

The state of implementation of Corporate Social Responsibility and deviations from Corporate Social Responsibility Best Practice Principles for TWSE/ TPEX Listed Companies and reasons

Assessment Items	Implementation Status			Deviations from Corporate Governance Best-Practice Principles for TWSE-TPEX Listed Companies and Reason(s)
	Yes	No	Explanations	
1. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy? (Note 3)	√		<p>VIVOTEK, Inc. regularly communicates with stakeholders, and leverages on the annual identification of the major issues of stakeholders to take corresponding measures, and strengthen the content of information disclosures. The Board of Directors has been formulated the “Corporate Social Responsibility Best Practice Principles”, it fulfills social responsibility in all aspects through implementation and promotion of corporate governance, development of a sustainable environment, maintenance of social welfare, and strengthen of information disclosure of corporate social responsibility program,etc.</p> <p>Environmental aspect: Vivotek is insisted that research, development, design and manufacture all take place in Taiwan. Its products are in compliance with International Safety Standards and Environmental Protection Regulations. Shared molds are used in the product development to reduce energy consumption. The greenhouse gas internal inventory will be conducted annually, and also reduction target will be set.</p> <p>Social aspect: The "Campus Donation" project has been launched since 2015 to replace and upgrade the existing surveillance equipment in many campuses in Taiwan to establish a professional and complete surveillance system. It fulfills social responsibility by improving the social influence with its expertise in security and surveillance. As of the date of publication of this annual report, Vivotek donated more than 1000 network cameras all over Taiwan. In addition, the Company also provides in-kind contributions to social welfare organization in Taiwan.</p> <p>Corporate governance aspect: The Company has a Head of Corporate Governance and established a "Risk Management Policy". The general manager is the chief executive officer of risk management, and the directors of various business units, regional directors, and heads of departments are the first-line risk management officers, who responsible to identify and manage risks in various aspects such as management strategy, operation, finance, hazard events, legal compliance, etc.</p>	Complied with the Corporate Governance Best-Practice Principles for TWSE Listed TPEX-listed Companies
2. Does the Company have a dedicated (or ad-hoc) CSR organization with Board of Directors authorization for senior management, which reports to the Board of Directors?	√		At present, the Company has a CSR Promotion Team (ad-hoc) unit that established under General Manager's Office, which directly reports relevant promotion projects to the General Manager, and reports relevant projects to the Board of Directors at least once a year.	Complied with the Corporate Governance Best-Practice Principles for TWSE Listed TPEX-listed Companies
3. Environmental Topic (1) Has the Company set an environmental management system designed to industry characteristics?	√		Vivotek will continue to conform the requirements of registration to the International Standard Organization, including ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and IECQ QC 080000 Hazardous Substance Process Management. The date awarded and expiration date of each certification are disclosed as follows: ISO 9001:2015 (From: April 30, 2021; To: April 29, 2024) ISO14001:2015 (From: May 22, 2021; To: May 21, 2024) IECQ QC080000:2017 (From: May 7, 2019; To: February 14, 2022)	Complied with the Corporate Governance Best-Practice Principles for TWSE Listed TPEX-listed Companies
(2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental	√		Hazardous substance identification and management is compulsory conducted for all the finished products, semi-finished products, components, accessories, packaging materials, and materials to be used in manufacturing process manufactured by the Company. In addition, Green Product	

impact?		Management (GPM) system is implemented for the establishment of green parts / product database to keep track of the environmental compliance status of parts and suppliers at any time. A random feeding testing management operation is conducted according to the risk level of materials in a timely manner. The Company has implemented waste separation to maximize the utilization efficiency of various resources. The reusable are recycled, and the clearance of inventory scrapping is managed by qualified vendor in order to reuse various resources and reduce the impacts on the environment.																	
(3) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	√	In response to climate change issues, the Company has invited professors from the Sustainability Management School, College of Management to provide education and training for management. The Company accesses the risks and opportunities relating to climate change in reference to the TCFD framework for the climate-related financial disclosures. The General Manager's Office accesses the risks of climate change every year, and proposes countermeasures and management goals. For details, please refer to 4.5 Climate-Related Financial Disclosures under Chapter 4 Corporate Social Responsibility in this annual report.																	
(4) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?	√	<p>The Company has carried out the ISO 14064-1 greenhouse gas (GHG) inventory environmental management system in 2014, and subsequently internal GHG inventory is conducted every year thereafter. The Company aims to minimize impacts on the environment and climate that caused by global warming due to GHG emissions through continuous improvement plans and activities. The following is the explanation on the relevant statistics and differences. For details, please refer to the Corporate Social Responsibility Report. The waste reduction has also been passed the organizational environmental performance evaluation of the ISO-14001 environmental management system.</p> <table border="1" data-bbox="628 1032 1251 1294"> <thead> <tr> <th>Year</th> <th>GHG</th> <th>Water consumption</th> <th>Total weight of waste</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>1,134.29 tonnes</td> <td>12,148 tonnes</td> <td>1.132 tonnes</td> </tr> <tr> <td>2019</td> <td>1,185.03 tonnes</td> <td>13,116 tonnes</td> <td>1.3095 tonnes</td> </tr> <tr> <td>Differences</td> <td>Reduced by 50.74 tonnes</td> <td>Reduced by 968 tonnes</td> <td>Reduced by 0.1775 tonnes</td> </tr> </tbody> </table>	Year	GHG	Water consumption	Total weight of waste	2020	1,134.29 tonnes	12,148 tonnes	1.132 tonnes	2019	1,185.03 tonnes	13,116 tonnes	1.3095 tonnes	Differences	Reduced by 50.74 tonnes	Reduced by 968 tonnes	Reduced by 0.1775 tonnes	
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4. Social Topic (1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	√	The company complies with labor-related laws and regulations, and follows international labor and human rights standards such as The United Nations Global Compact, Universal Declaration of Human Rights, UN Guiding Principles on Business & Human Rights, The OECD Guidelines for Multinational Enterprises, Social Accountability 8000 International Standards, etc. The Company has established human rights policies, work rules and regulations governing personnel management, which have been announced in the corporate governance section under investor relations of the Company's official website.	Complied with the Corporate Governance Best-Practice Principles for TWSE Listed TPEX-listed Companies																
(2) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	√	<p>1. Overall compensation policy</p> <p>The Company will regularly revise the "salary scales" based on the wage and salary survey which is conducted annually to weight market remuneration level and economic indicators in order to appropriately manage the salary payment for different grade levels and the performance and experience of different positions are taken into account as well.</p> <p>The Company provides a diversified and competitive remuneration scheme for employees, combined with performance appraisal and promotion systems, which used as the basis for employee salary adjustments. The quarterly bonuses and year-end bonuses will be given based on the operating condition of the Company, achievement rate of operating performance indicators and personal performance. Other than allocation of not less than 7% as the compensation for employees, performance bonuses, patent bonuses, R&D project bonuses and long-term incentive programs are also provided to retain and motivate outstanding talents.</p>																	

		<p>2. Remuneration system</p> <p>The Company has established human rights policies, work rules and regulations governing personnel management, covering the basic wages, working hours, leaves, pension benefits, labor and health insurance benefits, compensation for occupational disaster, etc. for employment of labor of the Company, which all are complied with the Labor Standards Act. The Company provides paid leaves and volunteer leaves, and staff parking that surpassed the Labor Standards Act. Also, the Company has set up an employee's welfare committee which is elected by employees to handle various welfare matters, including subsidies for weddings, funerals, celebrations, childbirth, and social activities, birthday gifts, etc., and a travel subsidy of NT \$8,000 per person every year to promote work-life balance.</p>	
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	√	<p>Providing employees with a safe and healthy working environment is the ultimate goal pursued by Vivotek. The Company has established an occupational safety and health (OSH) management entity and personnel, and formulated the OSH management plan, management rules and regulations, and code of practice based on the OSH related laws and regulations. The Company also provides annual health checkup, group insurance, breastfeeding rooms, physician visitation for work health-related consultation services, fitness and recreational equipment. The OSH training and 2 sessions of emergency evacuation drills will be conducted annually as well as during the new employee orientation. The Company also regularly conducts equipment and facility safety inspections to ensure personnel safety, including monthly inspection by OHS personnel, annual inspection of air compressors and local exhaust ventilation, quarterly inspection of drinking water by outsourced vendor and quarterly inspection of board. There were no major occupational disasters in the plant in 2020. The Company continues to promote the goal of zero occupational disasters in the plant in 2021. At the same time, we will strengthen occupational safety and the professionalism of occupational health nurse, and implement the responsibilities of relevant designated personnel in accordance with laws and regulations.</p>	
(4) Has the Company established effective career development training plans?	√	<p>The Company recruits the best talents in the industry, and emphasizes on the career development of each talent. The Company provides multiple learning means to help employees effectively improve their abilities to meet the required functions of their ideal position for career advancement. Therefore, the Company has established various colleges like Fresh Graduates College, Leadership College, Expert College and Value College to meet the learning needs of employees in various fields. Fresh Graduates College will provide courses like Company's value delivery, physical and psychological safety in workplace, management system of certification, intellectual property rights, information security, team building, etc. for the new recruits. Leadership College will design different leadership management courses for top managers, mid-level managers, first-level managers, and management trainees including performance management, consulting skills, situational leadership, strategic goal setting, etc. Expert College will design courses that meet the needs of R&D, business marketing, manufacturing, quality management, and financial analysis for the year. Value College will provide courses like internal product sharing, successful marketing case studies, annual communication conference, presentation skills, internal train-the-trainer training, corporate social responsibility, employee assistance program, etc.</p>	
(5) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set policies to protect consumers' rights and consumer appeal	√	<p>The Company's products are in compliance with International Safety Standards and Environmental Protection Regulations such as Restriction of the Use of Hazardous Substance (RoHS) in electrical and electronic products in European Union, and the relevant information is labeled on the packaging. Vivotek emphasizes on the user opinions and customer satisfaction. We provide different forms of customer technical support channels, such as online customer service mailbox, customer service via network communication software, email technical window, Youtube channel for exclusive technical support and technical</p>	

procedures?		support website to provide product knowledge base, FAQ, troubleshooting guides, product tutorials and technical documents. In addition, Vivotek has established local repair service centers in its key markets worldwide, such as Asia-Pacific, the United States, Europe, India, Mexico and Brazil for product repairs. Also, an RMA after-sales service platform is established to provide access to the distributors for repair application through system, product warranty check, and repair works progress inquiry. Vivotek provides complete maintenance or replacement services to offer best customer satisfaction guarantee. The internal management process of the Company is formulated based on the EU General Data Protection Regulation (GDPR). A privacy policy exclusive page on the Company's official website is set up which serves as an interface to interact with customers to protect customer privacy.	
(6) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	√	Suppliers are important partners of Vivotek for sustainable growth as both parties are excellent local companies. In response to the constantly changing consumer market, both parties adopt symbiotic and co-prosperity relationship through continuous technology exchanges. This including production technology seminars, selection of eco-friendly materials, quality improvement guidance, management of incompatible metals, and encourage suppliers to operate in compliance with the code of business conduct in labor, environmental protection, and business ethics, and the relevant laws and regulations. Vivotek has always complied with the laws and regulations by requesting suppliers to fill in the "Statement of Non-Use of Hazardous Substances" and "Conflict Minerals Survey". With regards to the quality of materials, monthly discussions on suppliers' material issues is conducted and quality improvement coaching is provided to suppliers. The Company is striving towards the target of zero defect detection, and continue to assist suppliers in overall quality improvement to meet international standards. At present, our suppliers are requested to sign a "Supplier Sustainability and Integrity Commitment Letter" in order to strengthen supply chain management. The "Vivotek Supplier Code of Conduct" is formulated and used as a basis for regular evaluation of subsequent cooperation in the selection of suppliers. Those unreliable suppliers, who violated their corporate social responsibility policies and have a significant impact on the environment and society will be disqualified from being our suppliers.	
5. Does the Company refer to international reporting rules or guidelines to publish CSR Report to disclose non-financial information of the Company? Has the said Report acquire 3rd certification party verification or statement of assurance?	√	The Company's Corporate Social Responsibility Report is prepared in reference to the Global Reporting Initiative Sustainability Reporting Standards (herein below, the "GRI Standards") promulgated by the Global Reporting Initiative (herein below, GRI). The 2020 Corporate Social Responsibility Report was acquired 3rd certification party verification for the first time. The Company has appointed SGS Taiwan to verify the report based on the core option of GRI Standards and the AA1000 Type I medium assurance level.	Complied with the Corporate Governance Best-Practice Principles for TWSE Listed TPEX-listed Companies
6. If the company has established its corporate social responsibility code of practice according to "Listed Companies Corporate Social Responsibility Code of Practice," please describe the operational status and differences. The Company has formulated its corporate social responsibility code of practice, and its daily operations are implemented in accordance with corporate governance, sustainable environment, social welfare and corporate social responsibility information disclosure.			
7. Other important information to facilitate better understanding of the company's implementation of corporate social responsibility: Please refer to "Corporate Social Responsibility" of this annual report.			

- Note 1: If the box of the state of operation is marked with "Yes", please state the important policies, strategies, and measures adopted and the implementation status. If it is marked with "No", please explain the reasons and state the plans to adopt relevant policies, strategies and measures in the future.
- Note 2: For the state of operation, indicate the methods to access the CSR report and the index page of the report if the company has prepared a CSR report.
- Note 3: The materiality principle refers to environmental, social and corporate governance issues which have significant influence on the Company's investors and other stakeholders.