliance with the regulations. To prevent procurement of conflict minerals from conflict regions, the latest CMRT tables of VIS were disclosed on the VIS Online System for customers to make online queries.

Supply Chain Localization Strategy

Despite of most semiconductor-related companies in Taiwan still rely on foreign imports for their procurement from machinery equipment, raw materials, and software applications, etc., VIS still devotes localized procurement strategies for a long to support related industrial chains in Taiwan. In addition to diverting risks and reducing relevant costs, local procurement can also achieve the effect of carbon reduction by significantly shortening the length of transportation routes, thereby fulfilling our corporate social responsibility by reducing carbon emissions of the Earth.

In 2019, VIS collaborated with over 1,000 partners worldwide, of which 95% are domestic suppliers (including manufacturers with branch offices in Taiwan, agents, and distributors). Our domestic purchase amount in 2019 exceeds NT\$3 billion, and the accumulated domestic purchase amount in the past seven years (2013~2019) is approximately NT\$24 billion.



3.3 Environmental Policy and Management

VIS maintained the spirit of continuously improving its environmental protection practices and health and safety management. In compliance with the ISO 14001 and OHSAS 18001 standards, VIS maintained the environment, safety, and health performances of its manufacturing plants at levels exceeding the standard requirements. VIS demonstrated greater than 90% efficiency for its handling of air pollution prevention; greater than 85% water recycling processing rate (more than 75% for Fab 3); greater than 92% waste recycling rate (more than 87% for Fab 3) (Note); zero accidents.

Climate Change and Energy Management

Climate Change

Climate change is a major topic of discussion in the United Nations and among governments, societies, and corporate bodies worldwide. This is also the case for VIS. The VIS CSR Committee has promoted climate change related carbon-reduction projects and reported to the Board of Directors. Since complying with TSIA's PFC reduction in 2005, VIS has launched various carbon-reduction programs since 2014. Since 2016, VIS has conducted carbon and water footprint inventories for company products in recent years as the basis for future GHG emissions reduction measures. VIS introduced environmental accounting and the ISO 50001 Energy Management System in 2017 to strengthen the Company's environmental management tools. In 2018, VIS introduced the material flow cost analysis method and ISO 14064-1 Scope 3 inventory, which have both passed SGS third-party verification. In addition to introducing different analysis projects, VIS has also utilized the analysis results to identify the risks and

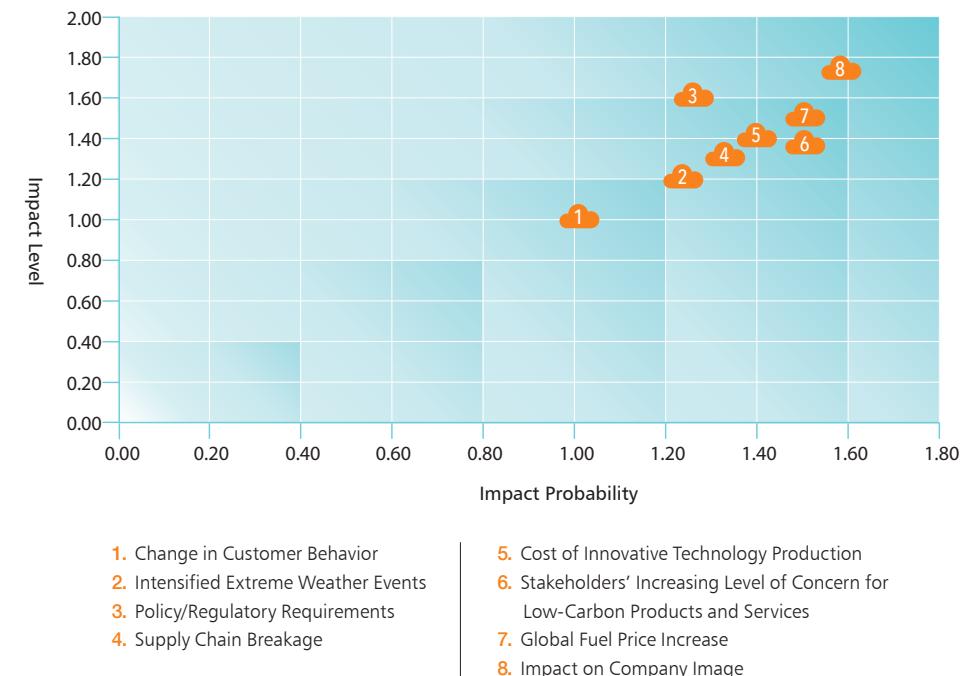
Note: Waste recycling rate does not include wastes that are not reported online.

opportunities brought by global climate change in the three aspects of risk matrix: laws and regulations, weather-related disasters, and influences of other behaviors.

Climate Change Risks and Opportunities

In response to potential risks of climate change and resources supply, VIS is actively implement related projects of energy-saving, carbon reduction, and water preservation, identifying and reducing climate change related risks, and improving climate resilience and establishing culture of environmental sustainability.

VIS Climate Risks Materiality Analysis Matric



Financial Impacts Analysis and Responses of Climate Change Risks

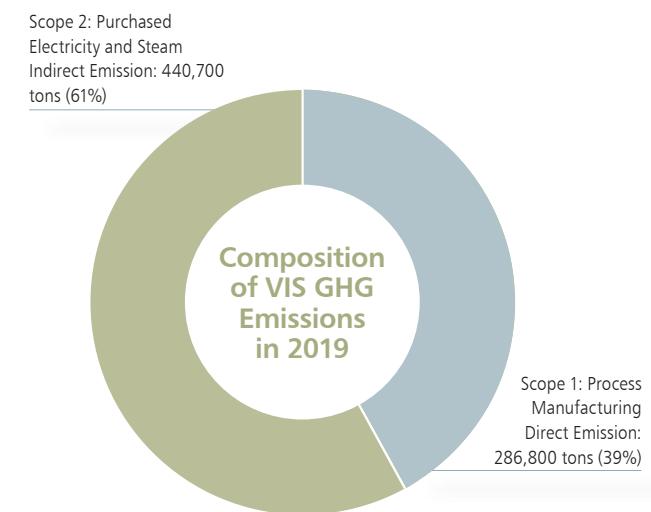
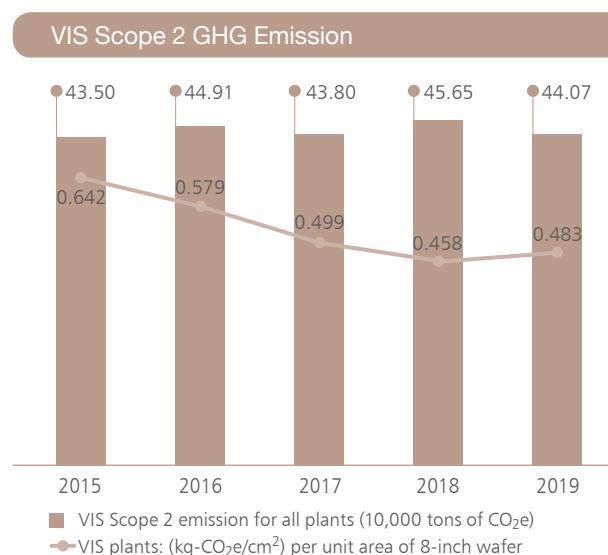
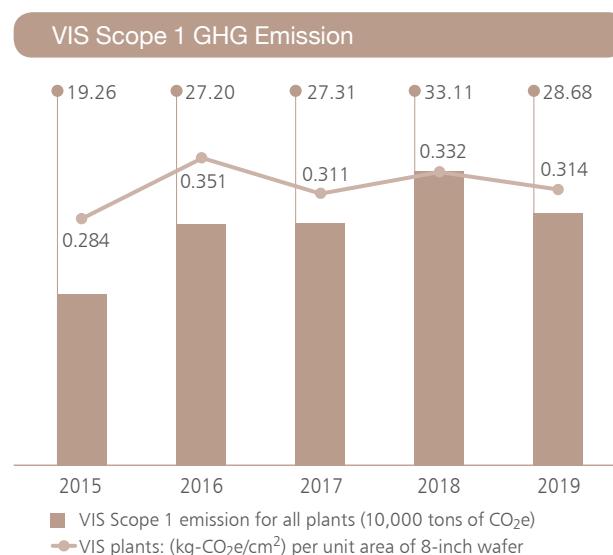
Climate Risk	Impact Description	Financial Impact	Climate Opportunity	Measure
Impact on Company Image	Cannot satisfy stakeholder expectations resulting in negative impact on company reputation or image	Stakeholders willingness to invest lowers, resulting in decreased revenue	Increase stakeholders' willingness of long-term investment, stabilize shareholder structure	<ul style="list-style-type: none"> Satisfy stakeholders' demand of energy-saving products, engage in green design of products Targeting manufacturing process, enhance green management, obtaining ISO 50001 Energy Management System, ISO 14001 Environmental Management, and ISO 14064-1 GHG Inventory certifications
Policy/Regulatory Requirements	Greenhouse Gas Reduction and Management Act	Fines and fees result in increased operation cost	Improve energy efficiency to lower operation cost	<ul style="list-style-type: none"> Proactively implement GHG emissions management measures. Achieving 14.7% GHG emissions reduction per unit area of wafer in 2019
	Renewable Energy Development Act	Install renewable energy power generation facilities resulting in increased operation cost	Develop renewable energy in advance to facilitate corporate energy diversification	<ul style="list-style-type: none"> Introduce renewable energy, plan installation of renewable energy facilities, such as solar PV system, and purchase RECs
Global Fuel Price Increase	Fluctuation of fuel price affects production and operation costs	Fuel price increases resulting in increased production and operation costs	Develop renewable energy in advance to facilitate corporate energy diversification	<ul style="list-style-type: none"> Introduce renewable energy, plan installation of renewable energy facilities, such as solar PV system, and purchase RECs
Stakeholders' Increasing Level of Concern for Low-Carbon Products and Services	Cannot satisfy stakeholders' needs for low-carbon products and services, resulting in lowered purchase intention	Development cost for low-carbon products and services increase	Offer low-carbon products and services to earn stakeholders' trust	<ul style="list-style-type: none"> Utilize specific wafer manufacturing technology to develop low-carbon design products; enhance product efficiency to respond to market demands
Cost of Innovative Technology Production	Cannot develop innovative technology and consequently eliminated by the market	Cost of innovative technology production increase	Proactively develop innovative technology in response to industrial pulses and market growth demands	<ul style="list-style-type: none"> Continue to increase investment in R&D of products and manufacturing processes; develop power management related BCD and UHV technology
Supply Chain Breakage	Cannot deliver on time or keep the promise of stable supply to customers	Compensate customers' losses, resulting in increased operation cost	Proactively enhance stability of supply chain	<ul style="list-style-type: none"> Implement supplier audit mechanism, enhance supplier quality and environmental management capacity Require suppliers to submit post-disaster impact and recovery plan to lower the risk of supply chain breakage
Change in Consumer Behavior	Consumers aware of effects of climate change, and refuse to purchase products and services that are not energy-saving or low-carbon	Consumers' willingness to buy lowers, resulting in decreased revenue	Offer low-carbon products and services to earn stakeholders' trust	<ul style="list-style-type: none"> Utilize specific wafer manufacturing technology to develop low-carbon design products; enhance product efficiency to respond to market demands
Intensified Extreme Weather Events	Typhoons, floods, and draughts lead to reduced capacity or interrupted production	Capacity disruption results in decreased revenue	Enhance production line's resilience of natural disasters	<ul style="list-style-type: none"> Formulate crisis management procedure, establish disaster prevention and response system, including employee flood drill, typhoon prevention measures, establishment of river level monitoring system, and installation of flood prevention gate

GHG Inventories and Verification

At VIS, Scope 1 GHG emissions refer to direct emission sources at its facilities, including diesel fuel for power generators and natural gas used by stationary emission sources; mobile emission sources include petroleum and diesel fuel (including biodiesel) used for company vehicles; fugitive emission sources include organic waste gas, firefighting equipment, septic tanks, and refrigerant. Scope 2 GHG emissions refer to indirect emission sources consisting of purchased electricity.

VIS conducts its GHG inventories by following ISO/CNS 14064-1 standards, the Executive Yuan Environmental Protection Administration (EPA) Greenhouse Gas Validation Guidelines, "Greenhouse Gas Emission Inventory Registration Guidelines," and the WBCSD/WRI GHG Protocol, with 100% control to define organizational boundaries (Operational Control).

VIS GHG inventory results for Scope 1 and Scope 2 emissions are shown in the charts below. In particular, the area of wafer was based on information that has been verified following GHG inventory.



VIS referenced carbon footprint calculation to project the following Scope 3 GHG emissions, and passed SGS third- party verification, identifying other indirect GHG emissions other than Scope 1 and Scope 2. The following chart is the result of 2018 Scope 3 GHG emissions inventory; 2019 inventory verification will be completed in July 2020.

Category	Description	2018 Scope 3 GHG Emissions (tCO ₂ e)
Purchased goods and services	Carbon emissions generated by main materials and auxiliary materials in the process procured for the production of 8-inch wafer, not including outsources services.	149,277.838
Fuel- and energy-related activities (not included in Scope 1 and 2)	Fuel and energy used in fabs. Calculated based on lifecycles with results of Scope 1 and 2 deducted.	70,001.919
Upstream transportation and distribution	Main materials and auxiliary materials procured for the production of 8-inch wafer. The carbon emission generated through the ton-kilometers as materials are transported from suppliers to the fabs (including air, land, and sea).	1,239.751
Waste generated in operations	Carbon emission generated by the wastes through the production process, including transportation and processing of wastes.	2,898.831
Business travel	Carbon emission resulted from domestic and international business trips by employees. Calculated with the round-trip distances via land and air to domestic or international destinations from Fab 1.	235.404
Employee commuting	Calculated using passenger-kilometer from local civic centers of employees' household registrations to each fab.	11,360.581
Downstream transportation and distribution	First-tier point of sales of 8-inch wafers	498.252
Total		235,512.575



GHG Reduction

The Company has devoted great efforts in the reduction of GHG. In 2005, VIS signed the "Memorandum of Cooperation for the Reduction of Perfluorinated Compound Emissions" with TSIA and the EPA of Executive Yuan. To reduce our Scope 2 GHG emissions, VIS will continue to promote various energy-saving plans (Please refer to "Energy Management") to reduce GHG emissions per unit area of wafer. VIS' GHG reduction goal is to reduce GHG emissions per unit area of wafer to 20% lower than the 2015 level by 2020; currently, VIS has reduced GHG emissions by 14.7% in 2019.

GHG Information Disclosure

VIS ensures the transparency of its GHG information by disclosing relevant GHG emission and reduction information via various types of channels. VIS performs self-inspection during the disclosure process and obtains external opinions to continue to improve GHG emission. Information disclosure channels include the following:

- Since 2005, VIS has utilized third-party verification for annual greenhouse gas (GHG) emissions and submitted annual reports of GHG emission to the Taiwan Semiconductor Industry Association (TSIA) and EPA, Executive Yuan.
- Since 2014, VIS has voluntarily participated in the Carbon Disclosure Project (CDP) to disclose climate change-related information on a yearly basis which includes information on GHG emissions and reductions. In addition, we conduct inspections and make improvements on risks and opportunities relating to legal regulations, natural disasters, finance, and business operations. External bodies are able to access relevant information on the CDP website.
- Since 2014, VIS has made its annual CSR reports publicly available on the Company's website, which includes information disclosures which are of concern to our customers and investors.

Energy Management

Emphasizing risk management, green production, and energy shock, VIS involves all employees in the operation of energy management system to achieve the goals of meeting regulatory requirements, answering customers' demands, and enhancing power usage effectiveness (PUE). To achieve these goals, VIS is committed to continue implementing and improving the following:

1. Compliance with energy regulations – comply with related laws and regulations;
2. Effective Utilization of energy – treasure and properly utilize resources, such as electricity and natural gas;
3. Realization of management by objectives – Set energy performance indicators and adopt PDCA model for management;
4. Continued Improvement of Performances – Inspect and review regularly to continue improving PUE;
5. Support for Green Procurement – Support procurement of energy-saving facilities or products;
6. Promotion of Internal and External Communications – Establish internal/ external communication channels to facilitate information transmission;
7. Provide proper resources to achieve objectives and targets;
8. Strive for energy conservation and sustainability.

VIS continues its efforts in lowering carbon emissions. Between 2015 and 2019, VIS' power consumption per unit area of wafer reduced from 1.01 kWh/cm² to 0.72 kWh/cm², which was a 28.7% reduction.

Furthermore, VIS continues to conserve energy within its public facilities. In response to government's ESCO plan, VIS has invested in replacement of large energy- conserving equipment, completing the Phase 1 upgrade of UPS equipment in all fabs in 2019; installed heat pumps on external air-conditioning box in the cleanroom to enhance energy-saving performance; and launched replacement plan to install variable-frequency control systems in vacuum pumps of manufacturing equipment to conserve energy. With respect to conserving natural gas, the external dew point temperature has been used to set the optimal operational level of boilers within each plant. All three fabs have obtained ISO 50001: 2011 certification in 2017, and continue to pass SGS third-party certification in 2018 and 2019. The systematic management processes of ISO 50001: 2011 have enabled VIS to identify new opportunities for improving our energy-saving capabilities, thus enhancing the Company's energy conservation efforts. Through continuous implementation of multiple energy- conservation schemes, VIS invests in more energy- conserving measures and responds to national energy conservation goals.

Power-saving Rate

Year	Annual Consumption (kWh) (A)	Energy Saved (Note 1) (kWh) (B)	Power-saving Rate (Note 2) (C)
2015	665,151,616	34,807,041	5.2%
2016	669,187,185	13,398,931	2.0%
2017	666,279,086	12,154,982	1.8%
2018	669,931,396	21,135,294	3.2%
2019	662,993,697	18,603,787	2.8%

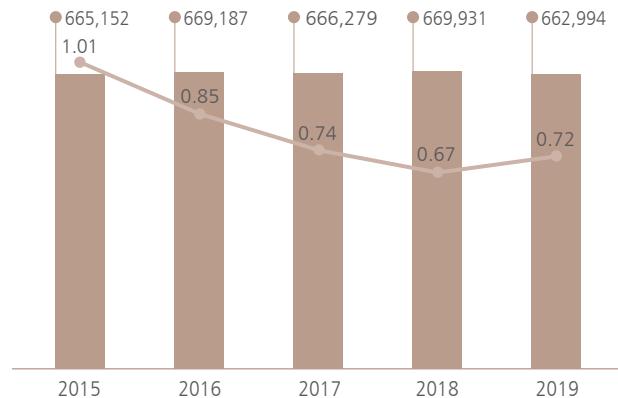
Note 1: Energy saved is the sum of all energy-saving results from the year's energy conservation measures.

Note 2: Power-saving Rate $C=B/(A+B)\times 100\%$

2019 Primary Energy Conservation Measures and Their Effectiveness

The most efficient means of conserving energy and reducing carbon emission is by lowering power consumption. Through real-time equipment management, while maintaining proper usage/quality and normal equipment operations, optimal operating conditions can be achieved, which shortens power-usage time and reduces power consumption. Moreover, equipment efficiency can be increased by using high efficiency equipment (lighting, transformers, motors, air compressors, etc.), and by installing variable-frequency devices in electrical equipment to reduce energy consumption and improve the power factor. VIS' energy-conservation measures in 2019 resulted in 18.60 million kWh in reduced electricity consumption, which was an energy conservation rate of 2.8% and translated to NT\$41.11 million in savings.

Total Energy Consumption and Power Consumed Per Unit Area of Wafer



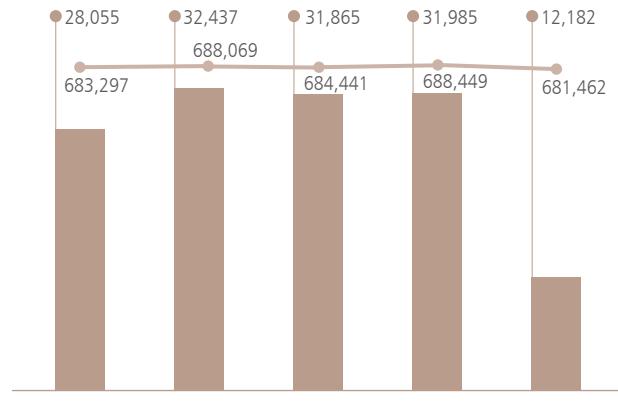
■ Power consumption (1,000 kWh)

● Power consumed per unit area of wafer (kWh/cm²)

Note 1: Diesel is not used for product manufacturing, and therefore is not included in the calculation.

Note 2: Statistical boundary for energy consumption includes all fabs of VIS.

Total Energy Consumption

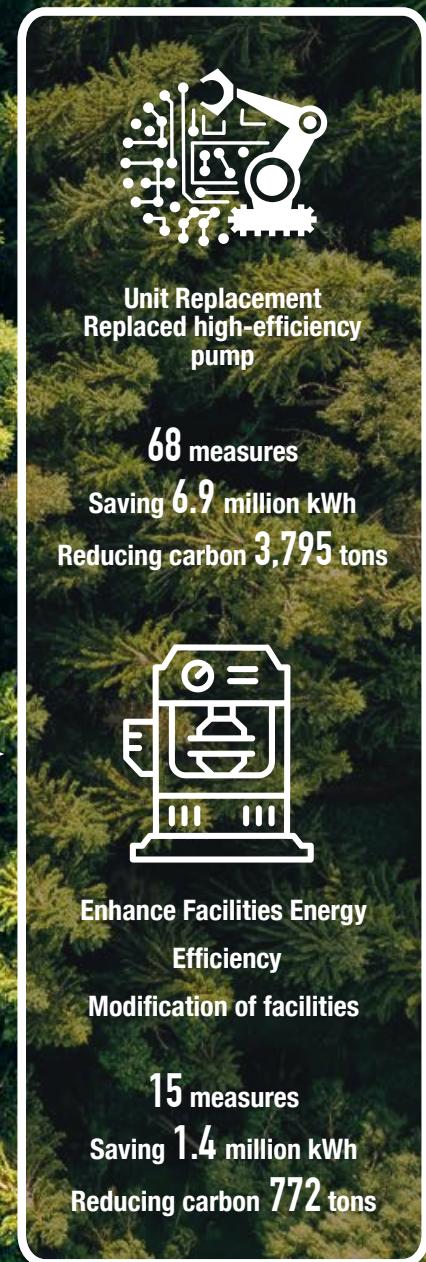
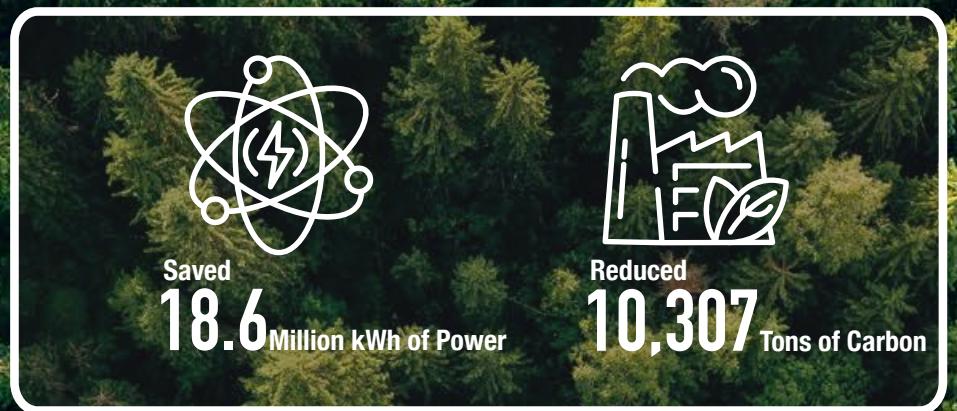
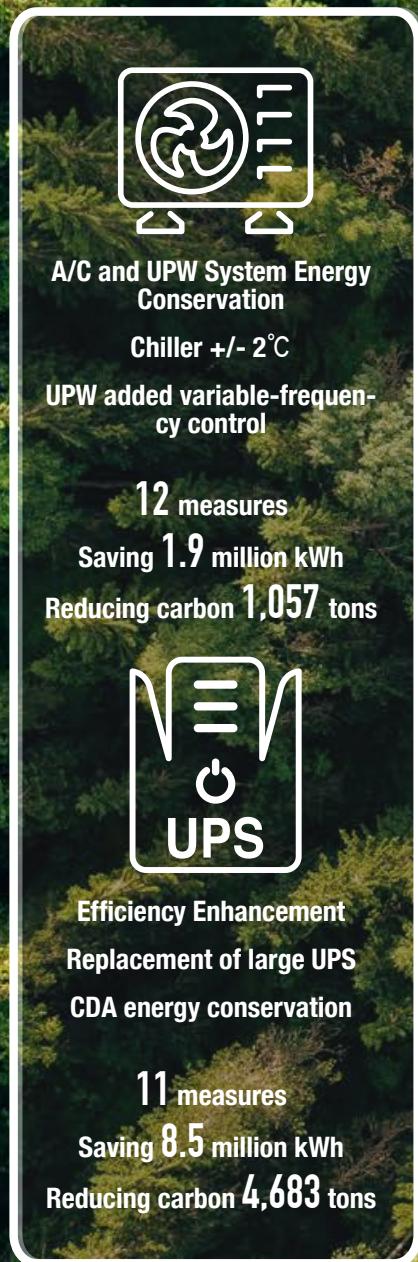


■ Steam Consumption (Ton) ● Total Energy Consumption (1,000 kWh)

Note 1: Total Energy Consumption includes procured steam consumption

Note 2: Conversion unit is 1 m³ of natural gas=10.4 kWh; 1 kWh=3,600 KJ

106 Measures and Outcomes of Energy Conservation in 2019



Note: CO₂ equivalent was 0.554 Kg/kWh.

Energy Management Plans

VIS aim to conserve 10% less energy per unit area of wafer by 2020 than the amount consumed in 2015. As of the end of 2019, VIS has reduced energy per unit area of wafer to 28.7% lower than the level of 2015. The energy management plans to be implemented by VIS from 2020 to 2022 are listed below:

Project Name	Implementation Year
F1/F2/F3 AI Chiller Energy Conservation Engineering	2020
F1/F2/F3 Variable-Frequency Dry Pump Replacement	2020
F1 CDA Waste Heat Recovery to MAU	2020
F3 Installation of Dual-Temperature Chiller System	2020
F2 CDA Waste Heat Recovery, HOT DI Energy Conservation	2021
F1/F2/F3 High-Efficiency UPS Replacement – Phase 2	2021
F1/F2/F3 Variable-Frequency Dry Pump Replacement	2021
F2 2D Office LED Lighting Replacement	2021
F1/F2/F3 Elevator Power Recovery	2021
F2 UPW RO High-Efficiency Motor Replacement	2022
F2 UPW Pump INV Installation	2022
F1/F3 CDA Variable-Frequency Controller Replacement	2022
F1/F2/F3 Water Tank Energy-Saving Fan Installation	2022
F1/F2/F3 High-Efficiency Chiller Replacement	2022
F1/F2/F3 High-Efficiency Motor Replacement	2022
F1/F2/F3 Variable-Frequency Dry Pump Replacement	2022

Environmental Protection Expenditures

VIS is still in the process of improving our environmental protection management practices and investing in pollution prevention facilities by conducting daily equipment maintenance and management. To clearly categorize various environmental protection expenditures, VIS has formulated environmental accounting guidelines and designated environmental accounting codes for all units to properly compile and calculate related expenditures. Refer to “2015~2019 Environmental Protection Expenditures” for environmental protection expenditures. In 2019, approximately NT\$486 million was spent on environmental protection. The categorization of the expenditure is listed in “2019 Environmental Protection Expenditures Categorization”.

2015~2019 Environmental Protection Expenditures

2015~2019 Total Environmental Protection Expenditures (Fab 1 + Fab 2 + Fab 3)

Unit: NT\$ thousand

Year	2015		2016		2017		2018		2019	
	Category	Recurring Cost								
Subtotal		149,775		160,116		197,743		197,743		149,775
Total		309,891		218,508		316,489		197,743		252,361
										486,222

Note 1: Recurring costs included fees required by environmental protection laws and regulations, testing fees, operational maintenance costs, and personnel costs.

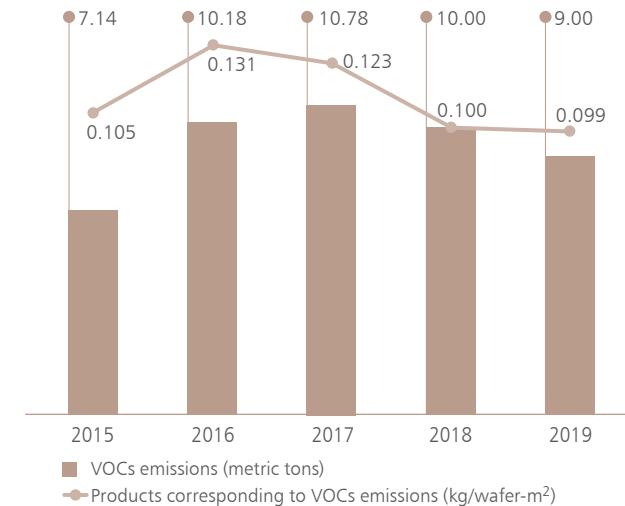
Note 2: Capital expenditures included costs for installation of environmental protection equipment, etc.

Categorization of 2019 Environmental Protection Expenditures

Categorization	Description	Recurring Cost	Capital Expenditures
1. Direct Costs for Reduction of Environmental Burden			
(1) Pollution Prevention	Including costs for air pollution prevention, water pollution prevention, and other environmental pollution prevention	113,682	229,561
(2) Saving Energy Consumption	Cost for saving resources (such as water)	-	-
(3) Waste Processing and Recycling	Costs for wastes (such as recycling, incineration, landfill)	42,127	4,300
2. Indirect Costs for Reduction of Environmental Burden (Environmental Protection Related Management Cost)	Including (1) Environment surveillance; (2) Environment management system certification related fees; (3) Employee environmental education; (4) Green procurement; (5) Environmental protection personnel	96,552	-
3. Other Costs	Including: (1) Soil purification and natural environment restoration; (2) Environmental pollution and hazard insurance and government environmental protection taxes; (3) Environmental issue compensations, penalties, and litigation fees	-	-
Total		252,361	233,861

Unit: NT\$ thousand

Statistics of VOCs Emissions



Air Pollution Control

The air pollutants generated by the semiconductor industry are VOCs and acidic or basic gases. Proper backup systems, including emergency power, have been setup to ensure normal operation in the event of equipment failure, thereby reduce the risk of abnormal discharge of pollutants. Equipment for processing VOCs uses clean, natural gas as fuel, but it is also equipped with other fuel supply systems. If problems arise with the supply of natural gas, backup fuel can be used instead to ensure the smooth operation of our pollution prevention facilities. According to the statistics of air pollution emissions, all VIS plants have VOCs systems that are equipped with rotor processing equipment. In 2019, Fab 1 added a new VOCs system that achieved removal rate better than the legal requirement (>90%), and the average removal efficiency of VOCs in plant areas was 93.43%, which was better than the 92% established by the environmental impact assessment best available control technology.

VIS has set the goal for 2020 to reduce VOCs emissions per unit area of wafer by 10% compared to the 2015 level. By 2019, VOCs emission per unit area of wafer has been reduced by 6.2% lower than the 2015 level.

At VIS, natural gas and minor amounts of diesel fuel are used (for power generators). According to estimated air pollutant emission coefficients of NOx and SOx formulated by the EPA with respect to the semiconductor industry, VIS reported NOx emissions of 7.823 metric tons and SOx emissions of 9.6 metric tons in 2019.

Water Resource Management and Water Pollution Prevention

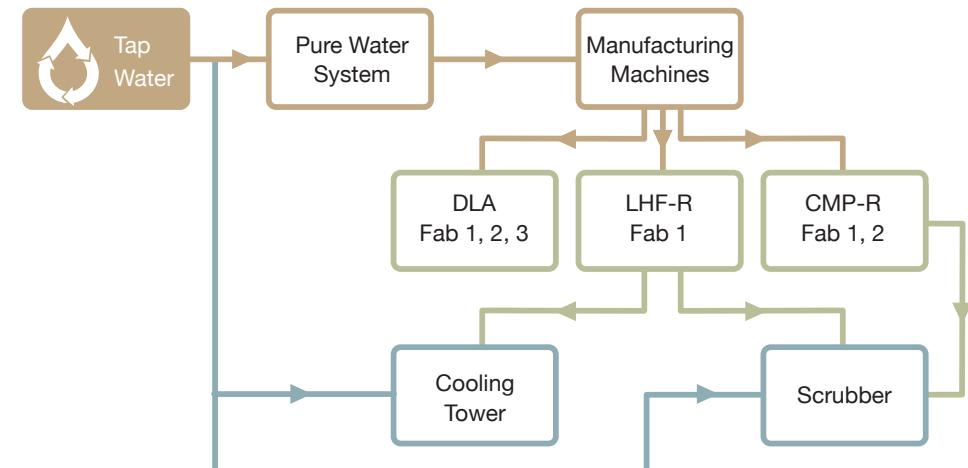
Located within the Hsinchu Science Park, the VIS' Fab 1 and Fab 2 typically use tap water supplied from the Baoshan Dam and Baoshan Dam No. 2. The wastewater generated within these two plants is preprocessed inside the plants in accordance with regulations, and then treated in the Hsinchu Science Park wastewater treatment facilities before being discharged. Fab 3 is located in Taoyuan City, using water supplied from the Shihmen Dam as its water source; its wastewater is processed and verified to conform with the water discharge standards, then discharged into Taoyuan's Takeng River. The impact of climate change has increased the likelihood of droughts and floods in Taiwan, further increasing the risks of water shortages and floods. Therefore, the management of water resources, water recycling, and response measures during water shortages are critical.

In terms of water resource management, VIS has developed the "VIS water vehicle transportation contingency response plan during water shortages" based on the status and condition at each plant as well as the practices

of other foundries in order to lessen the impact of water shortages on production processes during periods of low rainfall. This response mechanism can be activated in the event of water shortages to minimize impacts on production.

VIS maximizes the reuse of water discharged from its manufacturing processes. Based on the characteristics of the discharged water, VIS has established over 10 types of water discharge pipes according to water quality and user demands. Recycling systems are used to reduce wastewater discharge and ease the burden on the environment, as well as prevent the use of tap water as refills, thereby conserve water resources.

Schematic Diagram of Water Recycling



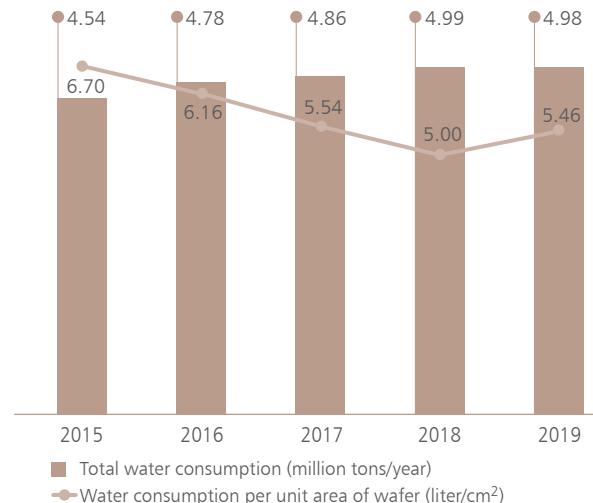
In addition to setting a manufacturing recycling rate of 85% required by the science park as our goal, VIS also selected water-conserving manufacturing machines, ensured effective diverting and discharging water drainage pipes, constructed various water recycling systems, and persisted in promoting water-conservation measures, in order to reduce our reliance on tap water. In 2019, VIS' Fab 1 and Fab 2 plants recorded an average water recycling rate of 86.4% and 85.5%, respectively. Fab 3 is located in Taoyuan and outside the Science Park; however, Fab 3, once acquired by VIS, started implementing plans for water recycling. The water recycling goal for Fab 3 in 2019 was 75%, and Fab 3 achieved 77.0% water recycling rate.

With regard to the volumes of water recycled from the production process between 2018 and 2015, Fab 1 increased by approximately 9.9%, Fab 2 increased by around 6.6%, and Fab 3 increased significantly by 129.0%. From 2015 to 2019, VIS has accumulated 40 million metric tons of recycled water, an equivalent to the capacity of 8 Baoshan Dams.

Year	2015	2016	2017	2018	2019
Fab 1 average water recycling rate (%)	86.9%	86.8%	86.7%	86.4%	86.4%
Fab 1 amount of recycled water (million metric tons)	2.51	2.69	2.71	2.77	2.76
Fab 2 average water recycling rate (%)	85.5%	85.5%	85.4%	85.3%	85.5%
Fab 2 amount of recycled water (million metric tons)	3.48	3.55	3.61	3.66	3.71
Fab 3 average water recycling rate (%)	70.5%	71.8%	76.7%	77.0%	77.0%
Fab 3 amount of recycled water (million metric tons)	0.86	1.72	1.98	2.01	1.97
Total amount of recycled water (million metric tons/year)	6.85	7.96	8.31	8.43	8.45

Note: All water recycling rates at VIS Fabs are calculated based on Science Park Bureau's Water Balance Chart.

VIS Water Consumption Per Unit Area of Wafer



VIS Wastewater Discharge Per Unit Area of Wafer



VIS has set the goal of reducing water consumption per unit area of wafer to 13% lower than the 2015 level by 2020. An examination of VIS' water consumption per unit area of wafer showed a rising trend in water consumption per unit area of wafer in 2015 due to the acquisition of Fab 3 in 2015. In the same year, Fab 3 also implemented the production water recycling improvement project. Therefore, the water consumption per unit area of wafer has dropped from 6.7L in 2015 to 5.46L in 2019, achieving approximately a 18.5% reduction of water consumption.

The amounts of tap water consumed VIS in 2018 and 2019 changed with capacity and recycling rate of water discharged through the process. The amount of tap water consumed by VIS was 4.99 million metric tons and 4.98 million metric tons in 2018 and 2019 respectively. The aforementioned data will be verified in SGS Product Water Footprint Verification conducted once every two years.

VIS' water conservation and recycling efforts are also reflected by the reduction of discharged wastewater. An examination of VIS' wastewater discharge per unit area of wafer showed a rising trend in wastewater discharge per unit area of wafer in 2015 due to the acquisition of Fab 3 in 2015. In the same year, Fab 3 also implemented the production water recycling improvement project, the outcome of which was reflected in a 28.9% reduction of waste water discharge per unit area of wafer from 5.08L in 2015 to 3.61L in 2019 for every unit area of 8-inch wafer produced.

Water Resource Management Plans

Water resource management plans of VIS are listed in the chart below. VIS has set the goal of reducing water conservation per unit area of wafer to 13% lower than the level of 2015 by 2020. By 2019, VIS has reduced water consumption per unit area of wafer to 18.5% lower than the 2015 level.

Category	Water-conservation Measures	Implementation Year
Water conservation at public facilities	Altered WWTs sand filter tower backwash to ROR concentrated water to reduce the depletion of water resources	2020
	Recycled and reused water discharged from the west MAU	2020
	Adjusted the ROR recovery ratio	2021
Water conservation at production facilities	Recycled and reused discharged water from 1B UF backwash	2018
	Water saving for change QDR idle	2019
	Recycled and reused discharged water from PB UF backwash	2020
	Adjusted the RO recovery ratio	2021

VIS' water pollution prevention strategy is focused on reducing the generation of pollutants, then recycling and treating water pollutants by using effective equipment to make sure that the quality of discharged water is better than or equal to the standards set by the government. VIS also continued to take measures in reducing the concentration of tetramethylammonium hydroxide (TMAH) and ammonia nitrogen ($\text{NH}_3\text{-N}$) in water discharges in order to mitigate the harmful effects of water discharge.

VIS has installed water quality and quantity monitoring equipment at the discharge outlet of its wastewater treatment facilities to monitor and record changes in water quality and quantity. To prevent wastewater tanks from rupturing causing contamination of underground water, the Company also conducts sampling tests every year on the underground water within its plants, as well as the soil inside its facilities every 3 years. This ensures that wastewater discharge and underground water and soil conditions near the vicinity of the plant comply with monitoring standards.

Waste Management

Waste management at VIS has shifted from the traditional approach of cleaning and disposing of wastes to an integration of resource management. VIS has designated professional technician for waste disposal management, and adhered to the spirit of ISO 14001 to formulate detailed management regulations. In addition, VIS requires its employees to comply with requirements mandated for the classification, collection, storage, and clearance of wastes.

To facilitate sustainable utilization of resources, the primary principle of waste management is to reduce the use of processed chemicals, which in turn lowers waste output. Furthermore, we prioritize in the recycle and reuse of waste materials. We view other treatment methods such as incineration and burial of wastes as a last resort.

To properly manage VIS' wastes, our internal waste management has extended its focus from proper clearing and disposal of wastes to reducing waste at the source and recycling wastes. To reduce wastes production, we encourage employees to provide suggestions based on the results of ISO 14001 for reducing the use of resources in order to minimize waste production at the terminal end.

VIS has vigorously implemented multiple environmental protection programs in 2019 to recycle and reuse wastes.

● Reduction in Waste Photoresists

Targeting the photolithography process, VIS changed frequency of spraying photoresists, reducing the consumption of photoresists, and thus reducing amount of waste photoresists. VIS reduced an annual amount of 0.56 metric tons.

● Reduction in Waste Photoresist Remover

Targeting the wet etching machines, VIS changed the process to lower the frequency of acid drain change, reducing the amount of waste photoresist remover. VIS reduces approximately 5 metric tons of waste photoresist remove annually.

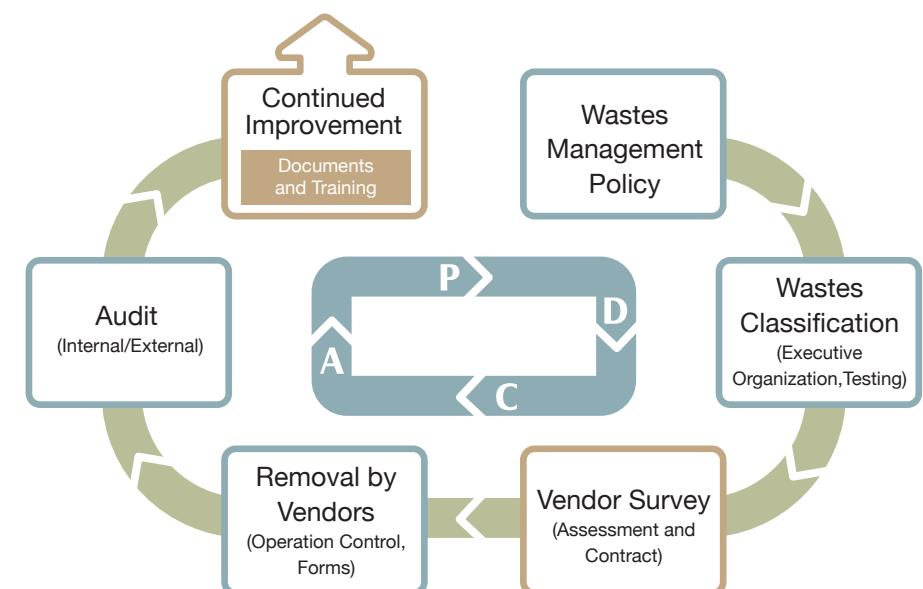
Waste Reuse Methods

The waste we produce is mainly composed of acid waste, solvent waste, and sludge, most of which are physically or chemically treated into industrial raw materials or additives for cement or bricks for reuse. Containers that cannot be recycled are washed and reused. VIS employs waste disposal and recycling organizations to recycle usable metals (e.g., scrap metal, tin, aluminum). The annual nickel-cadmium battery output volume follows the Basel convention specifications, which are then shipped to advanced countries by sea where they are recycled. No nickel-cadmium batteries were shipped by sea for recycling in 2018 due to limited volumes.

Concerning discarded computers, since 2009, VIS has worked in cooperation with Asus in the digital divide project to implement the "Renewable Computer Hope Project," with the hope of establishing a society that embraces resource recycling and cherishes the land we live on. In this Project, discarded computer products were recycled and repaired into operational computers, which were then donated to disadvantaged groups to reduce the digital divide in our society. To date, VIS has donated 6,176 computers and monitors, which is equivalent to the reduction of approximately 144 metric tons of carbon dioxide emissions or cutting down of approximately 12,062 trees. (Note) VIS will continue to monitor international legislations, customer demands, and potential future legal requirements to prepare for effective response measures.

Management of Waste Disposal Organizations

In the management of external waste treatment vendors, VIS conducts annual audits on cooperating vendors, completing auditing on 34 vendors in 2019. During the auditing process, we review the workplace safety and environmental protection practices, waste-related certifications, and onsite operations of our vendors' plants. Moreover, the flow of their products and waste is also evaluated to ensure that material reuse, the products they sell, and their method of waste disposal conform to legal requirements. VIS has teamed up with high-tech companies to formulate evaluation and audit regulations for waste treatment vendors, thus enhancing the quality of audits and facilitating selection of reliable waste treatment vendors.



VIS Waste Disposal Organization Audit includes aspects of "Safety and Health Management," "Fire Safety and Fire Management," and "Onsite Inspection". Most of the organizations have weaknesses in the aspect of "Onsite Inspection" in 2019: 8 vendors and 15 cases. In addition to one training related case that is planned to be implemented in 2020, other cases have been corrected in 2019.

2019 Waste Disposal Vendor Audit

Aspect	Weakness	No. of Cases
Safety and Health Management	No regular external calibration and inspection of noise audiometer and gas detector	2
	Incomplete training attendance record	1
Onsite Inspection	Missing, damaged, or outdated version of labels	3
	Forklift operators not wearing seatbelt, no signal light or sound when forklift topples over	3
	Onsite operators not in personal protective gear	2
	Missing ditch covering gratings may lead to falls	1
	Steel gas tank not placed upright	1
	Waste liquid tank not in designated area	1
	Insufficient protection for naked-fire operation	1

Waste Management Goals

A waste reuse rate greater than 90% is required for all VIS plants. Monthly plant reuse rate reports are submitted to supervisors and environmental safety committee monitors to track our progress. Currently, all VIS wastes are properly removed, processed or reused by qualified institutions. Total waste production in 2018 was 6,933 metric tons, and 6,492 metric tons in 2019; the aforementioned data will be verified in the biennial SGS Product Carbon Footprint Verification, which is protected to be completed by August 2020. Previous verification was carried out in 2018, verifying data from 2017.

To reinforce the validity of audits on waste treatment vendors, VIS signed the TSIA Convention for Waste Disposal and Reuse by High-Tech Industries in 2017 and participated in TSIA's auditing activities to reduce the risks of legal violations by waste disposal vendors.

The reuse rate of wastes is determined by confirming the method of waste disposal when seeking waste treatment service vendors. If their method of waste disposal is by burial or incineration, then they are excluded from the calculation of reuse rate.

Category	2015	2016	2017	2018	2019
General industrial waste (metric tons/year)	2,600	2,540	2,715	3,135	2,670
Hazardous industrial waste (metric tons/year)	3,670	3,849	3,801	3,798	3,823
Amount of industrial waste recycled (metric tons/year)	5,890	5,961	6,077	6,505	6,158
Amount of industrial waste incinerated (metric tons/year)	378	411	432	396	331
Amount of industrial waste buried (metric tons/year)	2	17	7	32	4
Waste reuse rate (%)	93.93	93.31	93.25	93.82	94.85
Percentage of industrial waste incinerated (%)	6.03	6.44	6.64	5.71	5.09
Percentage of industrial waste buried (%)	0.03	0.26	0.11	0.47	0.06

3.4 Occupational Safety and Health Environmental, Safety, and Health Policies and Management System

VIS Environmental, Safety, and Health Policies

When it comes to the Company's environmental, safety, and health policies, VIS places a strong emphasis on full participation by all employees to ensure across-the-board safety. Amended per requirements of ISO 14001: 2015 and OHSAS 18001: 2007, as well as our commitments to international conventions, VIS has added policies regarding prevention of occupational injuries and diseases for better physical and mental health, and CRS.

After being reviewed and signed by VIS Chairperson and President Leuh Fang, the latest policies are posted on the Company's official website and

the announcement board of each production plant. To ensure that each employee clearly understands the Company's policies and works to achieve their objectives, the policies are also printed out onto cards which are then distributed to all employees, thereby facilitating widespread compliance.

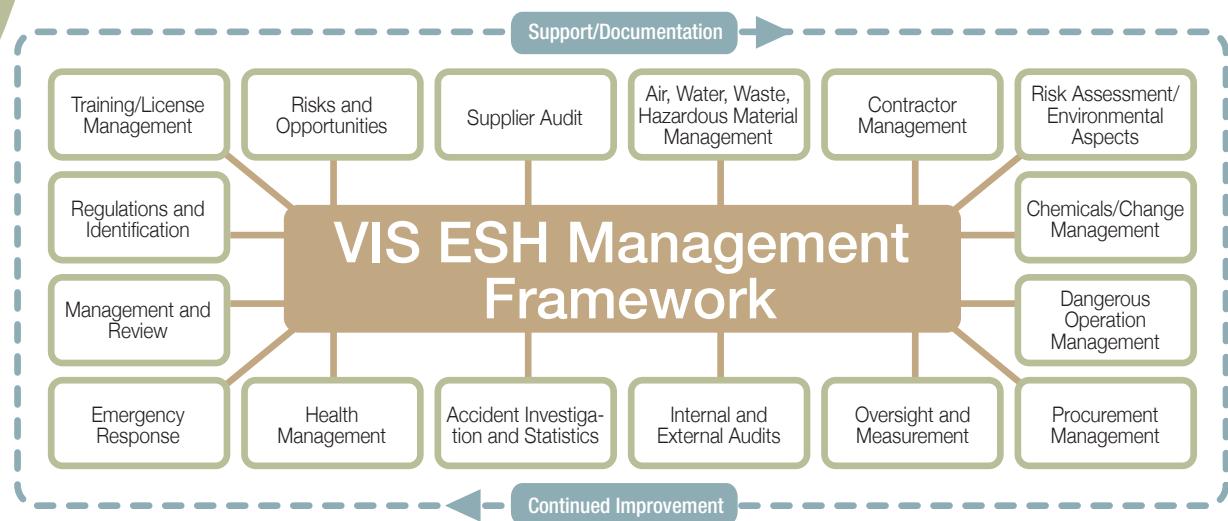
Information on VIS' environmental, safety, and health policies, and applicable scopes of safety and health/environmental management systems have been published on the Company's website, for all stakeholders to access at any time. In addition, VIS' contractors are required to comply with the Company's policies pertaining to safety and health management. To this end, VIS has incorporated various informational directives concerning health, safety, and environmental policies into the safety and health education training provided to contractors, ensuring that all contractors which handle work for VIS clearly grasp the Company's health, safety, and environmental policies. The Company's website: http://www.vis.com.tw/visCom/chinese/a_about/a04_environmental.htm

Environmental, Safety, and Health Management System

Environmental and safety departments of VIS will check the laws and regulations database every month for latest related laws and regulations, as well as other information, to ensure the Company complies with the aforementioned laws and regulations and the requirements of other stakeholders and groups. Through risk assessment and identification of environmental aspects, risk and opportunity analysis, ESH application, procurement management, contractor management, supplier audit, dangerous and high-risk operation application and control, and automatic



check, VIS strives to reduce risks within the fabs; VIS also organizes regularly environmental, safety, and health education and training, personal protective gear training, and emergency response drills to enhance employee emergency preparedness; through fire/fire control, and gas monitoring systems, patrol and inspection, regular inspections of all systems, and internal and external audits, VIS ensures that all units comply with all regulations. When abnormal events take place, investigation system and CAR will be immediately launched, and unit responsible will be asked to make improvements. The environmental, safety, and health management system is implemented in accordance with PDCA method shown below:



Key Examples of VIS ESH Management:

Hazard Identification, Risk Assessment and ESH Management Programs

Each responsible department conducts hazard identification and risk assessment in accordance with VIS "Safety and Health/Environmental Policy Management and System Planning Procedure". Based on the results, the responsible unit conducts improvement assessment for high-risk items and process control. If major risks or environmental aspects with

significance are founded after hazard identification, and risk assessment and environmental aspects, management programs will be formulated accordingly. All applications and related process of proposals of ESH management programs/follow-ups/changes/closure are done on electronic system for convenient control and monitoring of progress. Each fab will report to the fab safety committee the results of ESH implementation every month, and the implementation of the entire fab will be compiled quarterly and reported at the Company's safety committee meeting.

ESH Organization Implementation and Operation Procedures

- **ESH Worker Consulting and Communication**

As for communication channels of ESH related matters, designated personnel at the fabs provide around-the-clock emergency response consulting, and for related ESH issues, day shift engineers can be consulted.

VIS ESH Communication Channels

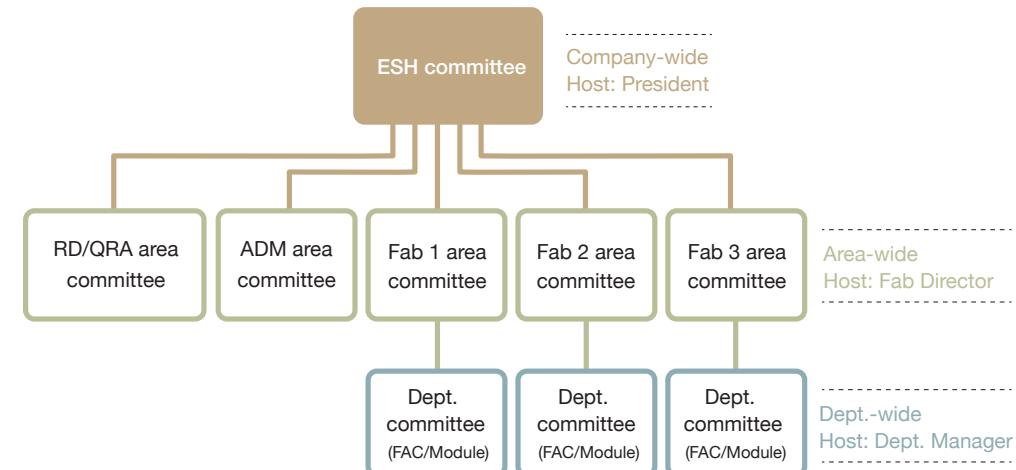
- **Safety, Health, and Environmental Protection Committee**

VIS has established Occupational Safety, Health, and Environmental Protection Committee, where the president, unit heads, labor representatives, medical staff, and safety and health personnel regularly review the implementation of various related issues; also, depending on the nature of each unit, regional committees are established to target each department's operations to propose improvement plans and audit management performance, enhancing overall management level from top to bottom, while also conveying management principles to all levels of employees. The committee also formulate and execute plans according to VIS ESH strategy, and implementations are reviewed at quarterly committee meetings:

Safety, Health, and Environmental Protection Committee

Committee Members: President (Management Rep), Fab Directors, ESH and Medical Personnel, Department Managers, and Labor Representatives of VIS (Accounting for more than a Third of the Safety and Environmental Committee members).

Labor Representatives: Labor representatives elected at employer-employee meeting and representatives nominated by each regional committee.



- **Personnel included in ESH Management System**

VIS has a total of 5,313 employees, and the number of non-employees whose jobs/working environment are controlled by the organization is 349, approximately 6.16%.

The number of employees is the reported number to the online reporting system of occupational injury in December 2019.

Promotion of ESH Education

With the vision of an employee-oriented "Happy Enterprise" and support of senior executives, VIS actively promotes educational training and certification, enhancing employees' safety awareness through learning, establishing safety culture, and finally achieving the vision of "health, joyous workplace, and happy home".

Different types of trainings are organized according to ESH Training Guidelines and annual training plan in order to enhance every worker's knowledge on hazards, protecting lives and health. Based on trainees, nature of work, and needs, there are four major types of trainings: new employee, dangerous machine and equipment operators, executives, and emergency response. Results of trainings are monitored through tests to enhance all workers' awareness of hazards, ensure safety and health.

VIS Training Planning and Execution Process



On-the-Job Training

- New employee training
- Hazards Communication re-training
- Supervisor engineer certification
- Building post-quake risk assessment training
- Motorcycle road safety seminar
- KYT Training
- KYK Training
- Fab Affairs/Facilities Safety Regulation Training

Environmental Training

- Succulent plant DIY
- International beach cleaning day
- A Journey with Trees
- Environmental Education student activity
- ISO 45001 Articles Class
- ISO 50001 Training

Disaster Prevention Drill

- Incident Commander Training
- ERT basic training
- ERT Leader Training
- Emergency Response Equipment Drills
- Toxic and Chemical Disasters Training
- Fire Training
- EMT-1 Education and Training

Professional

- Organic solution process executive training
- Specific chemical substance process executive training
- Forklift operator training
- High pressure container training
- Radiation prevention training
- Ergonomics hazard prevention practical training
- Civil defense training
- Emergency medical technician training

Contractor Training

- Contractor Training
- Contractor Re-Training
- Six-Hour Contractor Supervision Training

Note 1: New employee training targets official non-fixed term employees, including those serving alternative civilian service, contract workers transitioning to full-time employees, reinstated employees, masseurs. A total of 8,000 people attended the training.
Note 2: For disaster prevention-related trainings and contractor training, refer to sections on "Emergency Response" and "Contractor Management".

Safe Workplace

Safety and Health Management Practices

• Accident Investigation

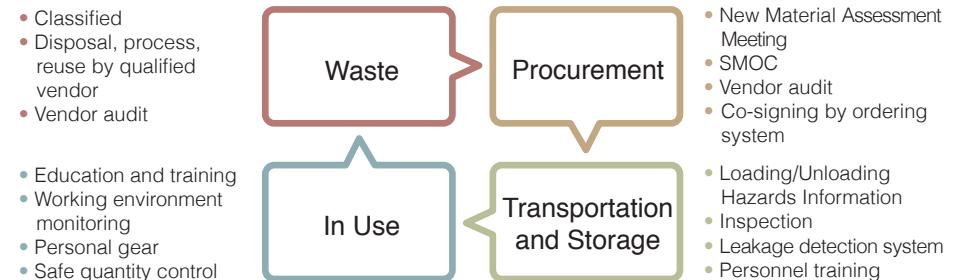
VIS has established guidelines for reporting and investigation of accidents, so that all VIS employees and contractors can follow the procedures and report to related units within the shortest time after an accident occurs. Each unit, depending on their duties and responsibilities, will be responsible of dealing with the accident, and will work together to minimize the loss resulted from the accident. Accident sites of major incidents shall be maintained for accident investigation, in order to learn the causes and course of events to formulate necessary preventive measures, avoiding recurrence.

• Chemical Substance Management

Whenever a new chemical is to be used, it must first be reviewed at the New Material Assessment Meeting to determine its hazardous characteristics and operational safety. All transportation, storage, and use of chemicals at the site of operation shall be monitored and controlled and exposure assessment shall be conducted according to Hazard Communication Plan, Hazardous Production Substances Management Regulations, Workplace Environmental Monitoring Regulations, and Personal Protective Gear Management

Regulations. All new employees, upon reporting to the Company, will immediately attend a 3-hour hazard communication training, teaching them hazardous substance labels and SDS, and informing them characteristics of gases/chemicals, and important notices during operations.

Chemical Management Framework



• Process Changes Management

In the event of any changes to a process or machine/facility, the responsible unit completes a review of the changes by following the Safety Management of Change. In 2019, 59 applications for changes were submitted and reviewed; among them, 30 reviewed proposed changes required inspections before relaunch, which were all completed. This ensured that safety uncertainties resulted from the changes were all effectively controlled. If the changes involve gas/chemical pipelines, and transmission, onsite inspection and verification will be conducted during the audit phase using the checklist of installation safety inspection procedures.

• Safety Control during Machinery Installation

When installing new equipment or testing/restarting equipment, the VIS Installation and Restarting Safety, Quality Inspection and Control Procedures will be followed to manage safety risks. Before manufacturing equipment



is delivered to the production line, equipment engineers are required to meet with engineers from the Environmental Safety Department to conduct equipment safety checks as described on the left column and complete relevant inspection forms for future reference.

- **High-Risk Operation and Zone Control Procedures**

Operations implemented at the plants, workplace safety, general affairs, laboratory, and equipment departments that may cause employee injury, electrical shock hazard, fire hazard, and hazardous gas/chemical leakage are defined as Level-1 high-risk operations. Operations that cause system shutdown and production interruption are defined as Level-2 high-risk operations. A total of 920 Level-1 high-risk operations were applied for and inspected onsite in 2019. Prior to the operations, environmental safety department and VIS project leaders and their supervisors as well as supervisors from the contractor jointly ensured that all safety related preparations were done onsite. This way, operators worked more diligently, and enabled the operations to be executed smoothly.

Disabling Injury Statistics

In 2018, there were 6 cases of employee injuries at VIS, all of which were minor injuries caused during operation. At the time of occurrence, employees were immediately cared for and asked to rest at home until full recovery before they can be reinstated. Furthermore, all aspects of the work site were managed and hardware facilities were inspected. There were no cases of work-related fatalities in 2019. It indicates that VIS had effectively educated its employees about hazard awareness, and to immediately report any unsafe conditions and help make improvements so that all employees could grow with the Company and have the right to work in a safe, worry-free environment.

	2015		2016		2017		2018		2019	
	Male	Female								
Number of Disabling Injuries	0	0	2	3	3	5	3	3	3	5
VIS Disabling Injury Frequency Rate (Note 1)	0	0	0.20	0.30	0.27	0.45	0.26	0.26	0.26	0.43
VIS Disabling Injury Severity Rate (Note 2)	0	0	1	5	2	2	2	3	11	2
Total Injury Index (Note 3)	0	0	0.01	0.04	0.02	0.03	0.02	0.03	0.05	0.03

	2015		2016		2017		2018		2019	
	Male	Female								
Number of Contractor Disabling Injuries	0	0	0	0	0	0	0	0	0	0
Contractor Disabling Injury Frequency Rate (Note 1)	0	0	0	0	0	0	0	0	0	0
Contractor Disabling Injury Severity Rate (Note 2)	0	0	0	0	0	0	0	0	0	0
Contractor Total Injury Index (Note 3)	0	0	0	0	0	0	0	0	0	0

The severity of the injuries was assessed by professional doctors based on laws and regulations; total work days lost due to a disabling injury refers to the total number of days an employee is unable to work due to temporary or permanent disabling injuries; the total number of cases excluded traffic accidents occurred during commute to and from work.

Note 1: Disabling injury frequency rate = (Number of disabling injuries / Total work hours (including hours of overtime)) X 1,000,000

Note 2: Disabling injury severity rate = (Total lost days of disabling injury / Total work hours (including hours of overtime)) X 1,000,000

Note 3: Frequency-Severity Indicator (FSI) = $\sqrt{(\text{Disabling injury frequency} * \text{Disabling injury severity rate})/1,000}$

Emergency Response

Newly hired engineers are required to attend emergency response skills training in order to be able to understand the Company's emergency response framework and the use of relevant equipment. Depending on the nature of their work, after completing initial training, engineers will also need to go through comprehensive follow-up training on suiting up and equipment operation with the rescue/support teams so that they can reinforce their emergency response skills. The Company conducts annual contingency drills within the Engineering Department at the section level as well as unannounced composite drills at the division level. Moreover, nighttime and weekend unannounced emergency response team (ERT) drills are carried out to assess ERT readiness for regular and contingency responses as well as the ERT's assembly capabilities.

VIS conducted a total of 10 ERT drills/training sessions in 2019. New hire training, equipment training, practice fire-fighting skills, commanding officer and team leader training, post-earthquake evaluation drills, unannounced response drills, Engineering Department response drills, EMT-1 training, flood prevention training, and evacuation drills. The Company also implements regular commanding officer certification programs in order to strengthen the command system. A total of 282 sessions were held; 16,411 participants completed training.



Re-Training of Emergency Response Equipment



ERT Drill

Training Items	Content Executed
1. New hire training	Practical training on emergency response equipment/apparel/equipment and the emergency response framework.
2. Equipment training	Practice drills on the use of protective equipment enable employees to understand how to operate and use the equipment correctly.
3. Practical fire-fighting training	Practice drills on the use of fire extinguishers and fire hydrants enable employees to understand how to operate and use the equipment correctly.
4. Commanding officer and team leader training	Examples of actual cases are utilized to illustrate contingency procedures so as to enhance team members' capabilities in hazard analysis, decision-making and determination, as well as integration and coordination.
5. Post-earthquake assessment drill	Members are assigned tasks to carry out post-earthquake building inspections and assessments following ERT assembly.
6. Unannounced response drills	ERT assembly and task assignment
7. Engineering Department contingency training	Regular ERT exercises and ad hoc contingency handling drills are carried out under the scenario of single or multiple disaster events.
8. EMT-1 training	Emergency medical technicians at the basic level (EMT-1) are available on standby to work with plant nurses to execute employee rescue operations at all times.
9. Flood prevention drills	Drills involving ERT assembly for flood prevention and task assignments are completed before the start of the flood period.
10. TE evacuation drills	Actual evacuations based on simulated disaster scenarios are carried out to familiarize employees with the escape routes.

Loss Prevention

•Earthquake Prevention Management

In addition to establishing a comprehensive disaster management plan and emergency response procedures, VIS has taken steps to improve our earthquake safety and protection. In 2007, we completed earthquake simulations on all existing buildings at Fab 1 and Fab 2 and carried out seismic upgrades for building structures and equipment based on the simulation results (our main buildings can sustain a magnitude 7 earthquake). Our Fab 3 can sustain a magnitude 6 (299 gal) earthquake according to the evaluations in 2018. In future, we will continue to carry out seismic upgrades in future constructions so that main Fab 3 buildings can withstand a magnitude 7 earthquake.

•Flood Prevention

VIS and a property insurance company have carried out flood inundation potential simulation for the plants. We completed the setup of floodgates for low-lying areas inside the plant in accordance with results of simulations. Installation for Fab 1 and Fab 2 have been fully completed. 10 floodgates have been installed in high-risk areas in Fab 3 (elevator shafts and basements) in 2017. VIS established the "Flood Prevention and Rescue Plan Implementation Regulations" with the hope that by taking early prevention, preparation, and emergency response measures, we will be able to lessen the potential impact on company operations and employee safety during a natural disaster.

•General Pipeline Examinations

Since the Kaohsiung gas explosions in 2014, VIS immediate initiated pipeline examination project and risk improvement project at fabs in the same year, and has completed underground gas pipeline erosion inspection and erosion protection improvement; HCl PFA replacement; Fab 3 exhaust, drain, and pumping pipeline deformation and leakage improvement and replacement (including replacing PP exhaust using PSP; new PSP exhaust of WCS erosion and blockage improvement through the truss area); improvement of RESM, fab and module pipeline self-inspection mechanism. VIS continues to introduce effective inspection methods and tools to ensure pipeline safety in all fabs.



●Business Continuity Plan

Since 2007, we have established a business continuity plan (BCP) and a Risk Book for manufacturing plants in order to establish improvement strategies through risk evaluation. Meanwhile, we performed operation impact evaluations through periodic drills and took preventive initiatives accordingly. We have also developed a crisis communication mechanism and a manpower backup plan. Through well-planned risk and crisis management, we hope to minimize uncertainties while ensuring the continuity of business operations in case of an emergency. In addition, we have established a VIS management system suitable by following the ISO 22301 Continuity Business Management System. VIS also conducts BCP drills at the Company level once every year. In 2019, VIS conducted BCP drills for earthquake. Through the drills, we inspected recovery strategies and horizontal communication procedures after the occurrence to verify effectiveness of BCP strategy.

3.5 Contractor Management

Contractor management is one area VIS highly regards, All VIS contractors must sign "Contractor Construction and Safety Management Affidavit" and all contracted personnel must also sign "VIS Contracted Personnel Safety, Health, and Environmental Management Form" to fully understand necessary safety measures of the environment of contracted constructions, be responsible for all the safety and health related matters during the construction period, and commit to conducting self-inspections.

When a contractor is found to have any discrepancies, it must be immediately reported to Emergency Response Center. Every desktop phone in the Company had the extension number of ERC labelled, and once ERC receives a report, it will immediately gather related units to verify the

situation onsite, and correct any unsafe behaviors, and follow up on and make improvement to the situation through various ESH mechanisms.

Operational hazards for all contracted works must be informed in advance. In addition to signing the aforementioned documents, contractors must also conduct risk assessment and job safety analysis (JSA), to identify possible hazards and preventive measures before, during, and after the operation. Risk assessment and JSA results must be promoted during the safety meeting before the construction and daily toolbox meetings, so that all personnel involved understand clearly the hazards and important safety reminders relating to the construction.

VIS strictly controls the qualification of contracted operational personnel. All contracted operational personnel must have labor insurance and complete 6 hours of workplace safety training as required by laws. For those engaged in Level-1 high-risk operations, all personnel must have more than 2 years of related experience. For general constructions, contracted personnel must have at least one year of experience before obtaining long-term worker certificate. High-risk operational personnel must be over the age of 20 and recognized by contractors. Contractors engaged in legal operations must possess related and valid licenses. Contractor supervisor (for constructions requiring over 5 people) and ESH personnel (for constructions over 30 people) must have Class 3 Labor Safety and Health Manager qualification.

For proper management, all high-risk and dangerous operations must submit application in advance. VIS also requires all the employees of its contractors to complete "Supervisor Training" and attend retraining every two years. To ensure safety for all operations, all high-risk operations and dangerous

Contractor Operations

Annual Evaluation

- Contractor Annual Evaluation (according to follow-up information of documented cases)
- Evaluation results reported at fab safety committee meeting and the company's safety committee meeting
- Evaluation results will be given to procurement unit for references

Information Collection and Qualification Review

- Company and personnel information collection and review
 - Legally required workplace safety training, certification, and supervisor qualification
 - Labor insurance, years of service

Education and Training/Hazard Information

- Education and Training
 - Contractor Training
 - Fab Employee Supervision Training
- Hazard Information
 - Association Meetings

Electronic Key Card

- All electronic systems interconnected
- Only qualified personnel can apply to work within the confines of fabs
- Ensure safe exit of personnel through entry and exit via key card

Operation and Safety Oversight

- Daily Toolbox Meeting – Information on Hazard
- Qualified Tools – Check Electronic Tools
- Personal Protection
- Dangerous and High-Risk Operations Management (including checkpoints)
- Dash Cam Recording (Complement Surveillance Cameras)

Operation Audit and Discrepancy Improvement

- Dangerous and High-Risk Operations Audit
- Patrol Inspection by different Levels
- All Employees Supervise and Report Abnormalities for Improvement
- Operation Observation and Issue Improvement
- AI Inspection of Violations
- Documentation for Follow-up and Improvement (Accident Report/Investigation)

Health

- Emergency Medical Care
- Onsite Contractor Health Management
- Disease Prevention

operations must be first applied. VIS safety personal will inspect various toolbox meetings for random supervision (prior to construction). VIS ERC will monitor the progress and inspection (during and after construction) of all high-risk and dangerous operations. All fab directors, engineering unit heads, and labor safety representatives shall conduct inspections irregularly; if they discover any issues, they must make immediate correction and include the issues for follow-up improvement.

VIS conducts contractor evaluation every year, and the results will be reported at each fab's ESH Committee Meeting and the Company's ESH Committee Meeting, and submitted to procurement units as future procurement references.

In 2019, VIS introduced "Integration of CCTV Image Recognition System and AI" to check if employees are not wearing helmets as required (accurate: 98%, see picture), effectively enhanced alertness of contractors. For contractors that station in VIS for an extended period of time, with their permission, VIS medical care unit will regularly conduct health examination for their employees, and monitor and provide health instructions to those found to have abnormal outcomes.

VIS plans to launch the "Hand in Hand" program in 2019 to enhance performances of contractor ESH management, expanding ESH audit and guidance system from partners to all contractors (such as construction/onsite contractors), and normalize "Contractor Audit System," to narrow the gap between the level of ESH management at VIS and its contractors, and prevent construction accidents to achieve win-win situation.



Applying CCTV Image Recognition to Identify Employees not Wearing Helmets, achieving an accuracy of 98%

4. Friendly Workplace



2019 Total Internal Training Hours

139,974 Hours

2019 Retention Rate

95.4%

2019 Employee Participation in
Company Events

24,500 person-time



4.1 Talent Recruitment and Retention

Through performance review, VIS awards outstanding employees with promotions and raises; moreover, VIS offers competitive benefits to recruit and retain competitive talents. In terms of benefits, VIS advocates balance between work and life, and by organizing diverse company activities and health seminars, VIS establishes a friendly working environment. VIS also provides employees diverse channels to reflect their opinions, and holds trainings and classes to encourage employees to continuously enhance own capability and further develop personal career.

Talent Management Guidelines

• Strategy

Through fair and open recruitment channels without discrimination, VIS seeks talented individuals who share a common goal with the Company

regardless of their race, gender, age, religion, nationality, or political views. We focus on an individual's character and skills; all employees must conform to the Company's four core values: integrity, customer oriented, value oriented, and commitment.

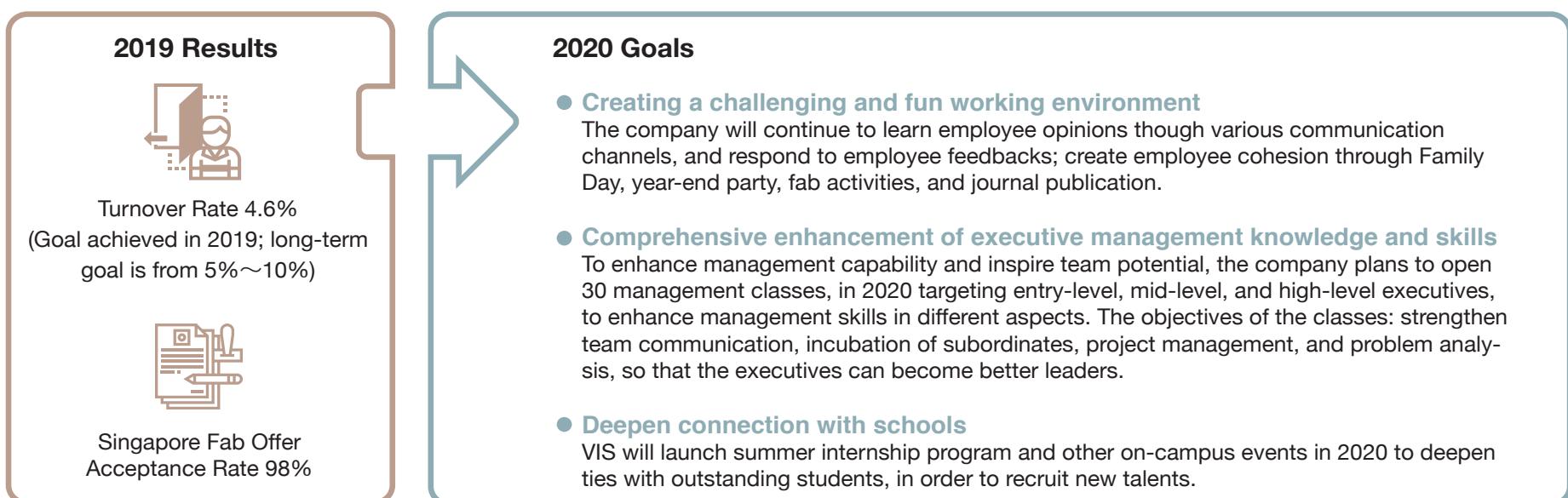
• Commitment

Since its inception, VIS has always considered "talented workers" to be the Company's most valuable asset. VIS has created a challenging, fun, and learning-oriented work environment to attract outstanding professional talents from various fields, thereby enabling the Company to become a diverse, innovative organization with stable growth.

• Vision

To Be The Specialty IC Foundry of Choice

Results and Goals





Inclusiveness for Globalization

On January 31, 2019, VIS announced the acquisition of GLOBALFOUNDRIES' 8-inch fab in Singapore. This is VIS' first overseas fab, further diversifying the composition of VIS employees. Facing cross-cultural employee communication and management, VIS has studied local laws and regulations, and targeted nearly 700 employees' nationalities to make three versions of job offers. VIS has also held 13 meetings in Singapore to issue offers and communicate with employees. Through each meeting, executives and HR fully communicated with local employees and answered their questions, achieving an offer acceptance rate of 98% (a 4% increase from the 94% acceptance rate from the acquisition of Sumpro Electronic in 2014). VIS complies with RBA standards and related laws and regulations to show care and communicate with employees, creating diverse and friendly working environment for all employees.

Employer Brand Diverse Marketing

Employer brand is a major factor influencing talent recruitment, VIS is actively managing employer brand via various channels to explore the talent market, nurturing future employees in the next 3 to 5 years. Methods adopted by VIS include homecoming by VIS executives to alma maters to promote the Company and share practical industrial experiences; inviting students of universities and graduate institute to visit the Company; gathering fans of recruitment fanpages via social media.

VIS set up a VIS Fanpage on Facebook in 2014 to share company news, various employee activities, and recruitment information; by 2019, the fanpage has accumulated 3,730 fans, and every post reached an average of over 2,900 people. The main audience was between ages 18 to 44.

Furthermore, the LinkedIn page, "Vanguard International Semiconductor Corporation," set up in 2017 has accumulated 5,419 people in network, and each post is viewed by an average of 2,810 views. Both social media have become main channel of employer brand that reached out to job seekers and the public.

① Singapore Fab officially becomes a member of the VIS family. Senior executives welcome Singapore Fab employees

② To retain Singapore Fab employees, VIS Vice President of Operation C. J. Kuo (Center) and HR Head Chung-yu Feng (Left) visited Singapore Fab, and joined VIS Singapore President Jen-jui Kao to answer employees' questions

③ VIS meetings in Singapore for offer distribution and communication



VIS adopts diverse employer brand marketing strategy, so that students, potential job seekers, and the public can understand the Company's business philosophy and corporate culture through various types of information, in aim to attract talents who share our vision.

Campus Recruitment

In 2019, VIS held 8 campus recruitment events, sharing with over 1,600 young students VIS' core values and corporate culture, and helped them to explore future career paths.

Practical Industrial Experience Sharing

Since 2018, VIS cooperated with Chung Yuan Christian University and Yuan Ze University to organize alumni homecoming activities. Outstanding VIS employees who were alumni of the schools shared knowledge on semiconductor supply chain and experiences at work. A total of 186 students participated in the project in 2019, and 63.8% of them proactively submitted resumes and expressed willingness to join VIS upon graduation.

Co-op Program

Not only does VIS continue to develop more specific processes and technical platforms, we have also cooperated with domestic universities for research on manufacturing processes and component applications. In addition to showcasing VIS' advanced technical capacity, we also attracted outstanding talents to VIS through close interactions with researchers in specific domains.

In 2019, VIS engaged in co-op programs with in collaboration with professors of semiconductor related areas at National Chiao Tung University and National Taiwan University of Science and Technology, focusing on research projects of high voltage processes. Four professors and students participated in the co-op programs.

VIS Workforce

Complying with international human rights conventions, and human rights and employment related laws and regulations, VIS conducts hiring process: no child labor, and no discrimination against races, religions, skin colors, nationalities, ages, genders, sexualities, marital status, looks, disabilities, and other situations protected by laws.

By the end of 2019, VIS had 5,315 total employees. As high as 99.98% of VIS employees were official employees, with less than 1% unofficial employees. In terms of job positions, 409 were executives, 2,524 were professional workers, and 2,382 were technicians. Due to factors such as nature of the industry and supply and demand of the job market, the majority of executives and professional workers were men, whereas most of the technicians were female. Gender ration was relatively balanced, with 48.11% male and 51.89% female.

Category	Employment Type	Male		Female		Group Subtotal and Percentage	
		Number of People	Percentage of Group	Number of People	Percentage of Group	Number of People	Percentage of Total Workforce
Subtotal by Gender		2,557	48.11%	2,758	51.89%	5,315	-
Nationality	Taiwanese	2,540	50.76%	2,464	49.24%	5,004	94.15%
	Foreign	17	5.47%	294	94.53%	311	5.85%
Position	Executives	337	82.40%	72	17.60%	409	7.7%
	Professional workers (indirect labor)	1,880	74.48%	644	25.52%	2,524	47.49%
	Technicians (direct labor)	340	14.27%	2,042	85.73%	2,382	44.82%
Number of employees protected by labor-related laws	Full-time employees	2,542	48.06%	2,747	51.94%	5,289	99.51%
	Fixed-term	14	56.00%	11	44.00%	25	0.47%
	Part-time employees	1	100.00%	0	0.00%	1	0.02%
Age	30 and below	557	56.84%	423	43.16%	980	18.44%
	30-50 years old	1,796	46.22%	2,090	53.78%	3,886	73.11%
	50 and above	204	45.43%	245	54.57%	449	8.45%
Education background	High school or below	204	14.34%	1,219	85.66%	1,423	26.77%
	University/College	1,135	46.92%	1,284	53.08%	2,419	45.51%
	Master's Degree	1,178	82.49%	250	17.51%	1,428	26.87%
	PhD	40	88.89%	5	11.11%	45	0.85%

Domestic and Foreign Recruitment

By the end of 2019, VIS had 5,315 total employees. In 2019, 104 new employees were hired and the employment rate was 1.9%. Of the new recruits, 66.3% were men and 33.7% were women. In terms of age distribution, most of the new recruits were aged 30-50 (51.0%), followed by those under 30 (44.2%), while new recruits 50 years old or older accounted for the lowest percentage (4.8%).

2019 New Employees by Nationality and Age

Category	Group	Male		Female		Group Subtotal and Percentage	
		Number of People	Percentage of the Group	Number of People	Percentage of the Group	Number of People	Percentage of the Group
Nationality	Taiwan	68	66.0%	35	34.0%	103	99.0%
	Indonesia	1	100.0%	-	-	1	1.0%
Age	30 and below	28	40.6%	18	51.4%	46	44.2%
	30-50 years old	37	53.6%	16	45.7%	53	51.0%
	50 and above	4	5.8%	1	2.9%	5	4.8%
Total		69	66.3%	35	33.7%	104	100%

Note 1: New recruits refer to non-fixed term full-time employees who have completed the initial registration process

Note 2: Rate of New Hires = 2019 New Employees / {(Employees at Beginning of Year) + (Employees at End of Year) / 2}

2019 Rate of New Hires by Gender and Age

Category	Group	Number of New Recruits	Ratio of New Recruits in Each Group
Gender	Male	69	2.7%
	Female	35	1.2%
Age	30 and below	46	4.2%
	30-50 years old	53	1.4%
	50 and above	5	1.2%
Total		104	1.9%

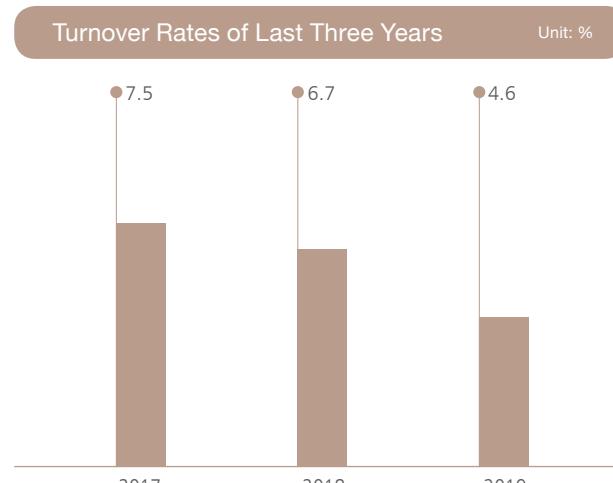
Note: Rate of new hires of each group = Total number of new employees in each group hired during 2019 / {(number of employees in each group at the beginning of the year) + (number of employees in each group at the end of the year) / 2}

Employment of Persons with Disabilities

VIS employs persons with disabilities. In addition to current positions and massage therapists with disabilities, VIS worked with local employment services to actively establish quality and diverse job opportunities, including janitor and administrative positions. In 2019, VIS offered 52 positions, 13% more than the 46 positions in 2018. VIS has received certificates of gratitude from "Taoyuan Psychiatric Center, MOHW" and "Taiwan Charity Association of the Visual Impairment," recognizing the Company's contribution of bringing people with disabilities into the society.

Turnover Rate

In 2019, 248 employees had resigned and the turnover rate continued to drop over the last three years. For a company that exhibited continued performance growth and substantial increase in the number of employees, the results remained relatively stable and healthy. To examine the 2019 turnover rates more closely, the average turnover rate was 5.9% among male employees and 3.3% among female employees. By age group, the average turnover rate was 10.1% among employees under age 30, 3.2% among those between 30 to 50 years old; and 2.7% for employees at 50 years of age or higher (including 3 retired).



Note: 2019 Turnover Rate Verified by Accountant

Year	2017		2018		2019		
	Gender/Item	Number of People	Turnover Rate	Number of People	Turnover Rate	Number of People	Turnover Rate
Male		254	10.3%	237	9.1%	154	5.9%
Female		127	4.9%	126	4.6%	94	3.3%
Total		381	7.5%	363	6.7%	248	4.6%

Note 1: Turnover rate for the year = Number of employees resigned during the year / {(Number of employees at beginning of the year) + (Number of employees at year-end) / 2}.

Note 2: The turnover rate was calculated based on former full-time employees, and did not include employees that are on unpaid leave.

2019 Turnover Rate – Gender and Age

Age	Male		Female		Group Subtotal and Percentage	
	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
30 and below	73	47.4%	40	42.6%	113	45.6%
31-40 years old	58	37.7%	43	45.7%	101	40.7%
41-50 years old	16	10.4%	8	8.5%	24	9.7%
51-60 years old	4	2.6%	3	3.2%	7	2.8%
61 and above	3	1.9%	0	0%	3	1.2%
Total	154	100%	94	100%	248	100%

Note: To better present turnover situation, the chart adopts 10-year intervals for age groups.

Compensation Committee

The Compensation Committee was established with the objective of enhancing corporate governance and assisting the Board of Directors in developing the Company's overall compensation policy and framework in order to attract, motivate, reward, and retain outstanding talent. In accordance with the provisions of the Compensation Committee's organizational rules, its roles and responsibilities include: Formulation of the Company's overall compensation policy and framework; formulation of the compensation and forms of payment to directors (including the Chairman); formulation of the compensation, forms of payment, and incentives for long-term managers (including the Company president); planning and executing performance evaluations for directors (including the Chairman); planning and executing performance evaluations of managers (including the Company president); and other matters designated or authorized by the Board of Directors.

Compensation is determined based on the employee's professional skills, understanding of responsibilities, job performance, and long-term dedication. To maintain the overall competitiveness of the Company's compensation system, VIS conducts annual salary surveys to evaluate the market compensation standard and overall economic indicators, making appropriate adjustments for the employees. This allows employees to share the fruits of the Company's operations. VIS allocates no less than 10% of the Company's annual profit for employee compensation, and the recipients include employees meeting certain criteria.

Based on working objectives and personal performance evaluation, VIS adjusts employees' compensations annually. In 2019, VIS has given employees annual raise for ten consecutive years, with an average pay increase to between 3% and 4%.

In 2019, there were 11 managers at VIS, and 4,959 non-managerial full-time employees. Annual average salary was NT\$1,219 thousand. (In accordance with Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds). The information above have been audited by Deloitte Taiwan on April 27, 2020.

Employee compensation in 2019 was around NT\$1.2 billion, which was distributed after decision by the Board of Directors and approval by the 2020 Shareholders Meeting, to encourage employees to continue contributing to the Company.



VIS has increased employee compensation for ten consecutive years.

The average pay increase was

3% to 4%

The overall compensation will not differ due to gender, age, race, religion, political view, and marital status, and all employees are treated equally and fairly. VIS respects the principle of equal pay for both genders. In 2019, the ratio of compensations of basic level employees was nearly 1:1.

Ratio of Total Compensations of Male and Female Employees

Position	Male	Female
Executives	1.08	1
Professional Workers (Indirect)	1.22	1
Technicians (Direct)	0.98	1

Benefits System

The Company offers benefits and leave policies superior to legal requirements, including insurance, flexible leave days, pension, emergency aids, wedding and child subsidies, funeral aids, birthday coupons, year-end party subsidies, discount stores, irregular group vacations, and club activity subsidies. Also, foreign and local employees enjoy the same benefits. There is no differential treatment to employees of different nationalities.

In 2019, foreign employees accounted for approximately 5.85% of all VIS employees. In order for foreign employees to blend in better with the Company's operations, they were encouraged to participate in major events and activities organized by the Company, in addition to their daily jobs, such as performances at year-end banquet, or Family Day activities. Also, focusing on foreign employees cultures, VIS organized exclusive events for foreign employees, such as Outstanding Teacher Recognition and Mid-Autumn Festival BBQ, which were all popular activities among foreign employees.



① 2019 Year-End Banquet: Chairman sings with foreign employees

② Famous singers enjoy a fun time with all employees at the VIS 25th Anniversary Concert

Family Sports Day

In 2019, VIS expanded the scale of Family Day and organized Family Sports Day for the first time. Unlike in the past, where employees brought their families to enjoy this event, 2019 Family Sports Day was held at the sports field of National Chiao Tung University. Employees of different fabs paraded into the venue in creative fashion, and the event featured a wide range of competitions. Sports events included fun team activities, and different fabs competed with one another, showcasing teamwork and sportsmanship.

A total of 4,000 employees and their family members participated in the 2019 Family Sports Day. The Team Spirit Award was won by Fab 2 team.

Comprehensive Insurance

As specified by laws and regulations, the Company provides all employees with labor and national health insurances to protect their basic rights and interests. Starting from their first day of work, employees are enrolled in the Company's high-premium group comprehensive insurance policy, which includes life, accident, medical, and cancer insurances. The policy also covers the employee's spouse and children. The accidental insurance coverage can be extended to cover an employee's parents, so that employees enjoy full protection and can focus on their jobs.



① VIS Chairman Leuh Fang's Opening Remark on Family Sports Day

② Photo of VIS Fab 2 team that won the Team Spirit Award

Leave Policies Superior to Legal Requirements

Type	Legal Requirement	VIS Policy
Leave	12 holidays annually	In addition to the 12 days, another 7 days of leave are given for flexible arrangement by employees
Annual Leave	Three days leave for those who have served over six months but less than a year	To care for new employees who have been with the Company for less than a year, one day of special holiday is given to employees who have worked at VIS for at least two months

Compensations and Benefits of Non-Managerial Employees

Item	Unit: NT\$ thousand				
	2015	2016	2017	2018	2019
Employee Compensation and Benefits	5,812,567	6,453,548	6,437,992	7,590,795	7,508,045
Average Employee Compensation and Benefits	1,236	1,291	1,238	1,366	1,386

Note 1: Average number of employees is calculated by averaging the number of employees in the year (Annual average number of employees = sum of employees at the end of each month / 12)

Note 2: Employee compensation and benefits refer to compensation, bonus, and benefits

Balance between Home and Work

When a VIS employee needs to take extended leave to take care of young child, they can apply according to means listed in employee manual or HR regulations; in addition, the Company also provides consultation to help employees apply for extended leave in compliance with "Act of Gender Equality in Employment," and "Regulations for Implementing Unpaid Parental Leave for Raising Children".

In 2019, a total of 55 VIS employees submitted applications and were all approved. In 2019, 41 employees returned from parental leave, and the reinstatement rate was 51.9%. Male employee reinstatement rate was 63.64%, and female employee reinstatement rate was 50%. The main reason for female employees not returning after unpaid parental leave was the need to take care of family (79%), whereas the main reason for male employees not returning was that they found another job (60%). Furthermore, the retention rate of those who had returned from unpaid parental leave and stayed for more than a full year in 2018 was 57.81%, 33.33% for male employees and 61.82% for female employees.

Unpaid Parental Leave and Reinstatement

Item	Total	Male	Female
2019 Number of Applications	55	18	37
2019 Number of Actual Reinstatements (A)	41	7	34
2019 Number of Supposed Reinstatements (B)	79	11	68
2019 Reinstatement Rate (A/B)	51.9%	63.64%	50%
2018 Number of Actual Reinstatements (C)	64	9	55
2018 Number of Reinstatements and Stayed for more than a Year (D)	37	3	34
2018 Retention Rate (D/C)	57.81%	33.33%	61.82%



Retirement System

Comprehensive Pension System

VIS complies with related laws and regulations to protect the retirement rights of its employees, regardless of old or new retirement systems.

For employees who opt for the new system, the Company allocates 6% of their salary into their personal Labor Insurance account every month; for employees who choose the old system, or those who choose the new system but still has seniority calculated in the old system, VIS has established a pension supervision committee according to related laws, and allocates 2% pension reserve every month. In 2019, 3 employees applied for retirement, and were all approved. Male retirees accounted for 100%, and female retirees 0%.

In addition to allocating pension reserve in accordance with the law, the Company also consults with professional accounting consultants to calculate and verify the amount of allocated reserve in order to safeguard the rights of our employees in the future.

4.2 Human Resource Development

Comprehensive HR Development and Incubation

To incubate professional talents meeting the Company's needs and discover employee potentials, VIS has established a comprehensive talent development system according to VIS vision and strategic goals, providing learning resources such as training management system (Learning Passport), knowledge management platform and online learning platform, in order to tailor for each and every employee personal learning plan, providing them with comprehensive incubation class and diverse learning resources to further develop skills and enhance company competitiveness.

HR Development

Performance-oriented Management and Development

The Company's performance management and development system is aimed to develop our employees' potential and strengthen the quality of our talents. Through cooperative participation, cooperation, on-going interactions, and communications between managers and their subordinates, we create an environment conducive to learning for continuous development of employees, and the Company's strategic goals can be integrated with the employees' career objectives, thereby elevating an employee's individual performance as well as the overall organizational performance.

In 2019, we arranged external instructors for classes on subordinate incubation and instruction, allowing managers to understand how to incubate subordinates, conduct performance interview, and learn managing-down skills and concepts. We trained 52 managers, and they learned how to guide their subordinates to set goal targets and execute, while also measuring their performances through regular annual performance management and development, ensuring the execution of key business of the Company and personal developments.

Strengthen Employees' Interdisciplinary Capabilities

VIS established the Individual Development Plan with mandatory and optional courses. Managers also provide training resources for employees based on the requirements in their current roles and continue to improve employees' expertise and skills in different periods. In addition, the Company

also supports employees' personal career development and expertise in their development. The Company announced internal vacancies available for transfers and respects employees' transfers for the accumulation of diverse professional skills and to cultivate internal interdisciplinary talents.

Learning and Development

Rich and Diverse Learning Resources

To cultivate the right professional talents needed by our company, VIS has established a comprehensive talent development system that focuses on novice, management, competence, profession, external, and self-development training programs. Furthermore, the Company offers an e-Learning website, which includes 805 courses. Teaching materials are constantly being updated and includes topics on engineering technology, professional competence, management, and other professional courses. Through a complete learning mechanism with rich and innovative content, employees are able to expand their knowledge without limits on time and location. By learning at their own pace, employees can increase their competitiveness and create an autonomous learning culture for the Company. In 2019, 36,000 person-times have participated in the e-Learning courses.

In 2019, the total time allocated for internal training was 139,974 hours, and the total number of attendees was 105,744. On average, each employee received approximately 26.34 hours of training, and the total training cost was nearly NT\$6 million.

2017 ~ 2019 VIS Training Index Data

Year	Number of Employees (Individuals)	Total Training Hours	Average Training Hours	Total Number of Participants (Person-times)
2017	5,215	178,769	34.28	138,881
2018	5,579	152,171	27.28	128,964
2019	5,315	139,974	26.34	105,744



2019 VIS Training Index Data (By Employee Category)

Year	Number of Employees (Individuals)	Total Training Hours	Average Training Hours	Total Number of Participants (Person-times)
2019	5,315	139,974	26.34	105,744
Female	2,758	41,002	14.87	37,795
DL	2,042	23,284	11.40	24,532
IDL	716	17,718	24.75	13,263
Male	2,557	98,972	38.71	67,949
DL	343	3,772	11.00	3,917
IDL	2,214	95,200	43.00	64,032

- ①Management Course – Materials are complemented by drills and case studies, allowing managers to learn how to effectively inspire and encourage subordinates
- ②Management Course – Utilizing different methods to help managers carry out effective decision-making
- ③Turning Things Around Workshop – Exploring in-depth positive thinking and emotions, allowing participants to rapidly cope with challenges and management issues
- ④Teacher's Day Seminar – Communication Skills for the New Generation

2019 VIS Training Courses

The chart only shows some of the 250 sessions of classes held in 2019:

Type	Course Name	Content and Outcome	Person-Time
Engineering	New-Hire Engineers General Courses	Coordinate new-hire engineers general courses based on each fab's needs. Offer intensive training for new hires to enhance their engineering capability	703
Engineering	Power BI	Improve employees' statistical analysis capacity. Introduce commercial intelligent applications. Emphasis practical drills	103
General	Teacher's Day: Communication Skills Seminar	Enhance internal lecturers' professional knowledge. Encourage them through posters and cards to raise level of enthusiasm, and show gratitude to their hard work	149
Workplace Safety	EMT 1	Train all employees emergency medical care skills. 185 employees have been certified, allowing them to work together and help others during emergencies	189
Quality	Six Sigma	Through the quality improvement course, engineers understand quality tools and learn how to apply them. The course trained 65 seed trainees, among which 31 have earned certification. This project achieves an annual benefit of NT\$33,546,382, and continues to improve the Company's quality and talent competitiveness	65
Quality	Management Course	Classes are design for managers of different levels based on competencies required, such as talent development, and personnel management, strengthening managers' management skills and competencies.	425

4.3 Human Rights

Human Rights Policy

VIS supports all related international human rights regulations and prioritizes human rights when formulating related policies. Regarding the formulation of labor-related policies, VIS formulates policies in compliance with or superior than legal and international human rights regulations, keeping VIS' Code of Conduct consistent with international norms. VIS also vigorously establishes positive relationship with employees, building a fun and challenging working environment. Moreover, VIS takes care of both employee benefits and shareholder interests, fulfilling CSR and giving back to the society through concepts of sustainability.

Human Rights Policy

VIS complies with local laws and regulations of all sites of operations, and has formulated human rights protection policy to treat all employees with respect in accordance with "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies," "The UN Global Compact," and "RBA Code of Conduct".

Human Rights Topics and Measures

Human Rights Topics	Actions	2019 Results
Provide safe and healthy working environment	<ul style="list-style-type: none"> “zero accident, and no occupational disease” are goals of management. VIS complies with laws and regulations, and international conventions, in building a safe and healthy working environment. All employees participate in safety and health related works. Control ESH risks from the sources to facilitate safety and health. Enhance safety and health responsibility and awareness through communication and education to foster culture of safety and health. Through health examination and lifestyle survey analysis, employees are categorized for follow up and management, in aim to prevent potential health risks and enhance overall wellbeing. Combining Corporate Values, health examination analysis, and employee health needs, VIS launches health promotion activities and employee assistance plan, encouraging employee participation and creating joint goals of healthy workplace. 	VIS offers employees health examination every year, which is more frequent than required by laws. In 2019, the overall health examination rate was 94.9%. For those who discovered abnormalities, nurses would make arrangement for them to visit the fab doctors to offer personalized health consulting, helping those with mid/high risk with medical aids. VIS also conducts individual health management depending on the different medical conditions of employees.
Eliminate illegal discrimination to ensure equality of employment opportunities	<ul style="list-style-type: none"> VIS supports that employees shall enjoy human rights as advocated internationally, and shall be treated with dignity and respect, and no discrimination. VIS does not tolerate any inhumane treatments, such as sexual harassment, physical penalties, mental threats or verbal abuse. Promote and implement internal control procedure, respect local labor laws. When reviewing job applications, VIS will not discriminate against anyone based on race, class, language, thought, religion, political view, nationality, birthplace, gender, sexuality, age, marital status, look, facial features, and disabilities. 	<p>Starting from recruitment, VIS complies with all laws and regulations for its employment procedure and eliminates all discriminations.</p> <p>There is no discrimination related complaint in 2019.</p>
No Child Labor	<ul style="list-style-type: none"> VIS obeys labor laws and does not hire child labor. Interviews are conducted to make sure that employees are at least 18 years of age. All documents and personal information will be reviewed when new recruits report to VIS. VIS has never employed any child workers. 	<p>Starting from recruitment, VIS complies with all laws and regulations for its employment procedure and does not hire children.</p> <p>In 2019, no child labor was hired.</p>
No Forced Labor	<ul style="list-style-type: none"> VIS respects low labor laws and regulations, as well as employees' free will to work. VIS never forces or coerces any employee for labor. All employees are voluntarily working at VIS, and can terminate the employment anytime. 	<p>In 2019, VIS received no appeal of forced labor.</p>
Help employees to maintain physical and mental health and balance work and life	<ul style="list-style-type: none"> Offer employees diverse art and culture, health, parent-child, and group activities, to facilitate interpersonal interactions and enrich the idea of “work-life balance”. Provide open communication channels, and care hotline, and respect employee opinions, and care for employees to create harmony in employer-labor relation. 	<p>2019, VIS held a series of events celebrating the company's 25th anniversary: Sports Festival, concerts, Baseball Sports Day, Family Sports Day, Hiking, Road Running, and so on, inviting over 15,000 employees and family members. Family Sports Day was held at NCTU, and saw participation by 4,000 employees and family members. Year-end Party was held in Gangnan Restaurant in Hsinchu. Combined with charity banquet, over 5,500 employees and guests participated in the event.</p>



The aforementioned human rights topics have passed 2019 NXP audit and 2019 Lloyd's audit, and have earned OHSAS 18001 and TOSHMS/CNS 15506 certifications.

Human Rights Evaluation

All human rights related measures of VIS are in line with international rules and regulations, including "UN Universal Declaration of Human Rights," and "RBA Code of Conduct," and upholds core values to implement human rights policies. Also, VIS promises to protect the human rights of all employees, so that they enjoy safe working environment and receive the respect they deserve. Furthermore, VIS requires suppliers to implement human rights policies in accordance with "RBA Code of Conduct".

Human Rights Risk Mitigation Measures

VIS promises to ensure workplace safety throughout the supply chain; all employees are treated with dignity and respect, and VIS operations promote environmental protection and adhere to ethics, constantly innovating and improving the programs. To reduce human rights risk, VIS actively launches improvement plans to build quality working environment, and create a more challenging, safe, and enjoyable workplace. To implement related human rights education. VIS provides employees human rights protection training so that they understand more about their own rights.

Employee Communication

Communication Channels

VIS values employees' opinions and ideas, strives to establish effective communication channels. VIS two-way employer-employee communication, in order to build harmony employer-employee relationship and establish diverse channels for employees to reflect opinions. Executives are responsible for every channel, including independent directors, chairman, president, vice president of ADM, Chief Finance Officer, General Counsel, and directors of the fabs, showing how much VIS values the opinions of its employees. From all the appeal channels, internal communication channels received 518 cases in 2019, including: 289 from "Speak Out," 197 from Employee Opinion Mailbox, 31 from Ombudsman Mailbox, and 1 from Anti-sexual Harassment Mailbox. All reported cases have been assigned to responsible units, and

dealt with in confidentiality. Depending on the situation, an investigation task force would be formed. All channels of communication are disclosed on internal website, electronic bulletin board, and new-comer training materials, informing all employees.

Furthermore, VIS holds at least two Chairman's Talk every six months, including Manager Communication Meeting for employees above JG 35, and Town Hall Meeting for all employees. Five Chairman's Talk were held in 2019. During the meetings, Chairman not only shared on company operations and future outlooks, but also replied to issues raised by employees prior to the meetings, in order to respond to their suggestions while conveying the thoughts of management.

Frequency and Content of Diverse Communication Channels

Item	Frequency	Content	2019 Performance
Labor-management Meeting	Quarterly	Held at each fab	VIS held a total of 12 sessions at 3 fabs. There were 4 proposals, and were all addressed
Employee Opinion Channels & Ombudsman System	Irregular	Speak Out, Employee Opinion Mailbox, Ombudsman Mailbox, Anti-sexual Harassment Mailbox, chairman mailbox, and president mailbox	Received 518 cases, and response rate of 100%
Chairman's Talk	Six Months	Two meetings are held every six months, inviting executives and employees from each fab to attend	Held 5 Chairman's Talk, and around 1,700 employees attended



4.4 Health Management

VIS values employee health and proactively launches employee health promotion to build a safe and healthy workplace. VIS offers employees, including new hires, special operation staff, and all employees, health examination every year, which is more frequent than required by laws. Complying with laws and regulations, VIS has employed professional medical staff and onsite doctors to jointly promote the comprehensive health management program including special care, health care, health promotion, and psychological consulting. VIS continues to organize health related activities and encourage employees to participate in these activities.

① Road Running: VIS Road Running Event Group Photo
② Road Running: Chairman, My Deer, and VIS employees run forward together

A light gray map of a winding road. Three locations are marked with circular icons: '補水站A' (Water Station A) at 2.5K, '補水站B' (Water Station B) at 5K, and '補水站C' (Water Station C) at 7.5K. Each icon contains a water drop, a person, and a cross.

Employee Assistance Program, EAPs

The program is to assist employee in solving social, psychological, economic and health problems and to provide counseling, information and transferring to suitable medical treatment; the content includes **medical service, employee opinion, psychological counseling and law transfer**, etc. Our colleagues can select the following areas to contact the professionals and know more about the services.

Health Service Area
Contact: Health Center
Ext: 1515

Employee Opinion Channels & Ombudsman System
Contact: HR ER Sec.
Ext: 1317

Psychological Counseling Area
Contact: Health Center
Ext: 1515

Law Transfer Area
Contact: HR ER Sec.
Ext: 1317

VIS continues to promote healthy workplace, and was recognized by MOHW with the "Healthy Workplace Certification" and by Taiwan Centers for Disease Control, Ministry of Health and Welfare with the "Award of Epidemic Excellence" in 2019.

Special Care

VIS offers special operations health examination every year, so that all employees can feel safe working. In 2019, 238 were engaged in special hazardous operations, and the examination rate was 100%. A list of the work-related cardiac and cerebrovascular diseases prevention management was established using the results of the examinations, where nurses arranged for visit to fab doctors to offer personalized consulting and suggestions, so employees could proactively establish healthy lifestyle. Also, VIS regularly conducts muscle and bone surveys to proactively offer employees related care, ensuring workplace safety.

"Maternity Health Care" Management Project assessed maternity health of employees who were pregnant or had just had a baby, and adjusted their workloads and positions.

VIS also offers exclusive parking spaces for mothers, as well as nursing rooms, so that pregnant or nursing employees could find balance between work and life.

Health Care Program

VIS offers employees health examination every year, which is more frequent than required by laws. In 2019, the overall health examination rate was 94.9%, and 4,652 people attended. For those who discovered abnormalities, nurses would make arrangement for them to visit the fab doctors to offer personalized health consulting, helping those with mid/high risk with medical aids. VIS also conducts graded health management for hours management depending on the medical conditions of employees. In 2019, a total of 895 people visited fab doctors.



2019 Health
Examination
Rate was

94.9%

Participated by 4,652 people



- ① Active Weight Lost Poster
- ② Mobile Health Passport – Exercise for Health Campaign
- ③ Sports Point Collection
- ④ Health Guru Rewards



Disease prevention is also an important key to safety and health. VIS has been offering employees free flu shots for 16 years since 2004. In 2019, VIS took it up a level and subsidized Fluarix Tetra flu shots, reaching 1,720 vaccinations. As the result, VIS has been recognized as "Award of Epidemic Excellence" by Taiwan Immunization Vision and Strategy (TIVS).

Health Promotion

VIS follows global trends and makes use of technology, utilizing mobile APP, weight and body fat scale, and food diary, to upload data to the cloud, allowing employees to convenient and timely register their information when they measure their weights or exercise. This way, employees can keep fit and lose weight, giving everyone a "mobile health passport".

Health Promotion Activity	Description
Mobile Health Passport	Promote mobile health passport APP, allowing employees to monitor own health; push health information and offer health reminders
Active Weigh Loss	A total of 267 employees joined the activity and lost a total of 847 kilograms, allowing all employees to maintain health and keep fit.
Exercise for Health	Combining sports class and sports events organized by the Company, employees accumulated points through participation. Based on the ranking, employees were given coupons and gift certificates, encouraging them to exercise more and become healthier.
Annual Health Guru	Including weight, food diary, and exercise; the app reached 1,806 downloads. At the end of the year, based on ranking of points, top three employees were rewarded with gift certificates.

As for stress relief, during the annual health exam, employees' will be assessed on their level of stress using a fatigue questionnaire as required by laws and regulations. VIS also provides massage services by blind therapists twice a week. In 2019, the three fabs totalled 4,597 sessions. VIS works with professionals for psychological consulting, offering employees free consulting to safeguard both their mental and physical health.

VIS continues to promote workplace health, planning healthy and happy workplace and building challenging and fun working environment.

5. Charity and Social Participation



2019 Donated Supplies
reaching
NT\$ 835,700

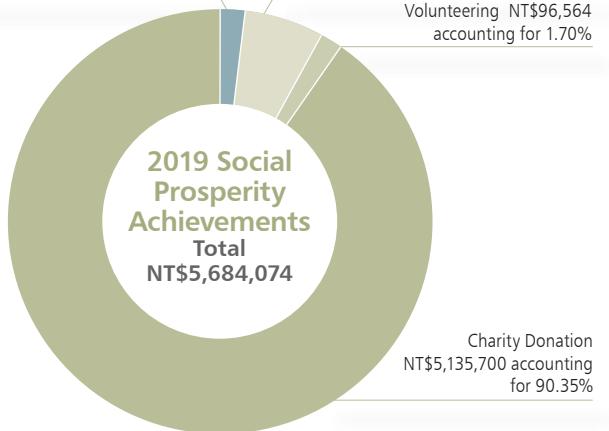


2019 Charity Donations
totaled
NT\$ 5,135,700



Environmental Education
NT\$97,810 accounting for 1.72%

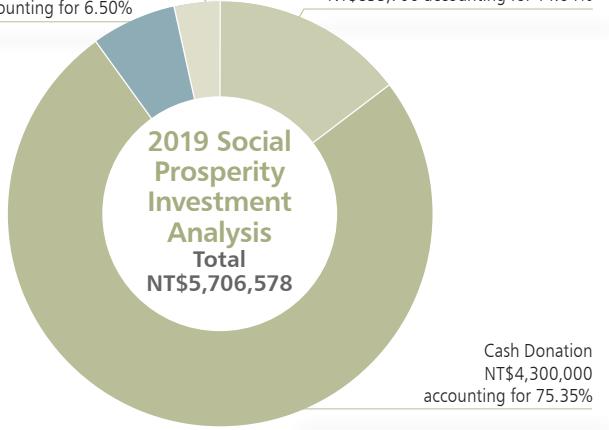
Community Development
NT\$354,000 accounting for 6.23%
Volunteering NT\$96,564
accounting for 1.70%



Management Fee
NT\$200,178 accounting for 3.51%

Volunteering Cost
NT\$370,700 accounting for 6.50%

Donated Goods
NT\$835,700 accounting for 14.64%



5.1 Social Welfare and Donation

VIS has long cared for underprivileged groups by gathering different company resources and working with its employees collectively to actively participate in social welfare and charity activities. VIS has also launched internal charity fund raisings for donations to social welfare organizations, giving back to our society through concrete actions.

Charity Seminar – Pay It Forward

In April 2019, VIS CSR Committee invited TSMC Charity Foundation Chairwoman Sophie Chang to give a keynote speech on the topic of "Pay It Forward," sharing her ongoing volunteering and charity projects. Chairwoman Chang received a warm welcome from Chairman Leuh Fang and over 200 employees. During the event, Chairwoman Chang shared what she had done over the past few years as the head of volunteer program and chairperson of charity foundation for senior citizens and children living in remote villages and from disadvantaged families, as well as the platform she had established to "pay it forward" on a larger scale. Regardless of promoting filial piety, remote area medical care, remote area education, earthquake relief or cherishing food, she had been engaged in charity projects that significantly helped our society. In her talk, Chairwoman Chang mentioned that, there were still a lot of people struggling economically in the Taiwanese society, and regardless of the reasons, as long as we were able and willing, we should help them to improve their lives.



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Responding to Chairwoman Chang's call, VIS participated in the Pay It Forward platform's "10,000 per Household" project, adopting 5 households that were affected by the Hualien earthquake in 2018. VIS supported each family NT\$120,000 per year, at a total of NT\$600,000. Also, Chairman Leuh Fang resonated with the "Cherishing Food" concept, inviting the Company's catering supplier to donate lunch boxes to senior citizens living alone in neighborhoods around the fabs. Once a month, VIS volunteers would visit the senior citizens and dine with them to delivery love and warmth.

- ① VIS Chairman Leuh Fang (Right) presents flowers to TSMC Charity Foundation Chairwoman Sophie Chang, thanking her for sharing her volunteering experience with VIS employees
- ② TSMC Chairwoman Sophie Chang (Center) takes a group photo with VIS employees after the seminar
- ③ VIS Volunteer Program Head Senior Fab Director Ching-ying Li, Spokesperson and CFO Dong-liang Tseng, former Volunteer Program Head Deputy Department Chief Teh-fan Chen, and PR Manager Dana Tsai (Left to Right), jointly invite Chairwoman Chang to the charity seminar



①

Charity Works

In 2019, VIS expanded the scale of Family Day and organized Family Sports Day for the first time. In the fair, VIS specially established "charity booths," inviting social welfare organizations long supported by the Company to set up booths selling handmade food and stationary items. Each employee was given a NT\$100-worth "Charity Raffle Ticket," which they could only use at a charity booth. VIS donated a total amount of NT\$1.2 million to the organizations that set up booths at the fair, including Saint Joseph Social Welfare Foundation, World Peace, Eden Social Welfare Foundation, Sunshine Social Welfare Foundation, SOS Children's Village, and performance team Skikun Culture and Creative Dance Group; each group received NT\$200,000, helping underprivileged groups including children of low-income families, children with disabilities, abused children, children with Down syndrome, children with intellectual disabilities, and people suffering from facial deformity.

On the day of the event, VIS invited Atayal children of the Skikun Culture and Creative Dance Group from Yilan for an exciting opening performance. After the performance, VIS made arrangement for them to visit "TSMC-NCTU Energy Education Center – Orchid House," where engineers explained to the children how to achieve environmental protection through energy-saving design, blending education with entertainment.

Year-End Charity Donation

In 2019, VIS made year-end charity donations to six social welfare organizations. In addition to the three social welfare groups, Huashan Social Welfare Foundation, Old Five Old Foundation, and Eden Social Welfare Foundation, which take care of senior citizens living alone and received the donations last year, VIS added three "halfway houses" as partners. Specific purposes were designated for all donations to social welfare organizations. VIS employees showed the world that donations in small amounts could accumulate sufficient power to let senior citizens living alone enjoy a hearty New Year's Eve dinner, and give children and youths in halfway houses richer learning resources, helping them to turn life around.



Children of SOS Children's Village are invited to set up charity booth, which is visited by Chairman and VIS employees.

Help Them to Turn Life Around



It is the end of yet another year. Last year, we donated the funds raised from all employees through year-End charity Donation to elders living alone,

so that they could enjoy a great Chinese New Year.

This year, continuing the spirit of last year's campaign, the PR Department invites all employees to share the love and support the children and young people at "halfway houses".

These are children with mental scars from domestic violence and abuse, and have been forced to leave their own families and grow up in a halfway house.

They need our warm supports and assistances.

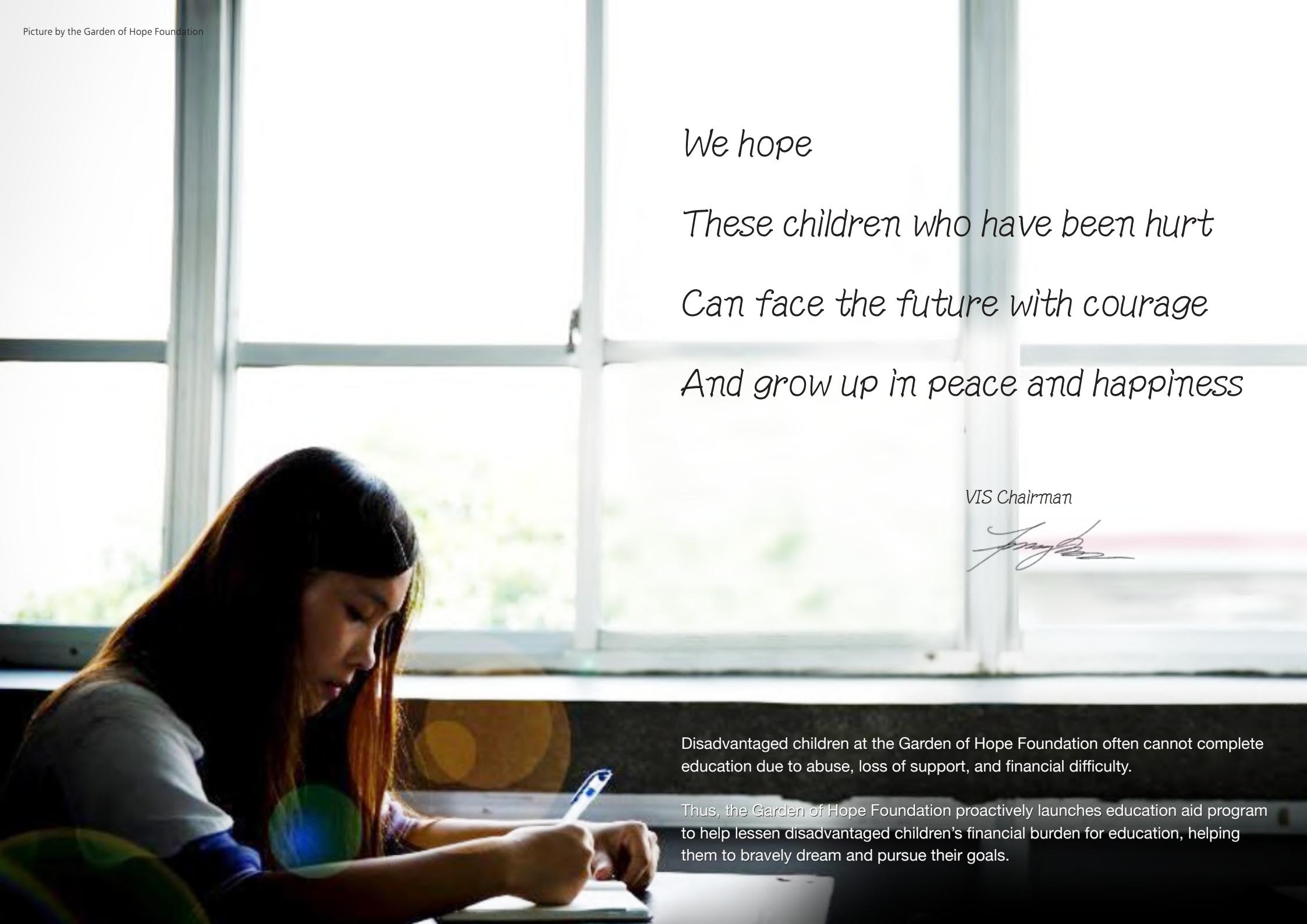
Donations to the six social welfare organizations were all funds designated for specific purposes, including: Taoyuan LOHAS Preschool's "Children Art Therapy Program," Blue Sky House's "Detained Youth Guidance Program," the Garden of Hope Foundation's "Abused Young Girl Education Aid Program," Old Five Old Foundation's "Embrace Senior Citizens Living alone with Love Program," Huashan Social Welfare Foundation's "Year-End Banquet for People in Need," and Eden Social Welfare Foundation's "Love-Chinese New Year Feast".

VIS Year-End Charity Donations

Organization	Sponsored Program	Amount (NT\$)
Taoyuan LOHAS Preschool	Children Art Therapy Program	415,158
Blue Sky House	Detained Youth Guidance Program	374,294
Garden of Hope Foundation	Abused Young Girl Education Aid Program	548,008
Old Five Old Foundation	Embrace Senior Citizens Living alone with Love Program	449,436
Huashan Social Welfare Foundation	Year-End Banquet for People in Need	358,458
Eden Social Welfare Foundation	Love-Chinese New Year Feast	354,646

After two weeks of fundraising, the total amount of charity donation by VIS employees reached nearly NT\$2.5 million, a record-high amount. Blue Sky House Director Chu welled up while thanking VIS employees for their donation in a video produced by the PR Department, but what was not shown in the video was the footage of Director Chu sharing how Blue Sky House was facing the fate of closing down due to lack of funds; if they had closed down, the twenty or so young men would be resettled in other places. Therefore, the donation made by VIS employees was undoubtedly a timely gift.

Not just Blue Sky House, many young moms at the Garden of Hope Foundation were the beneficiaries of VIS employee's education aid donation, which helped them to acquired needed skills in vocational schools, preparing themselves for workplace and giving themselves a chance to turn life around.



We hope

These children who have been hurt

Can face the future with courage

And grow up in peace and happiness

VIS Chairman



Disadvantaged children at the Garden of Hope Foundation often cannot complete education due to abuse, loss of support, and financial difficulty.

Thus, the Garden of Hope Foundation proactively launches education aid program to help lessen disadvantaged children's financial burden for education, helping them to bravely dream and pursue their goals.

Charity Year-End Party – A Date with Social Welfare Organizations

VIS has held year-end parties and made charity donations in five consecutive years. Every year, VIS invites underprivileged groups sponsored by social welfare organizations to dine together at the Company's year-end party, where our colleagues prepare exciting performances to share the joy. During the party, VIS also donates money raised by VIS employees to the social welfare organizations to help them provide services to more people in need.

In 2019, VIS' Charity Year-End Party had 42 tables and set a new record in number of participants, inviting over 400 friends from social welfare organizations and the press.

During his opening remark, Chairman Leuh Fang spoke in Mandarin Chinese, Taiwanese, and Hakka, to welcome the participating media friends and senior citizens living alone, who were aided by Old Five Old Foundation, Huashan Social Welfare Foundation, and Eden Social Welfare Foundation, as well as senior citizens whom volunteers dined with once a month living in the neighboring Baoshan, Jinshan, and Kehu villages. This was VIS' annual date with social welfare organizations.

In addition to inviting senior citizens in nearby neighborhoods, the contractor of 2019 Charity Year-End Party, Gangnan L'Amour, also participated in VIS' charity works, purchasing 420 boxes of handmade egg rolls by people with disabilities at Gofe Shelter Workshop, and gifting them to all guests of the party. This was the realization of VIS' dream of encouraging suppliers to join the charity work and maximize our effort.

① Chairman Leuh Fang sings on stage with social welfare organizations and senior citizens living alone

② The Charity Year-End Party draws to an end as media friends, social welfare organizations, and VIS employees sing "Friends" together

③ Domestic media are invited to participate in the party





Cultural Sponsorship – Focusing on Taiwan’s Power and Beauty

To promote social harmony and in consideration of the future prospects of Taiwan, beginning in 2015, the Company has provided annual sponsorship of NT\$2 million to IC Broadcasting Co., Ltd. to produce a series of broadcast programs focusing on Taiwan, “Focus on Taiwan,” which is now hosted by former news anchor Chun-hua Shen. In 2019, the topics covered by the program included: AI applications, air pollution, rise of women, mobile banking, and international volunteering. A total of 52 episodes were produced annually, available not just on IC FM97.5, but also Apple Podcast and Google Podcast, allowing more people to freely download and access to maximize the influences of the program.

In addition to exploring international trends, VIS also promoted arts and cultural activities, sponsoring the “TSMC Hsinchu Arts Festival” for numerous consecutive years. In 2019, VIS sponsored a total of NT\$100,000 for the organization of “Miracle! Hearing NOBU Concert” by Japanese blind pianist Nobuyuki Tsujii, and “Crazy for Crosstalk” by Taipei Quyituan. The two performances took place at National Taichung Theater and Hsinchu County Auditorium.



Furthermore, National Tsing Hua University’s “Sunrise Program” sponsored by VIS was coming to an end after three years. The program provided an annual scholarship of NT\$200,000 to two students who each come from a disadvantaged family background. VIS donated a total of NT\$1.2 million over the three years, and had senior executives to serve as the students’ mentors.

① Host of IC Broadcasting’s “Focus on Taiwan,” Ms. Chun-hua Shen (Left), interviews VIS Independent Director Kenneth Kin on the topic of talent incubation of the semiconductor industry

② Pianist Nobuyuki Tsujii of “Miracle! Hearing NOBU Concert”



Beginning in 2015, VIS provides annual sponsorship of **NT\$2 million** to IC Broadcasting Co., Ltd. to produce the “Focus on Taiwan” series.



VIS sponsors National Tsing Hua University’s “Sunrise Program,” donating a total of **NT\$1.2 million** over three years.

5.2 Volunteer Services

In 2015, embracing the spirit of "From the Society, For the Society," VIS founded VIS Volunteer Program, and set the objective of making the world a better place through "chosen themes and long-term investment". In 2019, in addition to original services of education in indigenous villages, VIS Volunteer Program expanded its scope of services, reaching out to senior citizens living alone by dining with them, accompanying children at halfway houses, and raising funds and goods. In 2019, VIS employees and family members engaged a total of 164 person-times of volunteering, accumulating a total of 550 hours of volunteering services.

Volunteering Achievements over Past Three Years

Item	2017	2018	2019
Person-Time	23	40	164
Hour	77	134	550

Indigenous Village Education

VIS Volunteer Program chose the Unique Atayal College in Hsinchu County as the first recipient of its services, and the sponsorship included: book raising for children, having employees volunteering as reading companions, inviting children to partake in the Company's Family Day activities, and taking the children to the National Palace Museum.

After the Unique Atayal College, VIS volunteers have entered the Smangus Tribal Village in Jianshi Township, Hsinchu County, since 2017; after the kindergarten donated by the Company was built, the volunteers also raised books for pre-school children, and read the books with them. Through monthly visits, VIS volunteers have accompanied the children to make crafts, tell stories, and play games; the program has continued until today. In 2019, VIS employees continued to make use of monthly holidays to visit the children of the kindergarten.

Moreover, on Family Sports Day, VIS invited Atayal children of the Skikun Culture and Creative Dance Group from Yilan for an exciting opening performance. After the performance, VIS made arrangement for them to visit "TSMC-NCTU Energy Education Center – Orchid House," where engineers explained to the children how to achieve environmental protection through energy-saving design, blending education with entertainment.

The Skikun Culture and Creative Dance Group members include Atayal elder (Right) and children, who participate in VIS' Family Sports Day



Dining with Senior Citizens

Responding to TSMC Charity Foundation Chairwoman Sophie Chang's "Cherishing Food" concept, VIS Volunteer Program expanded its scope of services in 2019, making "dining with neighborhood senior citizens" a routine service. VIS' catering supplier was invited to jointly donate lunch boxes to deliver to senior citizens living alone in the two villages, Baoshan and Kehu, around Feb 1 and Feb 2, twice a month, and VIS volunteers would visit the senior citizens and dine and talk with them once a month, caring for their health and wellbeing.

- ❶VIS Volunteer Program Vice Head Chien-hsing Ho (Center) and volunteer Wei Lin (Left) jointly dine and chat with senior citizens in Kehu Village
❷VIS Volunteer Program Head Ching-ying Li (Left) sings with senior citizens



Visiting Children at Halfway Houses

In 2019, VIS Volunteer Program also expanded service scope to halfway houses, mainly serving Taoyuan LOHAS Preschool and SOS Children's Village in Taoyuan. VIS volunteers visited LOHAS Preschool monthly to read and play games with children, and teach them computer and violin, as well as leading them to a field trip to YesHealth iFarm for environmental education. Also, VIS volunteers also raised used and new goods and sponsored children of SOS Children's Village for charity auction. The revenue of the charity auction, NT\$89,600, was then used by SOS Children's Village as annual operation fee.

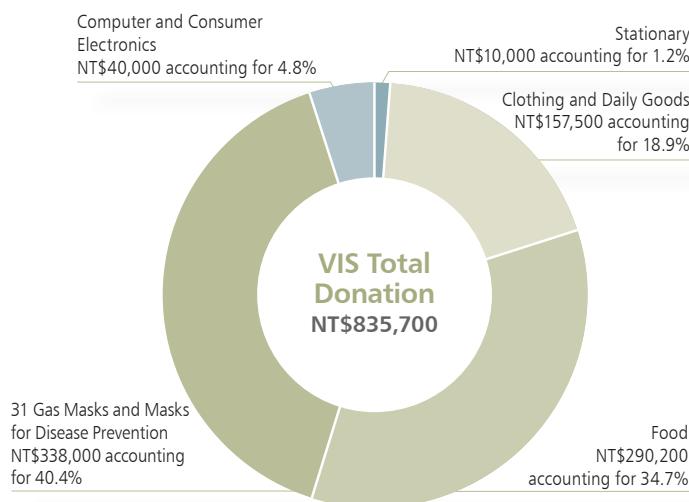
LOHAS Preschool Principal Mei-lan Wu especially thanked VIS employees for bringing violins to the preschool and teaching the children how to play. Through learning the instrument, these children, who had been hurt before, could find relief for suppressed emotions, as well as pains that could not be expressed by words. Art therapy was expensive, and VIS employees, who were skilled violinists, provided the children instruments and visited the preschool regularly to teach them how to play, helping the preschool to save a significant amount of expense for art therapy, while also inspiring the children's interest in music.



- ❸VIS volunteers visit the halfway houses regularly to read with the children
❹VIS volunteer visit LOHAS Preschool regularly to teach the children how to play violin
❺VIS volunteers visit the halfway houses regularly to teach the children how to use computer



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① VIS Volunteer Program Head Ching-ying Li (L2) donates organic rice by small farmers in nearby neighborhoods to LOHAS Preschool. Principal Mei-lan Wu accepts the donation on behalf of LOHAS Preschool

② VIS joined the semiconductor industry and donated gas masks and protective equipment. Vice President of Administration and Pandemic Prevention Taskforce Convener Tommy Liu (R3) donated the goods on behalf of VIS

Donation of Goods and Supplies

In early 2020, the outbreak of COVID-19 affected Taiwan and the world. At the beginning of the pandemic, VIS purchased 2,000 children masks and donated to the halfway houses that worked with VIS Volunteer Program. The children did not have to wait in line to get masks, reducing the workload of social workers and supervisors at the halfway houses. During the height of the pandemic in April, VIS also responded to TSMC Charity Foundation's initiative, and donated 31 gas masks used in the labs at VIS fabs to doctors and lab technicians. VIS also sent engineers to train the doctors and technicians on how to put on the professional gas masks, providing first-line medical professionals the highest grade protective gear, so that they would not be infected when caring for patients.

Furthermore, VIS employees raised goods and supplies,

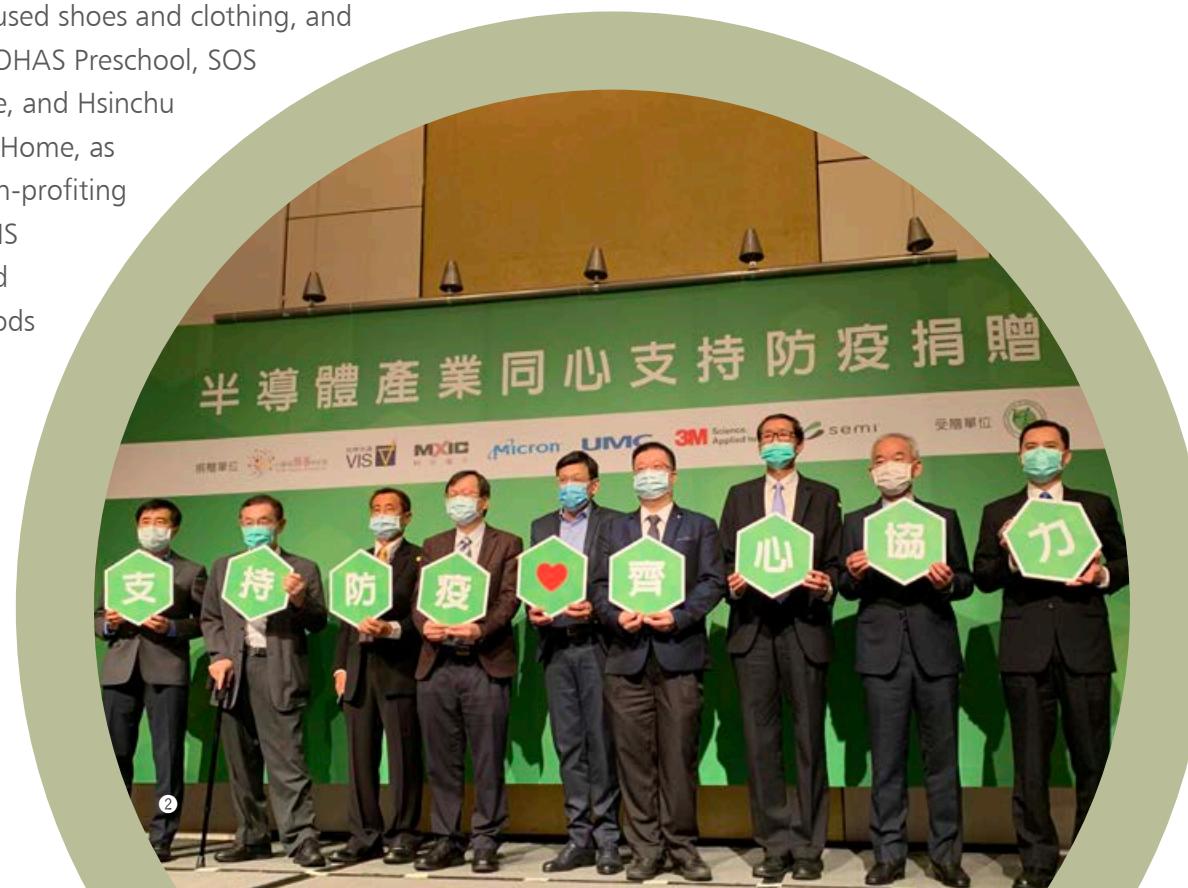
including food, used shoes and clothing, and

computers for LOHAS Preschool, SOS

Children's Village, and Hsinchu

Renai Children's Home, as
well as other non-profiting

organizations. VIS
employees raised
supplies and goods
equivalent to
NT\$510,000.



②



①VIS Fab 2 Director Roy Yu introduces Cherry Blossom Park to jurors of National Environmental Education Award
②Blooming cherry blossoms at Cherry Blossom Park
③VIS employee explains content of environmental education for citizens to jurors of National Environmental Education Award

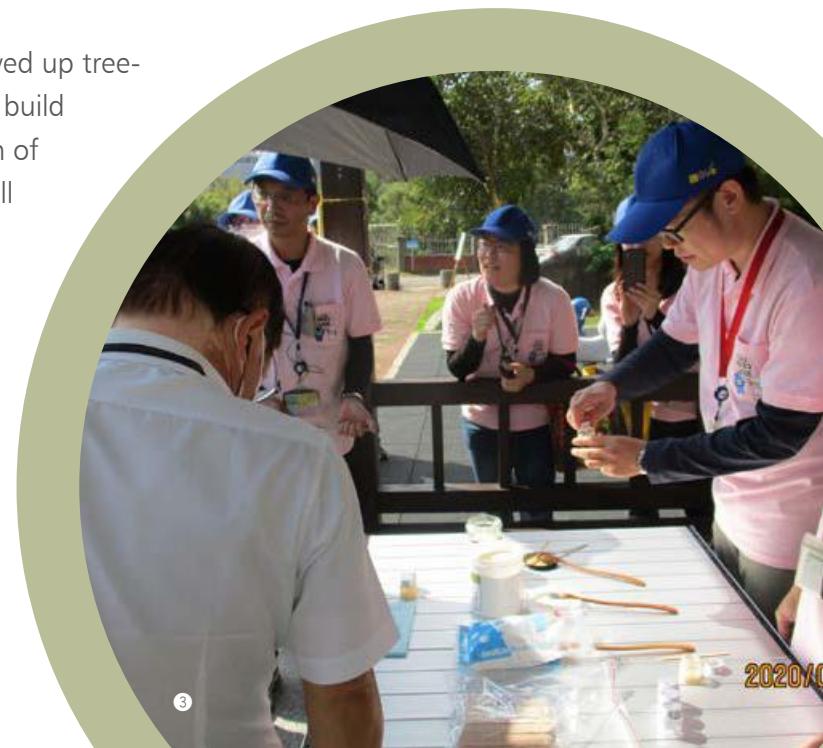
5.3 Community Development

VIS has two fabs within Hsinchu Science Park, and VIS Fab 2 is actively building community friendly relationship with the community for the betterment of our community and the environment.

Adopting Cherry Blossom Park and Ke-Tzu-Hu Creek

On Arbor Day 2019, VIS Fab 2 Director led all colleagues to plant trees at Cherry Blossom Park in Jinshan Village, and jointly unveiled the plaque of the adopted park with Deputy Mayor Hui-hung Shen and Jinshan Village Chief Ching-chieh Wu. Currently, there are 80 cherry trees in the park, which is surrounded by Ke-Tzu-Hu Creek, right next to Fab 2 within walking distance.

In May 2019, to build more comprehensive ecosystem, VIS followed up tree-planting at Cherry Blossom Park by adopting the Ke-Tzu-Hu Creek by the park, hoping to build a hydrophilic environment. The preliminary plan is for VIS to adopt the 800-meter section of the creek from the park through flood detention pond to the rear side of VIS Fab2, as well as both banks of the creek. The adopted area is approximately 1.75 hectares. Currently, VIS has completed remediation and beautification, and added stone steps, hydrophilic platform, stone stairway, tree fence, and safety warning signs.



Ke-Tzu-Hu Creek before Remediation



Ke-Tzu-Hu Creek after Remediation



Firefly Restoration

The next step after remediation and beautification of Cherry Blossom Park and Ke-Tzu-Hu Creek is to carry out firefly restoration in the area by the flood detention pond. VIS formed firefly restoration team with NTU Professor Ping-shih Yang, which has finished preliminary survey, and will carry out restoration of fireflies. VIS hopes that, through successful restoration fireflies, Cherry Blossom Park will become a hydrophilic park with friendlier environment and ecology.



Helping Disadvantaged Small Farmers

To help the survival of small farmers who were unable to sell their produces, VIS launched a campaign to help disadvantaged small farmers and support "Local organic fruits and rice for reduction of food miles and carbon footprints," which was popular among employees. Through talking with the farmers, they discovered that small farmers were usually older than average, and standing for a long period of time to sell their produces was not a feasible option. The team discussed and decided to sell the small farm produces by cooperating with coffee bar inside the fab, while also helping with poster designs and online promotions, so that VIS employees could buy fresh and affordable organic fruits, creating a new all-win charity model. In 2019, VIS sold approximately 180 kilograms of tankan and 720 kilograms of organic rice for the small farmers.

5.4 Environmental Education

VIS environmental education features four major themes, including: energy-saving and carbon reduction and source management, full mobilization of environmental education in life, rooting of environmental education, and social participation and natural humanity. VIS offers environmental education to employees, community, and secondary and higher education students. In 2019, a total of 2,650 people participated, displaying the effects and influences of VIS' promotion of environmental education.



Promotion of Eco-Friendly Cup

To promote and encourage the use of eco-friendly cups, VIS introduced the "uCup free cup rental service for the Family Sports Day in 2019. Based on data of the event, VIS successfully avoided using 1,062 disposable cups/bowls, equivalent to approximately 955.8 L of water and 106.2 kilograms of carbon emissions, effectively saving energy.

① Designate site of firefly restoration by Ke-Tzu-Hu Creek
② "uCup" eco-friend cup rental service

Succulent Plant DIY Seminar

VIS organized "Succulent Plan DIY Seminar" for employees, allowing participants to experience the fun of taking care of succulent plants. They also took the concept back to their homes and communities. VIS also promoted the "Green Point Campaign" in response to the ideas of green consumption and circular economy, and encouraged all employees to participate and jointly support the government's environmental protection policy, generating value for environmental actions. VIS hoped to raise employees' environmental awareness through participation and achieve the goals of sustainable development.

Campus Outreach in Elementary Schools, Junior and Senior High Schools, and Universities

Starting in 2013, VIS Environmental Safety Department employees launched plan to visit nearby elementary schools and junior and senior high schools

for environmental education. Leveraging their professional knowledge, VIS employees explained to students environmental protection related issues, such as "carbon and water footprints, energy-saving and carbon reduction, recycling, succulent plant DIY". They also introduced VIS fabs' "disaster prevention and relief" expertise to raise the students safety awareness.

In 2019, VIS' campus outreach program cooperated with National Tsing Hua University, Hsinchu HsinKe Junior High School, and Hsinchu Guang Ming Elementary School.

National Tsing Hua University

In 2019, VIS took environmental education to universities, inviting National Tsing Hua University Environmental Protection and Occupational Safety and Sanitation Center to the fabs for exchange, discussing five major topics, including contractor management, safety and health management

National Tsing Hua University



Group photo of exchange between Environmental Protection and Occupational Safety and Sanitation Center and VIS



Visit to VIS ERC



Exchange between Environmental Protection and Occupational Safety and Sanitation Center and VIS

system, emergency response and security surveillance system, energy-saving management measures, and CSR. Fab directors led related departments to exchange with the center and share experience, allowing both sides to make improvements in the areas of operation and management.

HsinKe Junior High School

VIS strived for local environmental education and explored the importance of energy-saving and carbon reduction and water resources. VIS further engaged students through quiz and deepened their impressions, so that they could practice eco-friendly concepts in life. Also, VIS experts were invited to visit the school labs (chemistry, physics, and biology) and carry out safety examination. They offered improvement suggestions, and provided

the school resources, such as safety glasses, chemical resistant gloves, and protective masks, making school labs a safer place. The campus outreach program was supported and recognized by the school.

Guang Ming Elementary School

In 2019, VIS continued to organize interactive classes for young students to educate them on the concept of carbon reduction, using carbon footprint as the theme. VIS designed a game to teach students about climate change, and teachers and students jointly discussed applications in life of product carbon footprints as they played the quiz game. VIS also taught students to fold aluminum wires into pots for succulent plants, further engaging the students in environmental actions through the DIY experience.

HsinKe Junior High School



Campus Outreach Program – HsinKe Junior High School



Campus Lab Guidance Project – HsinKe Junior High School

Guang Ming Elementary School



Campus Outreach Program – Guang Ming Elementary School

6. Appendix

About This Report

2019 CSR Report GRI Chart

Accountant's Independent
Assurance Report



Appendix 1

About This Report

With CSR strategy as the core, this report describes Vanguard International Semiconductor (VIS) Corporation's perspectives and appropriate responses concerning topics that include the following areas during our continuous development: corporate governance, customer relations, a happy workplace, environmental protection, community involvement, etc.

Period of Report

Data contained within this report are from the year 2019 (01/01/2019 to 12/31/2019).

Parameters and Scope of this Report

The scope of disclosure in this report is based on the business activities of Vanguard International Semiconductor Corporation. The 2019 report and that of the preceding year exhibit no differences in scope of disclosure. All financial figures in this report are presented in New Taiwan Dollars (NTD). Units used for calculating environmental safety and community involvement figures are customary units commonly used internationally.

Reporting Principles

This report conforms to the Sustainability Reporting Framework (G40 Standards) of Global Report Initiative (GRI), the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, and the AA1000 Accountability Principles Standard (AA1000APS).

Report Verification

The 2019 VIS CSR Report was compiled in accordance with GRI Standards Core Option. Ernst & Young Taiwan was commissioned as the third impartial party for limited assurance in accordance with ISAE 3000 Standards. This not only has improved the report's level of transparency, but also enhanced the precision of internal operations. Refer to Appendix 3 for the assurance reports.

Release Schedule of Report

VIS published its first CSR report in 2015. In the future, VIS will publish CSR reports on a yearly basis.

Current release: Published in June, 2020

Previous release: Published in June, 2019

Subsequent release: Published in June, 2021

Contact Information

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Appendix 2

2019 CSR Report GRI Chart

"*" Major Topic

1. General Standard Disclosure

Type/Aspect	No.	GRI Content Index	Corresponding Section	Page No.	Note
1. Organization profile					
Core	GRI102-1	Name of the organization	1.1 Company Profile	6	
Core	GRI102-2	Activities, brands, products, and services	1.1 Company Profile	6	
Core	GRI102-3	Location of headquarters	1.1 Company Profile	6	
Core	GRI102-4	Location of operations	1.1 Company Profile	6	
Core	GRI102-5	Ownership and legal form	1.1 Company Profile	6	
Core	GRI102-6	Markets served	1.1 Company Profile	6	
Core	GRI102-7	Scale of the organization	1.1 Company Profile	6	
Core	GRI102-8	Information on employees and other workers	4.1 Talent Recruitment and Retention	81	
Core	GRI102-9	Supply chain	3.2 Responsible Supply Chain	48	
Core	GRI102-10	Significant changes to the organization and its supply chain			No major change
Core	GRI102-11	Precautionary Principle or approach	2.2 Corporate Governance	18	
Core	GRI102-12	External initiatives	2.6 Response to UN SDGs	37	
Core	GRI102-13	Membership of associations	2.5 Major Topics and Stakeholder Communication	25	
2. Strategy					
Core	GRI102-14	Statement from senior decision-maker	Letter from Chairman	2	
3. Ethics and integrity					
Core	GRI102-16	Values, principles, standards, and norms of behavior	2.3 Ethical Corporate Management	21	
Core	GRI102-17	Mechanisms for advice and concerns about ethics	2.3 Ethical Corporate Management	21	

Type/Aspect	No.	GRI Content Index	Corresponding Section	Page No.	Note
4. Governance					
Core	GRI102-18	Governance structure	2.2 Corporate Governance 2.4 Corporate Social Responsibility Committee	18、25	
5. Stakeholder engagement					
Core	GRI102-40	List of stakeholder groups	2.5 Major Topics and Stakeholder Communication	25	
Core	GRI102-41	Collective bargaining agreement	2.5 Major Topics and Stakeholder Communication	25	
Core	GRI102-42	Identifying and selecting stakeholders	2.5 Major Topics and Stakeholder Communication	25	
	GRI102-43	Approach to stakeholder engagement	2.5 Major Topics and Stakeholder Communication	25	
Core	GRI102-44	Key topics and concerns raised	2.5 Major Topics and Stakeholder Communication	25	
6. Reporting practice					
核心	GRI102-45	Entities included in the consolidated financial statements	1.3 Financial Performance	11	
Core	GRI102-46	Defining report content and topic boundaries	About This Report	118	
Core	GRI102-47	List of material topics	2.5 Major Topics and Stakeholder Communication	25	
Core	GRI102-48	Restatements of information	About This Report	118	No restatements of information
Core	GRI102-49	Changes in reporting	About This Report	118	No changes in reporting
Core	GRI102-50	Reporting period	About This Report	118	
Core	GRI102-51	Date of most recent report	About This Report	118	
Core	GRI102-52	Reporting cycle	About This Report	118	
Core	GRI102-53	Contact point for questions regarding the report	About This Report	118	
Core	GRI102-54	Claims of reporting in accordance with the GRI Standards	About This Report	118	
Core	GRI102-55	GRI content Index	2019 CSR Report GRI Chart	119	
Core	GRI102-56	External assurance	Accountant's Independent Assurance Report	124	

2. Specific Standard Disclosure

Type/Aspect	No.	GRI Content Index	Corresponding Section	Page No.	Note
Economic					
Economic Performance*	GRI 103-1	Explanation of the material topic and its Boundary	2.5 Major Topics and Stakeholder Communication	25	
	GRI 103-2	The management approach and its components	2.5 Major Topics and Stakeholder Communication	25	
	GRI 103-3	Evaluation of the management approach	2.5 Major Topics and Stakeholder Communication	25	
	GRI 201-1	Direct economic value generated and distributed	1.3 Financial Performance	11	
	GRI 201-2	Financial implications and other risks and opportunities due to climate change	3.3 Environmental Policy and Management	53	
Procurement Practice	GRI 204-1	Proportion of spending on local suppliers	3.2 Responsible Supply Chain	48	
Anti-Competitive Practice	GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.3 Ethical Corporate Management	21	
Environmental					
Energy	GRI 302-1	Energy, consumption within the organization	3.3 Environmental Policy and Management	53	
	GRI 302-2	Energy, consumption outside of the organization	3.3 Environmental Policy and Management	53	
	GRI 302-3	Energy intensity	3.3 Environmental Policy and Management	53	
	GRI 302-4	Reduction of energy consumption	3.3 Environmental Policy and Management	53	
	GRI 302-5	Reductions in energy requirements of products and services	1.2 Green Innovation	10	
Water	GRI 303-1	Water withdrawal by source	3.3 Environmental Policy and Management	53	
	GRI 303-2	Water sources significantly affected by withdrawal of water	3.3 Environmental Policy and Management	53	
	GRI 303-3	Water recycled and reused	3.3 Environmental Policy and Management	53	

Type/Aspect	No.	GRI Content Index	Corresponding Section	Page No.	Note
Emissions*	GRI 103-1	Explanation of the material topic and its Boundary	2.5 Major Topics and Stakeholder Communication	25	
	GRI 103-2	The management approach and its components	2.5 Major Topics and Stakeholder Communication	25	
	GRI 103-3	Evaluation of the management approach	2.5 Major Topics and Stakeholder Communication	25	
	GRI 305-1	Direct (Scope 1) GHG emissions	3.3 Environmental Policy and Management	53	
	GRI 305-2	Energy indirect (Scope 2) GHG emissions	3.3 Environmental Policy and Management	53	
	GRI 305-3	Other indirect (Scope 3) GHG emissions	3.3 Environmental Policy and Management	53	
	GRI 305-5	Reduction of GHG emissions	3.3 Environmental Policy and Management	53	
	GRI 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	3.3 Environmental Policy and Management	53	
Waste Water and Wastes	GRI 306-1	Water discharge by quality and destination	3.3 Environmental Policy and Management	53	
	GRI 306-2	Waste by type and disposal method	3.3 Environmental Policy and Management	53	
	GRI 306-3	significant spills	3.3 Environmental Policy and Management	53	
Legal Compliance*	GRI 103-1	Explanation of the material topic and its Boundary	2.5 Major Topics and Stakeholder Communication	25	
	GRI 103-2	The management approach and its components	2.5 Major Topics and Stakeholder Communication	25	
	GRI 103-3	Evaluation of the management approach	2.5 Major Topics and Stakeholder Communication	25	
	GRI 307-1	Non-compliance with environmental laws and regulations	3.3 Environmental Policy and Management	53	
Environmental Assessment of Suppliers*	GRI 103-1	Explanation of the material topic and its Boundary	2.5 Major Topics and Stakeholder Communication	25	
	GRI 103-2	The management approach and its components	2.5 Major Topics and Stakeholder Communication	25	
	GRI 103-3	Evaluation of the management approach	2.5 Major Topics and Stakeholder Communication	25	
	GRI 308-1	New Suppliers that were screened using environmental criteria	3.2 Responsible Supply Chain	48	

Type/Aspect	No.	GRI Content Index	Corresponding Section	Page No.	Note
Social					
Employee-Employer Relations*	GRI 103-1	Explanation of the material topic and its Boundary	2.5 Major Topics and Stakeholder Communication	25	
	GRI 103-2	The management approach and its components	2.5 Major Topics and Stakeholder Communication	25	
	GRI 103-3	Evaluation of the management approach	2.5 Major Topics and Stakeholder Communication	25	
	GRI 401-1	New employee hires and employee turnover	4.1 Talent Recruitment and Retention	81	
	GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1 Talent Recruitment and Retention	81	
	GRI 401-3	Parental leave	4.1 Talent Recruitment and Retention	81	
Occupational Health and Safety*	GRI 103-1	Explanation of the material topic and its Boundary	2.5 Major Topics and Stakeholder Communication	25	
	GRI 103-2	The management approach and its components	2.5 Major Topics and Stakeholder Communication	25	
	GRI 103-3	Evaluation of the management approach	2.5 Major Topics and Stakeholder Communication	25	
	GRI 403-1	Workers representation in formal joint management worker health and safety committees	3.4 Occupational Safety and Health	69	
	GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	3.4 Occupational Safety and Health	69	
	GRI 403-3	Workers with high incidence or high risk of diseases related to their occupation	4.4 Health Management	98	
	GRI 403-4	Health and safety topics covered in formal agreements with trade unions	3.4 Occupational Safety and Health	69	
	GRI 403-5	Worker training on occupational health and safety	3.4 Occupational Safety and Health	69	
Education and Training	GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.5 Contractor Management	78	
	GRI 404-1	Average hours of training per year per employee	4.2 Human Resource Development	91	
No Discrimination	GRI 406-1	Incidents of discrimination and corrective actions taken	4.3 Human Rights	94	
Child Labor	GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	3.2 Responsible Supply Chain	48	
Social Assessment of Suppliers	GRI 414-1	New suppliers that were screened using social criteria	3.2 Responsible Supply Chain	48	
Customer Privacy	GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.1 Customer Service and Quality	41	

Appendix 3

Accountant's Independent Assurance Report



安永聯合會計師事務所

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English Translation of a Report Originally Issued in Chinese

Assurance Report of Independent Auditors

To VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION

1. Scope

We have been engaged by VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION ("VANGUARD") to perform a limited assurance engagement in relation to and report on selected sustainability performance indicators included in VANGUARD's 2019 Corporate Social Responsibility Report ("the Report").

Regarding the sustainability performance indicators selected by VANGUARD and their applicable criteria, please refer to appendix A.

Management responsibility

VANGUARD is responsible for the preparation of 2019 corporate social responsibility report in accordance with adequate criteria, including referencing to Global Reporting Initiatives ("GRI") GRI Standards, and for the design, execution and maintenance of internal controls in regard with report preparation to support the collection and presentation of the Report.

Independent Auditor's Responsibility

Our responsibility is to plan and perform limited assurance engagement in accordance with the SAES NO. 1 Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by Taiwan Accounting Research and Development Foundation.

2. Assurance

The procedures performed in limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement so that the level of assurance is substantially lower than reasonable assurance engagement. While we considered the effectiveness of VANGUARD's internal controls when determining the



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working world

nature and extent of procedures, our review was not designed to provide assurance on internal controls

To conclude for limited assurance, our procedures performed included:

- Interviewing with VANGUARD's management and personnel to understand the VANGUARD's implementation of overall corporate social responsibility and reporting process;
- Understanding the main stakeholders of VANGUARD and their expectations and needs as well as interaction protocols by interview or examination of documentation and how VANGUARD responded to those expectations and needs;
- Performing analytical procedures on selected sustainability performance indicators, gathering and checking other supporting documentation and management information obtained, testing on sample basis if necessary,
- Reading VANGUARD's corporate social responsibility report to ensure the implementation of overall corporate social responsibility and reporting process is consistent with our understanding.

3. Limitations

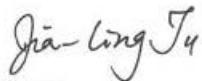
Non-financial information contained within corporate responsibility reports are subject to measurement uncertainties. The selection of different measurement techniques can result in materially different measurement. Also assurance engagements are based on selective testing of information being examined, and it is not possible to detect all of the existing material misstatements whether resulting from fraud or error.

4. Quality and Independence

We are in conformity with Taiwan SAS No. 46 "Quality Control for Public Accounting Firms" to establish and maintain a sound system of quality control, including code of professional ethics, professional standards and those written policies and procedures in applicable regulations. We are also in conformity with related independence and other ethics requirements in Taiwan's Norm of Professional Ethics, which basic principles are integrity, objectivity, professional competence and due care and professional behavior

5. Conclusion

Based on our procedures and obtained evidence, nothing has come to our attention that causes us to believe that any material modifications or adjustments should be made to the selected sustainability indicators in accordance with applicable criteria.



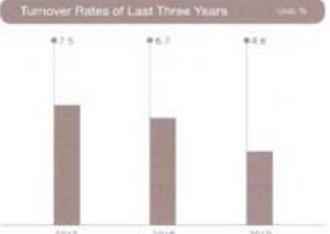
Jia-Ling Tu
Ernst & Young
July 30th, 2020
Taipei, Taiwan, Republic of China

Notice to Readers

The reader is advised that the assurance report has been prepared originally in Chinese. In the event of a conflict between the assurance report and the original Chinese version or difference in interpretation on the two versions, the Chinese language assurance report shall prevail.

附件一：

No.	Chapter	Article Title	Remarks	Applicable Benchmarking																																								
1	Chapter 1	About VIS	<p>2019 Consolidated Financial Information</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Basic Elements</th> <th>2019</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Direct Economic Value (A)</td> <td>Income (Note 5)</td> <td>24,982</td> <td>20,144</td> <td>28,775</td> </tr> <tr> <td></td> <td>Operating Cost (Note 2)</td> <td>13,112</td> <td>14,058</td> <td>13,709</td> </tr> <tr> <td></td> <td>Employee Salaries and Welfare (Note 3)</td> <td>8,522</td> <td>7,770</td> <td>7,001</td> </tr> <tr> <td></td> <td>Payment to Shareholders (Note 4)</td> <td>4,817</td> <td>4,817</td> <td>5,149</td> </tr> <tr> <td></td> <td>Payment to Government (Note 5)</td> <td>794</td> <td>1,307</td> <td>5,351</td> </tr> <tr> <td></td> <td>Community Contribution (Note 6)</td> <td>4</td> <td>4</td> <td>4</td> </tr> <tr> <td></td> <td>Netted Economic Value (A-B)</td> <td>9,174</td> <td>1,256</td> <td>8,830</td> </tr> </tbody> </table> <p>Note 1: Income includes net operating income and non-operating income and expense. Note 2: Operating cost includes cost of manufacturing, distribution, sales and welfare. (Gross margin = revenue less cost of sales) = reference to note 1 information on notes. Note 3: Employee salaries and welfare expenses include wages and salaries, benefits, and other costs. Note 4: Cash dividends or net loss. Note 5: Payment to government includes tax, stamp tax, utility tax, and other taxes. Note 6: Charity expenses donated to government agencies, social welfare groups, and non-governmental organizations.</p>	Item	Basic Elements	2019	2018	2017	Direct Economic Value (A)	Income (Note 5)	24,982	20,144	28,775		Operating Cost (Note 2)	13,112	14,058	13,709		Employee Salaries and Welfare (Note 3)	8,522	7,770	7,001		Payment to Shareholders (Note 4)	4,817	4,817	5,149		Payment to Government (Note 5)	794	1,307	5,351		Community Contribution (Note 6)	4	4	4		Netted Economic Value (A-B)	9,174	1,256	8,830	Direct economic value generated: revenues; Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments; Economic value retained: 'direct economic value generated' less 'economic value distributed'.
Item	Basic Elements	2019	2018	2017																																								
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2	Chapter 3	Green Manufacturing	Scope 2 Emission in 2019 : 440,700 tons CO ₂ e.	Scope 2 GHG emissions: activity data times emission factor times global warming potential (GWP) rates.																																								
3	Chapter 4	Friendl y Workpl ace	By the end of 2019, VIS had 5,315 total employees. In 2019, 104 new employees were hired and the employment rate was 1.9%.	The employment rate: VIS new employee hires in 2019 divide by the number of employees at the end of the reporting period.																																								

No.	Chapter	Article Title	Remarks	Applicable Benchmarking																																								
		Turnover Rate In 2019, 248 employees had resigned and the turnover rate continued to drop over the last three years. For a company that exhibited continued performance growth and substantial increase in the number of employees, the results remained relatively stable and healthy. To examine the 2019 turnover rates more closely, the average turnover rate was 5.9% among male employees and 3.3% among female employees. By age group, the average turnover rate was 10.1% among employees under age 30, 3.2% among those between 30 to 50 years old; and 2.7% for employees at 50 years of age or higher (including 3 retired).	<p>The turnover rate: VIS employee turnover in 2019 divide by the number of employees at the end of the reporting period.</p> <p>Turnover Rates of Last Three Years</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>2017</th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Turnover Rate</td> <td>7.5%</td> <td>6.7%</td> <td>4.6%</td> </tr> </tbody> </table> <p>Note: 2019 Turnover Rate Verified by Accountant</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2017</th> <th>2018</th> <th>2019</th> </tr> <tr> <th>Gender/ Item</th> <th>Number of People</th> <th>Turnover Rate</th> <th>Number of People</th> <th>Turnover Rate</th> <th>Number of People</th> <th>Turnover Rate</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>254</td> <td>10.3%</td> <td>237</td> <td>9.1%</td> <td>154</td> <td>5.9%</td> </tr> <tr> <td>Female</td> <td>127</td> <td>4.9%</td> <td>126</td> <td>4.6%</td> <td>94</td> <td>3.3%</td> </tr> <tr> <td>Total</td> <td>381</td> <td>7.5%</td> <td>363</td> <td>6.7%</td> <td>248</td> <td>4.6%</td> </tr> </tbody> </table> <p>Note 1: Turnover rate = Number of employees resigned during the year / (Number of employees at beginning of the year + Number of employees at year end) / 2 Note 2: The turnover rate was calculated based on former full-time employees, and did not include employees that are on unpaid leave or retired employees.</p>	Year	2017	2018	2019	Turnover Rate	7.5%	6.7%	4.6%	Year	2017	2018	2019	Gender/ Item	Number of People	Turnover Rate	Number of People	Turnover Rate	Number of People	Turnover Rate	Male	254	10.3%	237	9.1%	154	5.9%	Female	127	4.9%	126	4.6%	94	3.3%	Total	381	7.5%	363	6.7%	248	4.6%	
Year	2017	2018	2019																																									
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