

VIVOTEK

A Delta Group Company



2021 VIVOTEK SUSTAINABILITY REPORT

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0 Introduction

In 2021, VIVOTEK began adopting sustainable practices in its business operations, promoted international initiatives, and continued its rebranding process.

This year, VIVOTEK plans to integrate environmental issues into independent chapters with the brand catalyst “Concern for Others” as the new topic and “**Rebranding for Sustainable Care**” as the main purpose of this year’s report. We will also continue to improve our efforts in the following areas: E(Environment), S(Society), and G(Governance) to achieve our sustainable management goals.

President of VIVOTEK



0-1 About This Report

VIVOTEK begins its Corporate Sustainability Journey with the brand catalyst “Concern for Others”. It aims to focus and report on important aspects relevant to the E(environment), S(society), and G(corporate governance). With the brand catalyst, VIVOTEK is also able to uphold its brand core values: integrity, responsibility, care, and innovation, while adopting a corporate culture characterized by speed, transparency, quality, and teamwork in daily operational decisions; all these are supported by the company’s achievements in 2021.

This year’s report is focused on the topic “rebranding for sustainable care,” in addition to the officially announced 2021 internal and external rebranding based on VIVOTEK’s caring spirit that is aimed at addressing stakeholder concerns and achieving corporate sustainability.

Coverage category and time scope

Time frame: January 1, 2021 to December 31, 2021

Coverage: The main source information is the headquarters of VIVOTEK Inc in Zhonghe District, New Taipei City, Taiwan.

Reporting Guidelines

VIVOTEK issues the report on a voluntary basis, framing the structure of the report based on major issues that concern stakeholders. It complies with GRI Sustainable Reporting Guidelines (GRI Sustainability Reporting Standards or GRI Standards for short) issued by the Global Reporting Initiative (GRI). The disclosure is made in accordance with GRI Standards. For comparison of relevant content with GRI standards, please refer to the GRI guidelines in the appendix. This report responds to the United Nation’s SDGs (Sustainable Development Goals) and provides details in Chapter 2.2 “Global Sustainability”. In other chapters, specific SDG-related actions are also explained in detail. The financial data in this report was based on the annual financial report certified by PwC Taiwan.

Internal management process and issuance of reports

This report is based on the information collected and organized by the sustainability promotion team of VIVOTEK. It was completed and issued after the approval of the President. In support of a paperless environment, an electronic version of the sustainability report was issued and published on the Company’s website.

2021 ESG report release date: October, 2022

2022 ESG report release date: Expected to be issued in October, 2023

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VIVOTEK Inc. Sustainability Official Website :

<https://www.vivotek.com/csr/content/10/ESG>

VIVOTEK ESG Report :

<https://www.vivotek.com/csr/content/9/download-report>



0-2 Message from the President

The pandemic has made a significant impact on the world and changed our lives. It has also posed various challenges to business operations. As of 2021, VIVOTEK has more than 1,100 employees worldwide. The efforts of the management team and colleagues achieved a consolidated revenue of NTD5.452 billion, which is a 1.67% decline compared to the rate in 2020. The main reason for this is the huge impact of the pandemic on international trade, which caused an imbalance in the supply chain that the Company had to face. VIVOTEK has actively addressed the issue and continues to optimize its internal structure, which is an effective operations strategy. For the future development of the business blueprint, the Company will continue to sell products that comply with the US National Defense Authorization Act. It will also continue to optimize information security protection capabilities to create security business opportunities amid the pandemic, and expand the scale of operations through a vertical market layout and the development of smart solutions, supplemented by the creation of smart factories, entry into the access control market, and enhancement of service capacity to expand its foundry business. According to a survey, the global image sensor security market will have a compound annual growth rate of nearly 8% in the next five years. VIVOTEK is driven by the dual track operation of its OBM and foundry business. At the same time, its efforts to automate production, optimize manufacturing costs, and enhance value will help meet customer satisfaction and shareholder expectations.

For environmental sustainability, VIVOTEK actively responds to the global renewable energy initiative RE100 advocated by its parent company, the Delta Group. The initiative is focused on the ability to save energy through solar self-consumption and investment in renewable power plants. It will also evaluate the trading capability maturity of the local green power market and use green power purchase agreements or renewable energy certificates to achieve set goals. Joining the RE100 initiative will further promote the development of green energy among downstream suppliers and establish a corresponding ICP cost center. It is expected that all units and employees of the Company will integrate ESG into daily operations, so as to maximize positive energy-saving and carbon reduction benefits. In addition, VIVOTEK will promote lean production, accelerate the strategy of promoting factory intelligence, as well as establish and promote a rationalization and standardization process with the assistance of the production department and central coordinating unit. Finally, the automation team will plan and import automatic production into the manufacturing line.



Alex Liao, President of VIVOTEK.
VIVOTEK placed second in the 8th Corporate Governance Evaluation.

VIVOTEK has turned common social issues into something interesting. It has expanded brand activities based on its brand catalyst “concern for others,” created a local care plan (i.e., a community safety map), and integrated real-world games and tasks that enable employees to enter the community through a real, interactive, and life-like approach. VIVOTEK uses a community safety map to identify safety and danger zones in the neighborhood. It also upholds its brand spirit and purpose to ensure community safety and environmental optimization, thereby creating a safe and secure living environment through specialized security solutions. While establishing a strong two-way communication and ensuring community safety, the company responds to the United Nations sustainable development goals (SDGs) by promoting industrialization innovation and infrastructure construction as well as sustainable urban and rural initiatives to achieve the goal of sustainable development.

In terms of corporate governance (Governance), VIVOTEK actively implements and promotes effective corporate governance and ESG measures as a way of establishing a good internal management mechanism. In 2022, VIVOTEK placed second in the 8th corporate governance evaluation, according to the Taiwan stock exchange. Thanks to effective operations management, the company was able to surpass five levels in just two years. Moreover, it was included in the category of small and medium-sized companies with market capitalization of 5 billion to 10 billion, ranking among the top 5% of new companies. VIVOTEK received high scores based on the following criteria: protecting shareholders' rights and treating shareholders equally, strengthening the structure and operations of the board of directors, improving information transparency, and implementing corporate social responsibility.

VIVOTEK was established in 2000 and strongly supports the Taiwan market. With local R&D, design and manufacturing advantages, VIVOTEK boasts a dual business (i.e., OBM and foundry) and has penetrated the international market. It has successfully established strategic alliances with global partners and cooperates with more than 180 authorized dealers in more than 100 countries. It also has branches/offices in the United States, Japan, the Netherlands, India, and Mexico. With over 21 years of experience, VIVOTEK is widely recognized in the market for its leading technical capabilities in imaging and audio. The company is committed to developing security cameras as well as image management software, and uses artificial intelligence, machine learning, and edge computing in its products.

In order to enhance brand value, integrate artificial intelligence and develop cloud services in the IoT era, we launched a rebranding plan in 2021 with the slogan “We get the picture” as the basis for organizing a series of brand activities. VIVOTEK received the Taiwan international brand potential star award for two years given its outstanding performance in terms of brand strength, brand power, and financial performance. In the IoT era, information security is valued highly by the market. The product design of VIVOTEK is R&D-oriented and prioritizes on information security. The company continues to cooperate with Trend Micro to upgrade the protection capabilities of its network cameras. In dealing with information security, VIVOTEK combines four major aspects; namely, production, government, education, and research in order to optimize the security structure, improve the industrial information security protection network, develop a blueprint for a full range of security products, and strengthen the information security of export products. It was presented the first golden defense award by the Industrial Development Bureau of the Ministry of Economic Affairs. VIVOTEK is the brand with the most information security certifications in Taiwan, making it a security industry model in the IoT era.

Looking to the future, VIVOTEK will continue to uphold a sustainable enterprise management and carry out its rebranding process. This year, environmental issues have been consolidated into a separate chapter, along with the integration of the brand catalyst “Concern for Others”. The new “Rebranding for Sustainable Care” serves as the theme and focus of the Company's self-published fifth corporate report. VIVOTEK will continue to strengthen the promotion of sustainable strategies, actively arrange relevant courses, and expand cross-departmental participation. It will also set short-term, medium-term, and long-term strategies to strengthen the disclosure of information and improve each chapter of the report. VIVOTEK has also conducted a survey to gather stakeholder concerns, including information on innovation and R&D, economic performance, risk management, labor relations, corporate governance, customer relationship management, employee development, supplier sustainability management, social participation, talent attraction and retention, information security, and other aspects. It will continue to improve efforts in the following: E-environment, S-society and G-governance, and advocate sustainable management.



1 Overview

In 2021, the Company officially announced the internal and external rebranding plan. It also utilized the new brand image to develop an overall communication strategy.

- ① Corporate Culture : **Speed, Transparency, Quality, Teamwork.**
- ② Core Values : **Innovation, Care, Integrity, Accountability.**
- ③ Brand Catalyst : **Care - Concern for Others.**
- ④ Brand slogan : **"We Get the Picture".**

2021 Awards and Honors :

- ① Ranked among the **top 20** security companies in the world by the International Security a&s magazine for nine consecutive years.
- ② **Bronze medal** in the evaluation of quality management system for talent development presented by the Ministry of Labor.
- ③ Won the first **Golden Defense Award** and ranked among the most certified brands in Taiwan's information security.
- ④ Won the **Taiwan International Brand Potential Star** for two consecutive years.

Speed
Transparency
Quality
Teamwork

1.1 Operating Philosophy and Overview

Company name	VIVOTEK Inc
Date of Establishment	2000 AD
Address	No. 192, Liancheng Road, Zhonghe District, New Taipei City
Chairman	Yong-Jian Luo
General Manager	Chen-Chi Liao
Capital	NTD 866 million
Global offices	USA, Japan, Netherlands, India, Mexico
Stock code	3454.TW



Overview

VIVOTEK was established in February 2000. Its headquarters is located in Zhonghe District, New Taipei City. It is a global marketing company that has its own leading security brand and maintains an OEM business at the same time. Its brand name VIVOTEK is a combination of the following English words/letters: "VI" stands for Video, "VO" stands for Voice, "O" stands for Communication, and "TEK" stands for Technology. The Company has 22 years of industry experience and is widely recognized by the market for its leading technical capabilities in imaging and audio. It is involved in Taiwan R&D, production, and manufacturing. It is also committed to developing IP cameras and video management software. It utilizes artificial intelligence, machine learning, and edge computing in product service content. In 2017, the Company joined the Delta Group, a global leader in power management solutions, and became one of the latter's core businesses focused on safety and intelligence in the building automation industry. VIVOTEK stays committed to providing the most trustworthy smart security solutions and hopes to become the world's first-line security brand.

2021 Key Performance

NTD 54.52 (billion) Consolidated revenue	EPS : 2.17	level 2 Corporate Governance Evaluation	1,100 (people) Employee number	63% increase in employee training hours

Business Philosophy

Adhering to its core values (i.e., integrity, care, innovation, and responsibility), the Company regards integrity as its foundation and provides care to its customers, employees, shareholders, and strategic partners, while incorporating innovation into solutions by continuously launching many industry-leading and high-quality products that receive international design and innovation awards and recognition. Lastly, VIVOTEK adheres to its responsibility in fulfilling its commitments to customers and the organization. In the future, the Company will undertake challenges, stay innovative, enhance the industrial supply chain, expand overseas through its own brand channels and create a full range of security solutions with global strategic partners.

Company Culture

Following the rebranding plan, the Company promotes and implements its corporate culture of speed, transparency, quality and teamwork into daily operations, thereby instilling these characteristics into every colleague in VIVOTEK. Employees of VIVOTEK continue to follow the working model related to the R&D process, design, manufacturing, and production, so as ensure that only high-quality products enter the market, which in turn help gain the trust and support from customers.

Corporate Sustainability Policy

The Company takes into account domestic and foreign trends related to sustainability, as well as the relevance of its core business, and the impact of its operating activities on stakeholders. If there are major policy adjustments, they must be implemented after approval of the board of directors or authorized senior management. In order to achieve the goal of sustainable development, establish a good corporate governance system and fulfill corporate sustainability responsibilities, the Company will operate according to the following objectives:

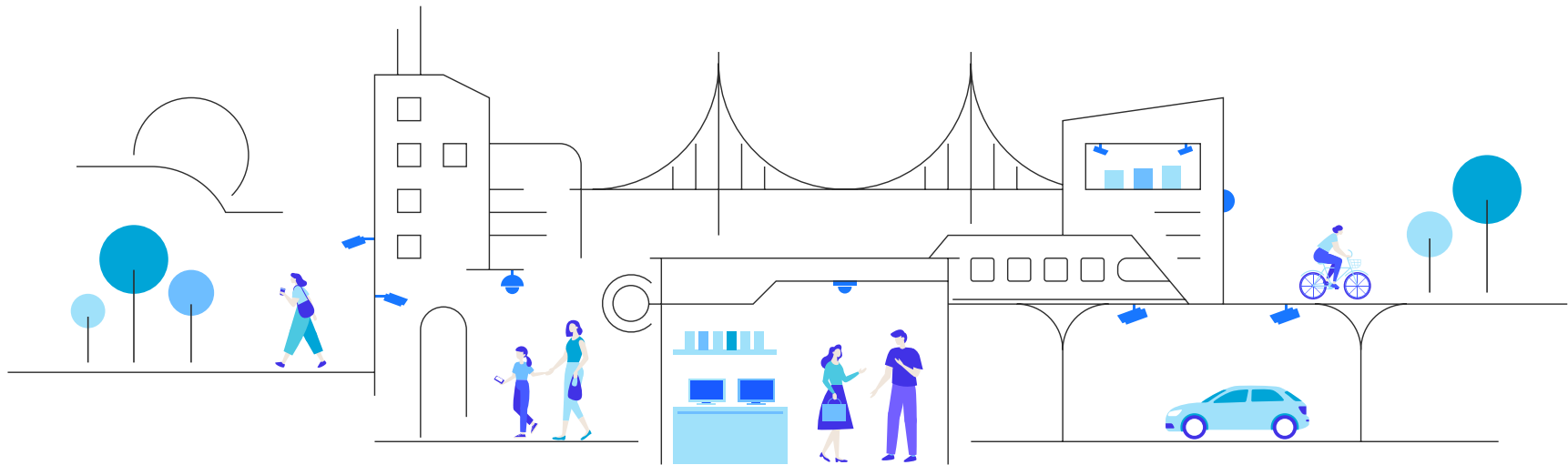
1. Implement corporate governance
2. Develop a sustainable environment
3. Promote social welfare
4. Strengthen information disclosure on sustainable development of enterprises



1.2 Rebranding



We Get The Picture



1.2.1 Why Rebranding

As the world's leading surveillance brand, VIVOTEK remains positive while continuing its efforts to drive the brand to greater heights and lead the team in improving brand positioning and image so as to put plans into action.

In the past 20 years, Taiwan-based company VIVOTEK has successfully managed its own brand and is listed as one of the top 20 surveillance equipment manufacturers in the world. This does not only prove the Company's innovative ability but also affirms the management team's hard work and constant pursuit of excellence.

In facing next-generation industry challenges, VIVOTEK together with brand consulting company DDG participated in the "2020 Branding Taiwan Project" and successfully completed the company's brand positioning strategy. The decision-making team of VIVOTEK selected and determined its brand strategy, brand communication strategy, and new brand identification system, which would serve as a strong foundation for the team in handling the company's brand and foundry business in the future, as well as in maintaining sustainable operations.

We create practical plans and actions to achieve the following goals:

- A. Position VIVOTEK as a solution for the surveillance industry.
- B. Determine the positive stimuli that can drive the brand and guide the internal team to continuously plan and put efforts into action in order to facilitate international market expansion with the ultimate goal of becoming a leading brand in the market.

1.2.2 Rebranding Process

VIVOTEK has fully upgraded its brand recognition system as well as internal and external communication, and officially established the policies and process involved in its brand launch and management.

VIVOTEK strategically introduced its brand recognition system and communication strategy. In addition to reacquainting the market with its brand advantages, beginning with its business as a solution provider for the surveillance industry", the Company can create a new brand position as well as internal and external communication system.

A. Expand the VIVOTEK brand identity system and communication strategy developed through the 2020 Branding Taiwan Project

VIVOTEK joined the Delta system in 2017 and became one of the latter's core businesses focused on safety and intelligence in the building automation industry. It has actively responded to the parent company's sustainability initiatives and carbon reduction plans. It carries a new brand identity and overall corporate image as a Delta Group Company, which is indicated in formal and external offline or digital marketing or print and expo business communications.

VIVOTEK
A Delta Group Company

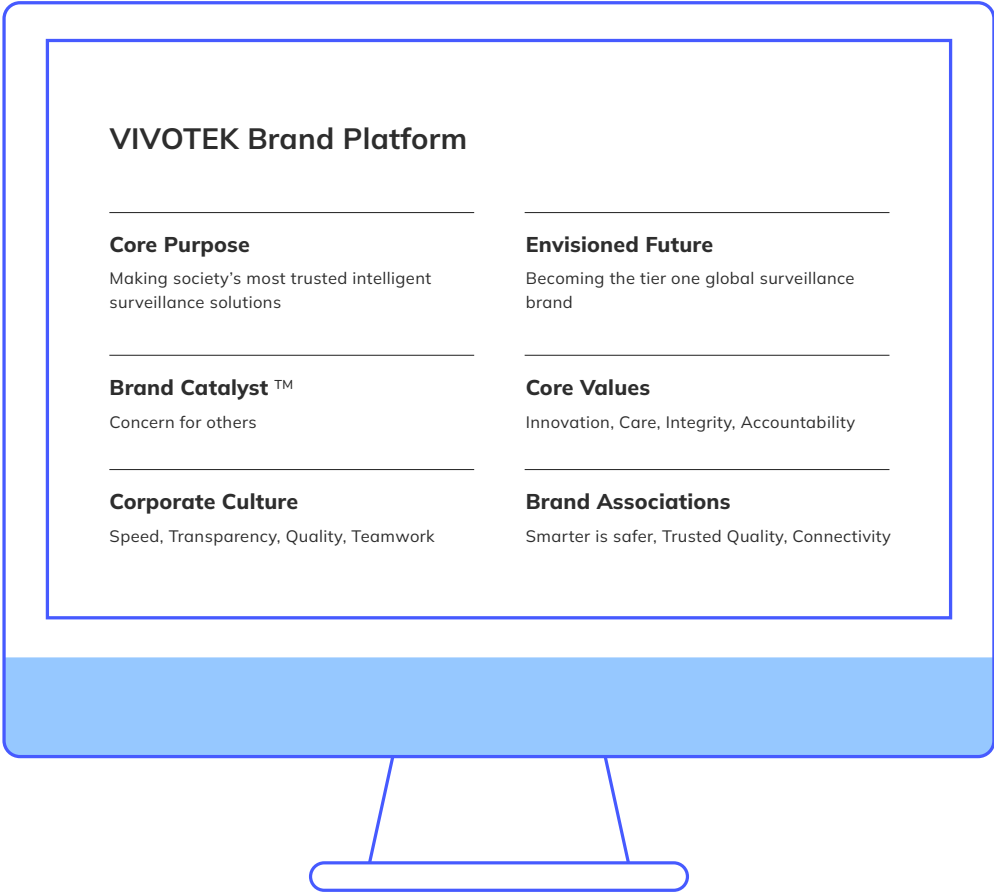
B. Issue communication content based on brand positioning and business strategy

To provide the most trustworthy smart security solutions, VIVOTEK adheres to its core values: integrity, care, innovation, and responsibility. It redefines and extensively promotes its corporate culture characterized by speed, transparency, quality, and teamwork, with the brand catalyst "Concern for Others" as the driving force. It also promotes internal and external corporate and marketing activities, with the goal of becoming the world's top security brand.

C. Aside from presenting a different kind of visual communication, the new brand image creates a series of brand marketing, market positioning, and communication strategies that promote the reputation of VIVOTEK in both the industry and international markets.

The official brand launch in the international market is important. It is an opportunity to showcase the new identification system and communication content, as well as announce to the market and to the company's global employees the new position and direction for future development that VIVOTEK plans to undertake in the surveillance industry.

The rebranding process is divided into two parts: external and internal. With the consensus of the team, the rebranding involves highlighting the brand's advantages to enable market repositioning.



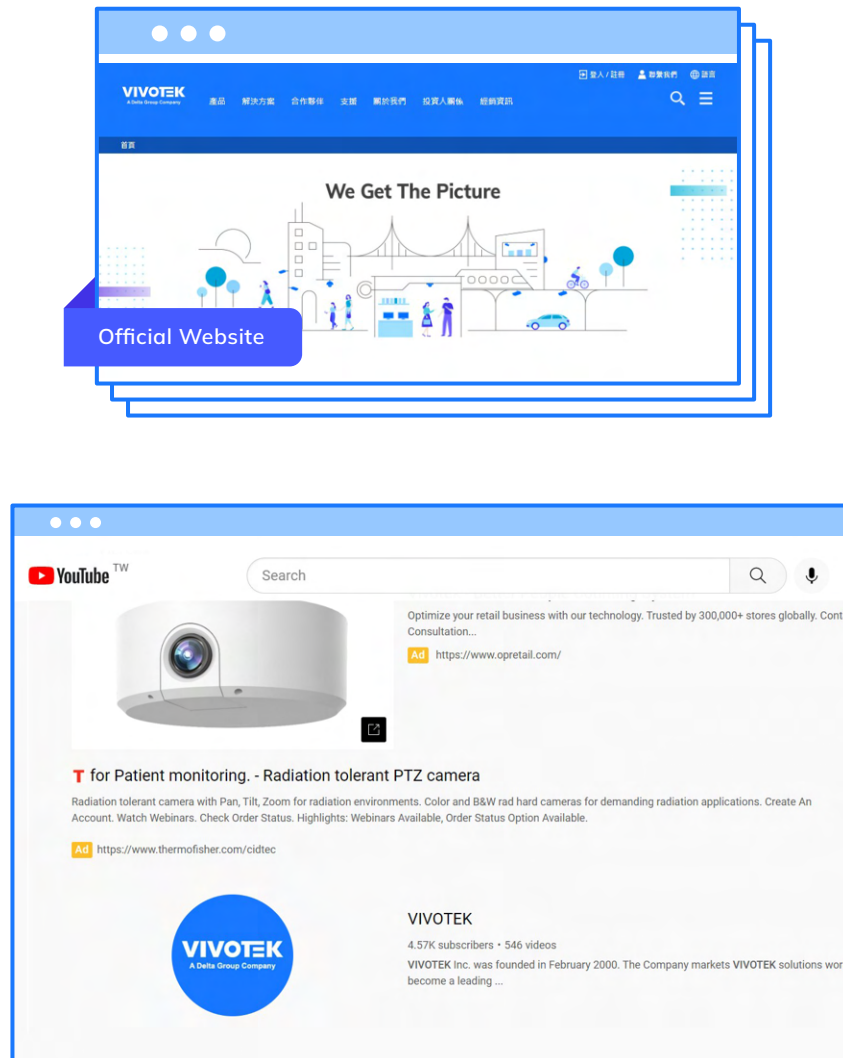
1.2.3 Public Launching of Rebrand

Launching a rebrand to the public is a way to recommunicate the brand's overall image. It redefines to customers the product and service positioning, including the whole brand and its advantage compared to those of competitors, which results in better product appeal that creates a win-win situation in the market. For stakeholders, VIVOTEK offers a more comprehensive communication and interaction given its new image. It positions itself as a reliable brand and aims to become an industry leader and partner. VIVOTEK has launched its new image through various channels, conveying relevant messages to individual target groups and providing solid and comprehensive brand communication.

A. Product Strategy

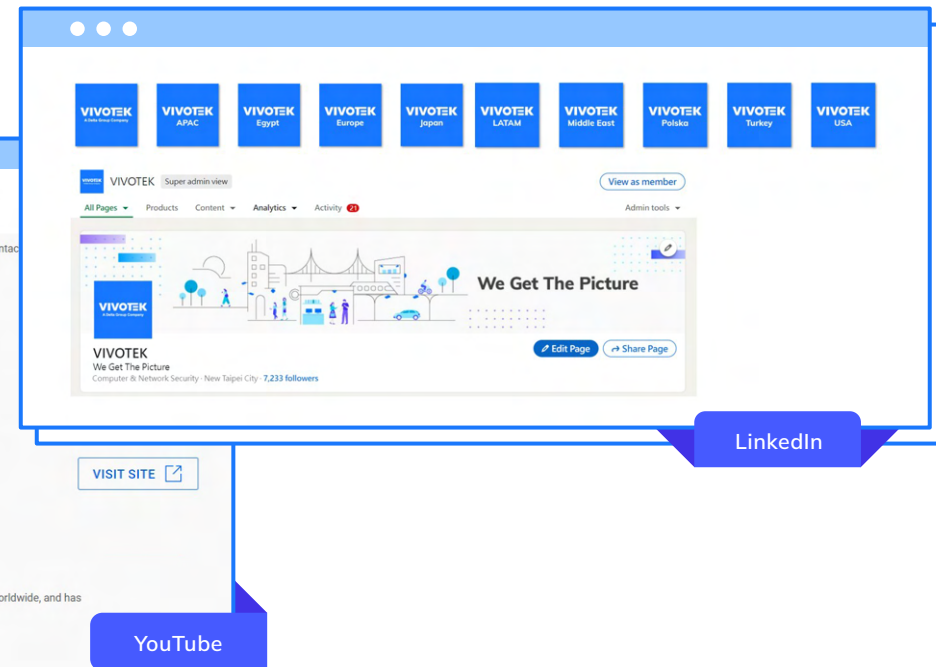
The overall packaging and printing of the product also carry a new design; this includes the outer packaging, product catalogues, and page promotions. The new design is expected to attract customers, enabling them to feel the consistent message and service of the brand throughout their customer journey.

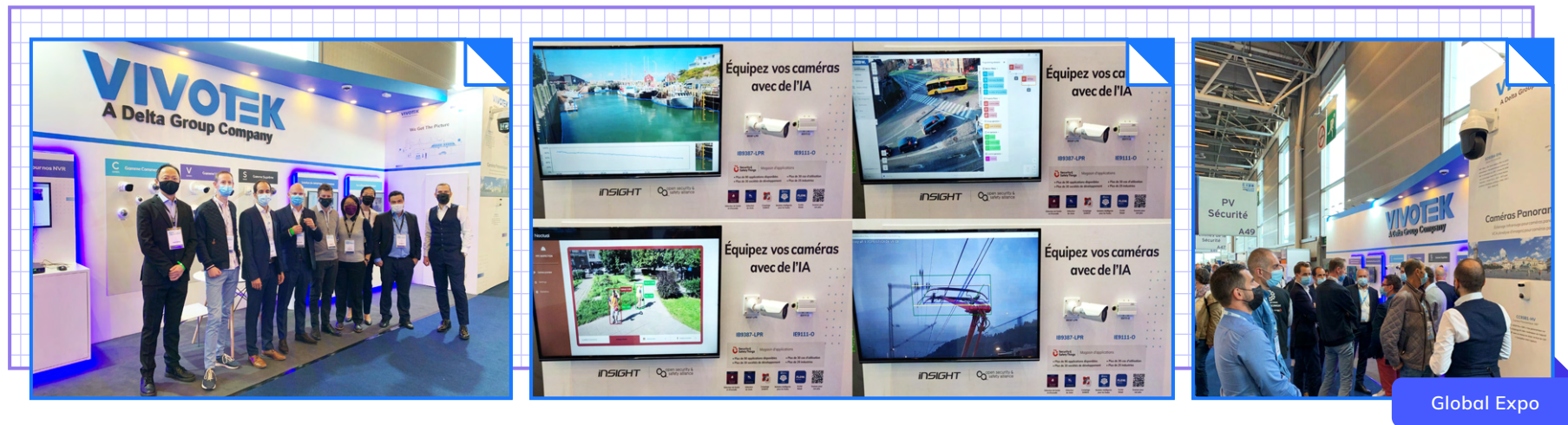




B. Social Media and Expo Promotion

VIVOTEK has released its brand image and introduction video on its official global website and social media accounts such as LinkedIn and Youtube. It also has a new image and communication strategy to effectively communicate with its target consumers. This brand exposure also covers local and international exhibitions where brand elements are integrated and vibrantly presented at the venue, thereby successfully continuing to communicate with existing customers and attracting potential customers.





C. External Relations and Media Exposure

The brand image is also applied to various external communication and communiqués, including customer greeting cards for important festivals, as well as Chinese New Year media gifts and all kinds of visual information. To let customers and shareholders appreciate the company's rebranding efforts, VIVOTEK has integrated new brand elements and designed various visuals and messages that are consistent and accurate. VIVOTEK hopes to complement its existing brand image with prevailing market conditions. It will also continue to strengthen its rebranding efforts to help the company achieve positive and sustainable development.

While promoting the new image, VIVOTEK remains steadfast in its corporate sustainability and responsibility with the Brand Catalyst: "Care- Concern for Others" as its driving force, while actively responding to the United Nations initiative. For its 2021 media gift, besides using new visual elements, VIVOTEK carefully selected gift boxes that are eco-friendly and produced by small farmers, in response to the United Nations Sustainable Development Goal SDG2 - eliminating hunger. This demonstrates corporate sustainability in every external brand image communication.





1.2.4 Internal Dissemination of Rebranding

For employees, rebranding helps consolidate the team and the brand. It reacquaints employees to the Company's brand spirit and positioning in order to have a common language and connect internally as well as present a consistent image externally. This internal dissemination process provides the best opportunity to completely communicate with employees while developing and offering a series of brand activities to improve employee wellbeing and participation. It is hoped that through multicomunication using small gifts, brand spirit, and the corporate slogan, employees can fully feel the vitality and new image of the Company, as well as remain consistent with brand communication so as to promote cross-departmental team interaction and to take pride in being members of VIVOTEK.

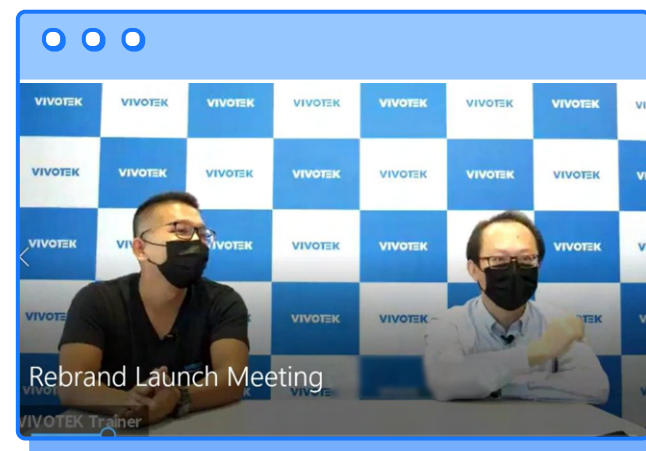
A. Defining Corporate Culture

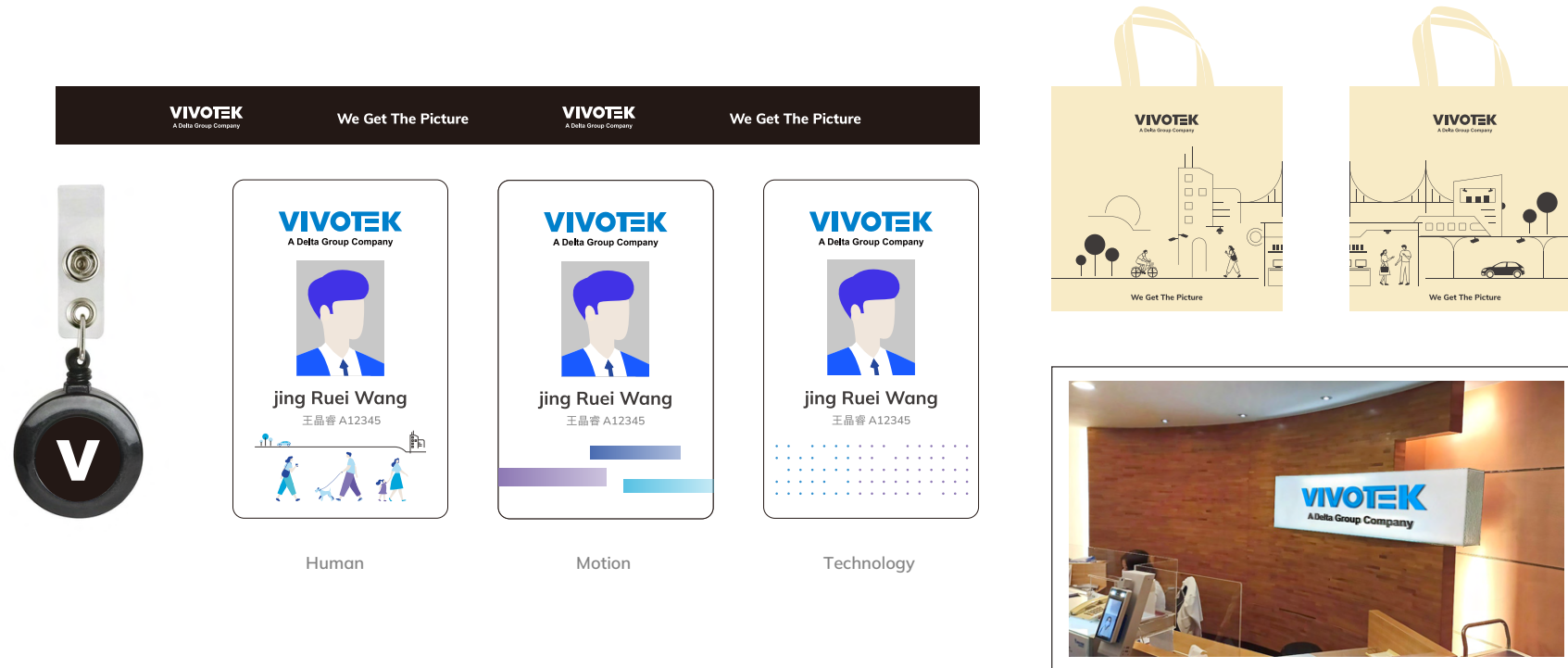
Speed, transparency, quality, and teamwork characterize the Company culture after rebranding. Corporate culture is important in internal communication and needs to be promoted through a series of activities. It focuses on the following:

- **Speed** : To understand and determine important timeframes and seize the opportunity to complete a mission at every critical moment.
- **Transparency** : To be open and transparent in work and communication, to enable the team to assess situations accurately, to reduce mistakes, to achieve smooth communication, and to improve outcomes.
- **Quality** : This is an important asset of VIVOTEK which is also the company's commitment to customers; "quality first" remains to be VIVOTEK's priority and nothing can change this practice.
- **Teamwork** : From R&D to sales and service, VIVOTEK is a big market player. Regardless of the role an employee plays within the organization, any problem that the team faces is everyone's concern. Team members have empathy and the right mindset. They are able to propose the best solution to achieve synergy, cooperation and benefit. The honor of the team is the honor of the Company. Sharing both achievements and challenges as a group demonstrates good teamwork.

B. Rebrand Launch Meeting

The internal launching of the rebranding project has been carried out for three years, starting with an initial interview, followed by the establishment of a brand strategy and visual image. The online presentation was officially announced on June 9, 2021. The plan includes a new brand communication strategy and identification system. The presentation has a complete display and description for employees. Two online presentations on rebranding were completed in both Chinese and English. These were communicated to global employees and achieved brand consensus.





C. Exclusive Brand Items for Employees

VIVOTEK produced a series of brand products, including reusable shopping bags, t-shirts, ID card sets and business cards used in daily operations to increase overall employee brand identity. There is a small inspiration in the ID card design, which uses brand elements including three different icons representing humanities, dynamics, and technology. Employees can choose the icon that best represent them and create their own ID cards. The harmonious work environment allows employees to interact and improve their relationship with each other. The reception area of the VIVOTEK headquarters was also renovated, so that visitors can also feel the new atmosphere.

D. Employee Branding Activities

VIVOTEK organized a brand activity based on the slogan “We get the picture,” but with a twist (i.e., “We get the picture, you get happy hour!”) to promote its new brand vision and facilitate interaction among employees. This also enabled employees to adopt the new brand system and to keep the business spirit strong.

- Activities :

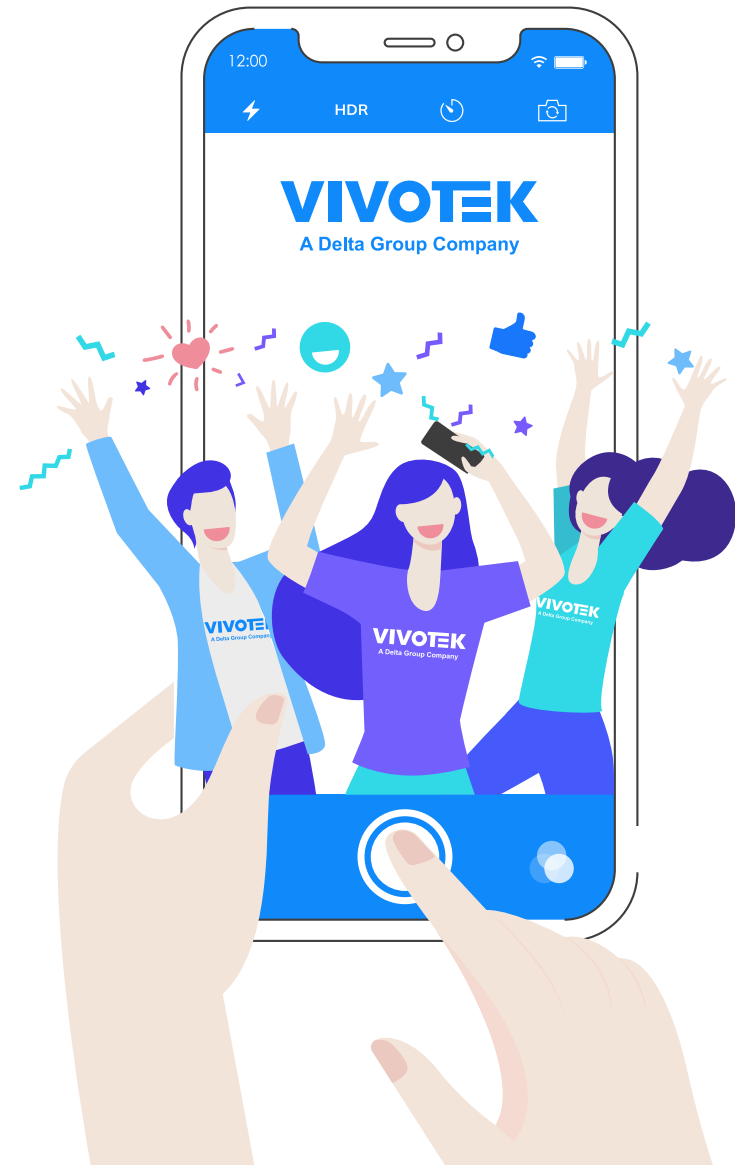
Employees were encouraged to upload photos, possibly showing the brand logo. The organizer presented participation awards, employee vote awards, and brand image awards to facilitate employee interaction and increase overall engagement.

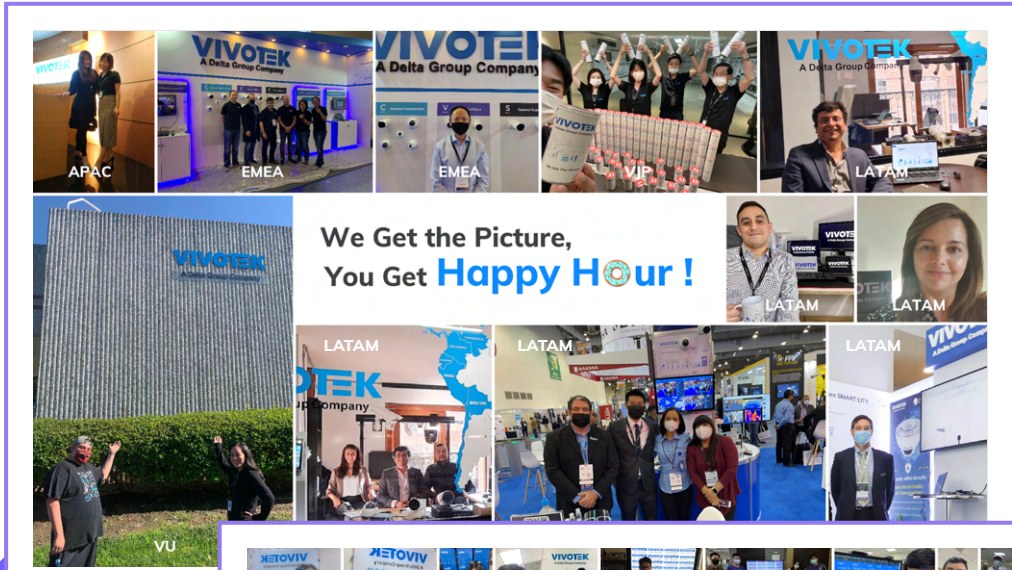
- Purpose :

Encourage employees to wear the shirt and identity card with new brand, following the new branding recognition system and test the system by taking photos to participate in the rebranding activity and feel the vitality of the new brand.

- Results :

The “We Get the Picture, You Get Happy Hour!” brand activity was successful in promoting the new brand among local employees as well as overseas branch employees who were eager to participate, as seen in the happy group photos with the new brand. For several months in a row, the employee e-newsletter featured the activities and requested employees to participate in the voting, as a show of support to colleagues in the same department or to help the Company choose the best photos. This greatly increased the number of employee e-newsletters. The winners were selected based on the click-through rate and interaction level. It was an important commemoration of the first all-staff activity after the rebranding event.





Photos from Vivotekers



International colleague winners



E. Brand Ambassador Selection

VIVOTEK strengthened unity among the staff and encouraged participation and contribution to the brand. It also promoted brand internalization to bring meaning to work as well as corporate culture and identity, so as to make VIVOTEK a happy company with brand value.

At the end of 2021, brand ambassadors were selected in all departments to act as spokespersons, promoting the brand internally.

The selection criteria for brand ambassadors are in line with the corporate culture: representative employees who demonstrate speed, transparency, quality, and teamwork, along with energetic partners from different units that help promote rebranding efforts and create a new atmosphere for the Company.

F. Office Brand Wall Design

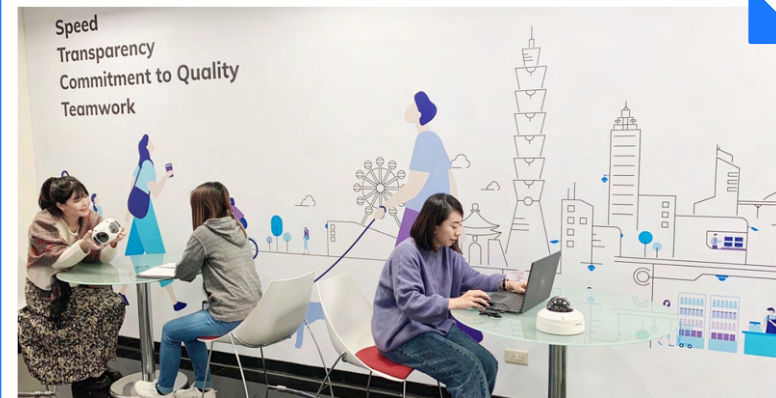
Creating a good work environment for employees is very important. New brand elements were integrated into the daily work environment, bringing the brand concept into the employees' working conditions. Using the new brand image and elements, VIVOTEK designed a series of brand walls found in various landmarks in Taiwan, including Taipei 101, MRT, airport, etc., showcasing the company's field solutions. Interspersed with brand colors and an entrepreneurial spirit, the original monotonous work environment features a new look that is more dynamic and stress-free. It helps familiarize employees with the new image after the rebranding and it naturally incorporates the brand vision and business spirit.

After communicating its rebranding efforts externally and internally, VIVOTEK is set to reemerge as it created an important milestone in 2021. In the next few years, the company expects to fully introduce the new brand vision and market positioning strategies as it continues to provide the market with reliable smart security systems.

After rebranding, VIVOTEK will take specific actions using precise brand positioning and communication strategies. It will implement plans at a steady pace and fulfill brand and corporate sustainability commitments.



Group photo of the General Manager with the brand ambassadors



1.3 Honors and Awards

This chapter reflects the UN sustainable development goals, i.e., SDG 8 - Decent work and economic growth, SDG 9 - Industry, Innovation, and Infrastructure.



Moment of glory

Selected as one of the top 20 security companies in the world by international security a&s magazine for nine consecutive years

Awarded and selected among the top 20 global security companies by the international security magazine a&s for nine consecutive years since 2012; VIVOTEK has been actively operating in the Taiwan market for more than 21 years. It has been involved in major research and development breakthroughs in the security industry. It has built a solid technical foundation and will continue to strengthen its operations. VIVOTEK is committed to becoming the world's most trusted security solution provider.

Received a bronze medal for the evaluation of the quality management system for talent development conducted by the Ministry of Labor

Obtained certification for Talent Quality Management System Evaluation organized by the Workforce Development Agency and received a bronze medal for the enterprise organization version; VIVOTEK actively builds a blueprint for talent cultivation, strategically develops a training system, and provides comprehensive professional courses to strengthen the competitiveness of enterprises.

Awarded with the 1st "Golden Guard Award" and was listed as the Brand with the most information security certification in Taiwan

Received the first Golden Defense Award and was listed among the brands with the most information security certifications in Taiwan; VIVOTEK was presented the first Golden Defense Award by the Industrial Bureau of the Ministry of Economic Affairs. A total of nearly 30 security cameras developed, manufactured and produced locally have passed Taiwan's Internet of Things information security standards. It has also obtained product qualification certificates. It is the brand with the most information security certifications among Taiwanese manufacturers, making its mark in the security industry.

Awarded the "Taiwan's Best International Brand Potential Star" in two consecutive years

VIVOTEK has won the "Taiwan's Best International Brand Potential Star" host by Industrial Development Bureau by beating more than a thousand companies. In addition, this is the second year to be awarded outstanding performance in the three indexes "Financial performance, branding influence, and brand strength".

Quality Assurance

	Certificate
1	ISO 9001:2015
2	ISO 14001:2015
3	ISO 14064-1:2018 (2022.12)
4	ISO 27001
5	IECQ QC080000:2017
6	ISA 62443
7	Responsible Business Alliance
8	Avoidance of Conflict Minerals
9	ErP Directive
10	EU WEEE Directive
11	RoHS
12	TIPS

2001

- The multi-media communication platform development plan was presented the top award for new product by the Ministry of Economic Affairs and approved by the Ministry of Economic Affairs for emerging strategic industries.

2004

- The newly developed swivel network camera won the SecuTech Expo Security Equipment Innovation and Technology Award.

2005

- Obtained the right to use the Taiwan Boutique Logo from the Ministry of Economic Affairs.
- The swivel zoom IP camera won the EURO TRADE magazine Best of Taiwan Award.
Received the Best Choice Award of Computex Taipei 2005 from the Ministry of Economic Affairs.
- Received the Taiwan and Asia-Pacific High-tech Growth Top 50 Award from Deloitte & Touche.

2006

- The 3G-compliant IP camera won the Taiwan Excellence Award and the Best of Taiwan Award from EURO TRADE magazine.
- Received the 2006 Taiwan and Asia Pacific High-tech Growth Top 50 Award from Deloitte & Touche.

2007

- Received the Asia-Pacific High-tech FAST 500 Enterprises award from Deloitte & Touche.
- IP7138/IP7139 won the 2007 Taipei International Security Equipment Exhibition "Safety Technology Innovation Product Award" and "Online Voting Popularity King".
- Megapixel IP Camera IP7138/IP7139 and 3GPP IP Camera IP7131/IP7132 won the 2007 Taiwan Excellence Award.
- Ranked among the Global Security 50.
- Received the 10th Little Giant Award from the Small and Medium Enterprise Division of the Ministry of Economic Affairs.
- Received the 15th Industrial Science and Technology Development Award - Outstanding Innovative Enterprise Award from the Ministry of Economic Affairs Technology Office.
- Received the 16th National Rock Award from the Small and Medium Enterprises Division of the Ministry of Economic Affairs.

2008

- Received the 2007 Asia Pacific High-tech Fast 500 Enterprises award from Deloitte & Touche.
- Won the SecuTech Award at the 2008 Taipei International Security Equipment Exhibition.
- PZ7151/PZ7152 won the 2008 Best Secu Tech Product.

2010

- Received the Taiwan Excellence Award from the Foreign Trade Association.
- Received the Top 50 Security Control Elite Award from A&S.
- IP8161 was awarded the Symbol of Excellence..

2011

- IP8162P won the SecuTech Best Network Camera.
- FE8171V won the Outstanding Information Application and Product Award.
- Received the 19th Taiwan Excellence Award.
- Won Secutech Best Camera Contest.

2012

- Selected as the best megapixel camera at the 2012 International Security Surveillance Exhibition.
- Selected again among the world's top 50 security control (Security 50) products.

2013

- 2013 Taiwan Excellence Award.
- 2013 Taipei International Security Expo Best Camera Award.
- 2013 Top 50 Best Operational Performance based on the Top 2000 Survey conducted by CommonWealth Magazine.
- A&S 2013 Top 50 Global Security Enterprises.
- 2013 Deloitte Asia Pacific High Technology, High Growth Fast 500.

2014

- Received the Deloitte Asia Pacific High Technology and High Growth Fast 500 award.
- Won the Best IP HD Camera Competition at the 2014 Taipei International Security Expo.
- IP Surveillance Solution won the Hong Kong IT Pro Corporate Choice.

2015

- 2015 China International Public Safety Expo Golden Tripod Award.
- 2015 Taiwan Excellence Award.

2016

- Top 100 Innovative Products in the 2010 Information Month.
- 2016 Taiwan Excellence Award.

2017

- Ministry of Economic Affairs' 4th Potential Backbone Enterprise Award.
- Ministry of Science and Technology Engineering Department's Industry-Academia Achievement Briefing Award.
- 2017 Taiwan Excellence Silver Award.
- Won the 2017 Taipei International Security Expo camera contest.
- Received the Product of the Year Award from US magazine Security Today.

2018

- 2018 Taiwan Excellence Award.
- Best IoT Security Award from Nordic magazine DETEKTOR International.
- Received Product of the Year Award from US magazine Security Today.
- Joined the International Open Security & Safety Alliance.

2019

- Won the 2019 Taiwan Excellence Award.

2020

- 20th anniversary of VIVOTEK Inc.
- Won the 2020 Taiwan Excellence Award.
- Selected as Taiwan's Best International Brand Potential Star in 2020.

2021

- Selected as Taiwan's Best International Brand Potential Star in 2021.
- Received top 20 honors as one the world's top 50 security companies.
- Received the Session Defense Award from the Industry Bureau of the Ministry of Economic Affairs.
- Passed the Ministry of Labor's talent development quality management system evaluation.

1.4 Association Participation



This chapter reflects the United Nations Sustainable Development Goal SDG 17 - Partnerships for the Goals.

By joining public associations and security industry organizations, VIVOTEK gains new knowledge and continues to gather important industry information, while promoting cooperation and exchanges involving production, government, the academe, and research in order to achieve cross-functional cooperation in different fields, industries, and companies that enhance competition and international visibility. VIVOTEK is affiliated with the following associations in Taiwan:

- Taiwan Electrical and Electronic Manufacturers' Association
- Taipei Computer Association
- Importers and Exporters Association of Taipei
- Taiwan Security Equipment and Service Industry Association, Taiwan
- Industry Association of Intelligent Security and Safety
- Taiwan CERT/CSIRT Information Security Alliance
- Taoyuan City Industrial Association
- Asia Silicon Valley-Major League IoT
- Taiwan Climate Partnership

international affiliations with:

- The Open Security & Safety Alliance (OSSA),
- Open Network Video Interface Forum (ONVIF)
- HDMI Licensing, LLC.



1.5 Industry overview

1.5.1 Industry status and development

A. The rise of IoT trends

Market research institutions predict that the global IoT market revenue will grow to \$1.6 trillion dollars in 2025. Even if the market was affected by the pandemic in 2020, it will still exceed double-digit growth every year. Capitalizing on connectivity trends ("Everything is connected."), VIVOTEK believes images will be an essential source of information analysis. It is optimistic that network cameras will expand surveillance applications. Collecting big data through intelligent image analysis techniques can provide a better basis for operators' decision-making.

B. The surveillance industry continues to grow steadily

According to numerous market survey reports, the demand for global image surveillance systems remains strong, since the network image security industry has maintained a double-digit growth with the rise of artificial intelligence image analysis and monitoring as a service, and expansion of its application as well as the growth of the security industry.

C. Deep learning drives smart image analysis

In recent years, with the popularity of SoCs in built-in deep learning neural computing, network cameras can perform automatic edge computing and machine learning, which greatly increases the accuracy of image recognition and improves customer acceptance. The vigorous development of face recognition, license plate recognition, and various image recognition technologies had also increased the gross profit and added product value.

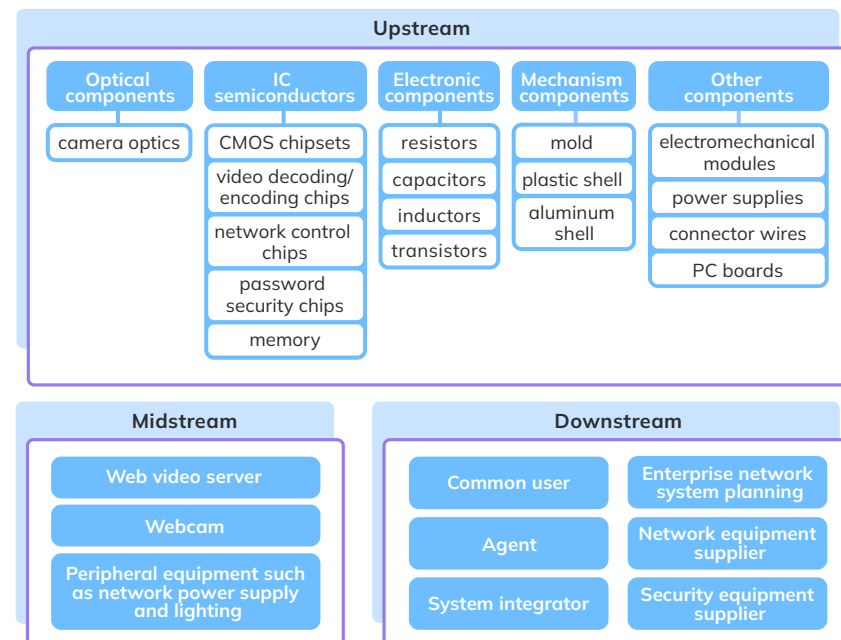
D. Information Security

The security industry is characterized by 24-hour connection and 365-day continuous operation, which makes network cameras a springboard for hackers. Since the Mirai cyberattack in 2016, which paralyzed large-scale websites in the United States, the

incident also captured global attention with regard to the protection of information security in the physical security industry.

1.5.2 The relationship between upper-, middle-, and downstream sectors

The business of VIVOTEK is focused mainly on the development and manufacture of network surveillance products. With more than 20 years of experience, it integrates IP network technology and video compression codec technology. Its product line includes various network cameras, network video servers, and image management software. The upstream sector consists mainly of IC manufacturers and optical, electronic, institutional, and other component manufacturers, while the downstream sector includes general users, agents, security and network equipment suppliers, as well as security system and enterprise network system planners. The relationship between upstream, midstream, and downstream is as follows:



1.6 Product Overview

Due to the rise of IoT trends, the security industry has also rapidly introduced artificial intelligence and deep learning technologies to further expand the application of video surveillance, and it can be analyzed through more intelligent video technologies, helping operators not only provide traditional security video search but also better grasp consumer behavior to improve sales synergies. Besides providing professional security protection, VIVOTEK's camera products also meet the needs of specific vertical markets and optimize system products. In addition, VIVOTEK can expand the application of cameras to create more added value through the built-in open application development platform VADP (VIVOTEK Application Development Platform), combined with customized software developed by strategic partners. In order to improve the deep learning technology, the company has also established an "artificial intelligence image detection, monitoring, and feature analysis technology" R&D center to strengthen the capabilities of R&D and technical.

1.6.1 Product Development

A. H.265 high-end webcam

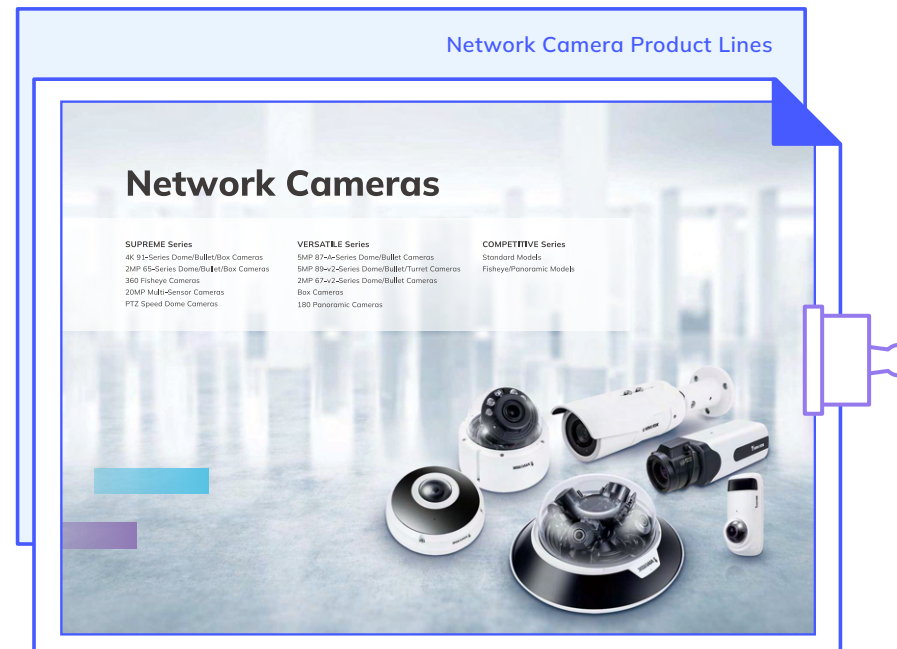
H.265 is the latest image compression technology. Compared with H.264 system, it can save up to 50% of bandwidth and storage requirements. VIVOTEK is the first company in the market to launch H.265 solutions, including network cameras, video storage monitoring systems, and video management software. The Company has fully introduced network cameras with H.265 image compression technology and will continue to launch new products.

B. 180-degree, 360-degree, multi-lens network camera

VIVOTEK has launched a variety of 180°, 360°, multi-lens network cameras that provide a wider and more detailed panoramic picture, suitable for monitoring a wide range of fields while reducing the number of cameras required in the scene and simplifying management settings, as well as saving installation time and costs required for subsequent.

C. 4K2K IP Camera

The future is still geared towards eye revolution with high-resolution. 4K2K technology has been previously used in home TVs and video streaming services, and its resolution is equivalent to four times the Full HD specification, having a more detailed audio and video experience. It is helpful in making accurate artificial intelligence image analysis in security applications.



D. Smart vertical market security solutions

VIVOTEK will continue to aggressively cultivate vertical markets relevant to smart transportation, smart factories, and smart buildings. It will also launch network cameras for special projects, such as vehicle cameras for the automotive market, license plate recognition cameras for traffic supervision, and crowd counting cameras for personnel control. VIVOTEK will also incorporate these into the existing system to optimize the functions of its remote image management software.

Smart Vertical Market Security Solutions

Application Specific Solutions

Network Surveillance Products Designed for Distinct User Scenarios

Transportation

Trusted and Reliable Solutions for Onboard Rolling Stock

LPC/LPR

License Plate Capture & Recognition Cameras

INSIGHT

AIOT Surveillance Solutions Driven by QSSA

Thermal

Infrared Thermal Imaging

Counting

People Counting Solutions for Retail & Transportation

Facial Recognition

Hands Free Solution for Access Control

Network Audio

Audio for Security

Media Converters

Effortless Solutions for Converting Media



Success Stories



Education

Nov. 2021, Indonesia
Singapore School, Pontianak
Indah Kapuk



Commercial

Sep. 2021, Indonesia
Vittorio Residence



Transportation

Sep. 2021, Taiwan
Parking Management System
of Medical Center



Transportation

Mar. 2021, Zambia
Zambian National Roads Fund
Agency



Commercial

Mar. 2021, South Africa
BP Motor Garage Gas Station



Retail

Jan. 2021, Mexico
Peyrelingue Chronos Jewelry
Boutique



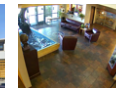
Manufacturing & Industrial

Oct. 2020, United States
Exista Cannabis Security
Solutions



Education

Dec. 2019, United States
National Center for
International Studies



Casino and Gaming

Nov. 2019, United States
Chumash Casino Resort



Commercial

July 2018, Serbia and Montenegro
SBB, the provider of cable television
and broadband internet

E. Smart Handheld Device Application Software

The popularity of mobile devices rapidly grew with smart handheld device application software. The Company has gathered experience feedback from customers and continuously optimized user interface and functions. It also combined cloud technology and new generation image management software to improve customer satisfaction and brand stickiness.

F. Artificial Intelligence image analysis technology

In the IoT era, a variety of new technology products and cloud services are flourishing to meet various explicit or implicit human needs. Images are still the most important source of information. The Company regards “people” and “cars” as the main subjects of intelligent image analysis technology, including high-precision people flow calculation, crowd detection, behavior detection, and license plate recognition. VIVOTEK provides decision-makers with more insights into targeting customer behavior.

G. Information Security

In response to challenges in the security industry amid the IoT, it has launched an information security management solution with end-to-end comprehensive information security protection, and implemented the brand strategy of “internal and external supervision, soft and hard protection”. This solution includes front-end network cameras, network video recorders, and back-end video management software that create a solid information security backing.

H. Joining the International Open Security & Safety Alliance

VIVOTEK cooperates with major international manufacturers to create a standard platform. Alliance members combine their expertise in different industries and use common platform solutions to promote the application of artificial intelligence in the security industry. Hardware manufacturers and software developers are able to quickly integrate and reach more potential customers, while providing value-added innovation beyond traditional security monitoring. Users can also search for application software on the platform according to their needs, or seek manufacturers to develop specific applications, accelerate and quickly replicate the introduction of artificial intelligence in different industries to expand business opportunities.

Using the OSSA architecture product line of the International Open Security Alliance



Cloud solutions, providing customers with more comprehensive services

Video Management Software

VAST 2

VAST 2 is an easy-to-use IP video management software (VMS) that provides easy operation on a single or multiple monitors. It can rapidly export multichannel video clips and acquire VCA analytics from embedded cameras. With a wide range of robust solutions, VAST 2 is the perfect VMS for use in markets such as SMB, retail, transportation, manufacturing and more.



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VIVOCloud service.vivocloud.com

Cloud Service



Quick Start

VIVOCloud can be operated through an intuitive app on Android or iOS devices. No more port forwarding and no more VPN setup. Simply connect the VIVOCloud service on your VIVOTEK device.



Scalable with Shared Devices

With an expandable network of up to 28 devices and the ability to share each device with up to 4 VIVOCloud accounts, shared from members inside business networks are empowered to monitor security footage and even counting reports.



Stay Notified

VIVOCloud keeps an eye on the things you value and pushes alerts to your mobile device whenever you are. Furthermore, you can also view notification history. Now you can stop constantly checking for video streams, and just simply check when notifications appear.



Cross Platform Easy Access

Along with Android and iOS apps, VIVOCloud supports various web browsers including Firefox, Edge, and Google Chrome. Both on Windows and Mac.



Image courtesy of VIVOTEK Co., Ltd.

1.6.2 Competitive Overview

The overall surveillance industry trend is evolving towards artificial intelligence and deep learning. The introduction of artificial intelligence chips has made the deep learning image algorithm has sufficient maturity to be developed as a product, and suppliers apply the deep learning to product development and deepen various vertical markets. In addition, the EU also formally implemented the EU General Data Protection Regulation (GDPR) since May 2018, and there are also regulations governing the processing of image data in the security industry. Furthermore, the U.S. government passed the National Defense Authorization Act (NDAA) for the 2019 budget year in August 2018, which explicitly prohibited the federal government and related agencies from using surveillance equipment from Chinese manufacturers such as Hikvision, Dahua, and Hytera Communications. The inclusion of 28 Chinese state-owned enterprises and private companies including Hikvision and Dahua on the trade blacklist in October also had a significant impact on the overall industrial supply chain. In 2020, the COVID-19 has accelerated the migration of the supply chain to diversify risks. At the same time, the application of surveillance with artificial intelligence quickly moved towards health related management or epidemic prevention isolation areas. VIVOTEK immediately launched a number of corresponding solutions. In addition to the original IP surveillance brand, the future application field will also include new technologies development, compete and co-work with artificial intelligence-related manufacturers to quickly serve customers and expand the market.

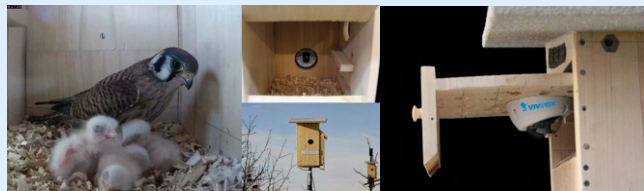
1.7 Sustainability Application Case

Global success stories detailing the implementation of the United Nations' Sustainable Development Goals (SDGs)

Case 1

Smart Security Solutions to Assist Ecological Research: Nu-Sun Cinema American Falcon Nest Box Study

Nu-Sun Cinema is a non-profit corporation headquartered in Winnipeg, Manitoba, Canada. Because the number of American falcons was gradually decreasing, nest boxes were used to observe the ecology of American falcons and assist in reproduction and brooding through long-term monitoring and research. VIVOTEK can enable different far-infrared light-weight cameras to be placed in the nest box without disturbing the ecology and meet the low illumination requirement as well as various outdoor monitoring applications. It is an excellent ecological research solution. Through video monitoring, it helps researchers to deeply understand how adult birds control hatching temperature through different parts of the body, and through camera audio, monitor calls for feeding and record adult birds taking care of their chicks, thereby making research results more complete. Through the fixed dome camera and central image management software, high-resolution image quality, photo capture, and sound recording, along with the image information of each nest box camera are aggregated to obtain important conservation research data and successfully breed American falcon chicks.



The picture shows a lightweight camera placed in the American falcon box, which can observe adult birds feeding their chicks 24 hours a day. The research results will help facilitate ecological restoration.



This is in line with the UN Sustainable Development Goals - SDG 11 - Sustainable cities and communities and SDG 15 - Life on land.

Case 2

Smart Transportation Solutions for Urban Development: New MRT Red Line Completed in Bangkok, Thailand

The newly completed Bangkok MRT Red Line runs from Bang Sue Station to Rangsit Station in the north, and extends to Taling Chan Station in the west, spanning almost the entire Bangkok area. The line will officially open at the end of the year. VIVOTEK cooperates with local security partners to plan a surveillance solution suitable for the development of the area, and provides a vehicle-mounted camera with anti-vandal IK10 level metal casing. The camera can withstand harsh environments, such as shock, vibration, humidity, dust and temperature fluctuations. Even when the vehicle is moving, it still maintains a stable image, increasing management efficiency. It is also suitable for transportation carrier applications such as the MRT. In addition, due to the narrow and long space of MRT trains, the intelligent video streaming technology of VIVOTEK cameras optimizes bandwidth efficiency and provides a user-friendly viewing angle that instantly understands the condition of the carriage corridor. Even in a mobile environment, the onboard camera can maintain a very clear view, ensure operational quality, and successfully create a reliable solution that provides a safe driving environment for local commuters.



The picture shows the newly completed Thailand MRT Red Line in 2021, which connects suburban cities in the north and south of Bangkok.



This is in line with the UN Sustainable Development Goals SDG 9 - Industry, Innovation and Infrastructure, SDG 11 - Sustainable Cities and Communities and SDG - 17 Partnerships for the Goals.



2 Sustainable Initiatives and Stakeholder Engagement

- 1 The President heads the VIVOTEK Sustainability Promotion Group. He is responsible for ensuring that the group keeps up with trends relevant to international laws and regulations. The team has to report to the board of directors regularly.
- 2 To focus on 7 points under the SDGs of the United Nations Sustainable Development Goals and follow the development directions of the parent company Delta Group by striving to promote sustainability.
- 3 The 6 types of stakeholders are as follows: employees, corporate customers, investors and shareholders, associations, government agencies, and strategic partners.
- 4 In line with the group's sustainability policy, the Company discussed with various departments and defined 10 major topics: environmental care, innovative research and development, economic performance, risk management, labor relations, corporate governance, customer relationship management, supplier sustainability management, social participation, and employee development and retention.
- 5 To complete 2 large-scale internal education trainings for corporate sustainability: a total of 12 hours; targets are first-level managers and report writers, including cross-functional training for around 30 people, and report-focused discussion courses with 16 people.



2.1 Sustainability Mission and Promotion

2.1.1 Sustainability Mission

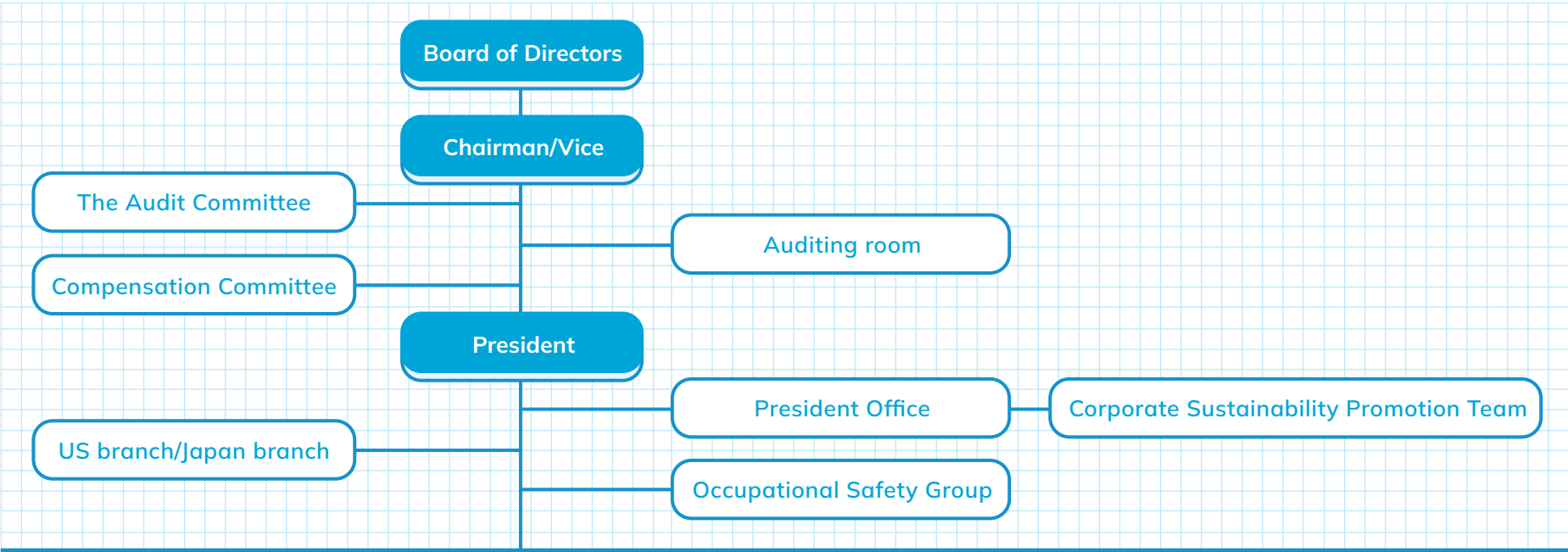
VIVOTEK's vision is to become the world's first-line security brand, while its core purpose is to provide the most trustworthy smart security solutions to society. "Concern for Others" is VIVOTEK's driving force which upholds the spirit of caring. VIVOTEK has found its niche in Taiwan's R&D, design, and manufacturing and it continues to tackle various issues such as the E-environment, S-society, and G-governance. As part of its mission, it has set goals and taken specific actions to promote the sustainable development of enterprises. It conforms to the United Nations Global Covenant, Universal Declaration of Human Rights, United Nations Guiding Principles on Business and Human Rights, Organization for Economic Cooperation and Development Guidelines for Multinational Enterprises, International Standard System for Social Responsibility, and other international labor and human rights standards as well as regulations of countries where they operate, while treating all partners with dignity and respect, including all employees, subsidiaries, business partners, suppliers, and contractors.

2.1.2 Sustainability Promotion

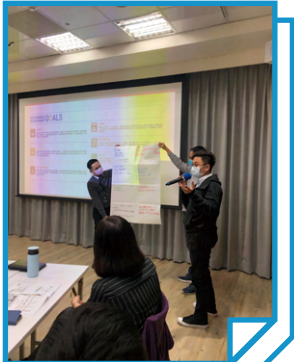
The VIVOTEK corporate sustainability promotion team was established with the involvement of the president's office and subordinate departments. The president leads the team and the members are composed of more than 8 units (i.e., human resources, accounting, marketing, environmental safety, procurement, quality assurance, intellectual property, and information) responsible for promoting corporate sustainability and publishing annual reports. The promotion team regularly arranges courses and training in line with international and regulatory trends, and its implementation results are regularly reported to the board of directors.

VIVOTEK completed 2 internal corporate sustainability education training. The first session was a cross-departmental training course for around 30 people. Education and training courses on GRI Standards were conducted for senior level managers and report writers. The content was mainly focused on the introduction of ESG reports based on trends in Taiwan and details of the Global Reporting Initiative. The new version of GRI Standards (GRI Sustainability Reporting Standards, GRI Standards) underlines the content of the provisions. It provides a detailed explanation of the writing principles required in the report (accuracy/balance/clarity/reliability/timeliness) and the UN SDG indicators. Guidelines on the development of the main axis of corporate sustainability based on the SDGs were provided along with an introduction of the concept of corporate sustainability and international trends, GRI standards for international reporting, as well as SDG indicators and concepts. The second session was a focused discussion on reporting and conducted for leaders of each chapter. It involved in-depth discussions on the assigned content and focused on the data direction of the actual output of each department based on the SDG initiative set for the year. There were discussions on the preliminary ESG papers, focused on the theme for the 2021 ESG report, with the goal of producing an annual ESG report that conforms to international standards and trends.





The picture shows the on-the-spot scene of the 2022 internal education training course.



2.2 Global Sustainability Alignment

United Nations Sustainable Development Goals (SDGs)

The United Nations adopted the SDGs (Sustainable Development Goals) in 2015, including 17 goals and 169 sub-targets. Based on these sustainable development goals, VIVOTEK evaluates the development direction of its own products and services. In addition to keeping up with global trends, it echoes the spirit of its brand, which is "Care" - Concern for Others. The essence of "Rebranding for Sustainable Care" combines sustainability with brand influence.

The VIVOTEK Corporate Sustainability Promotion Team follows the Delta Group's key development directions for the future based on its core professional capabilities, which are focused on seven of the United Nations' Sustainable Development Goals and in line with VIVOTEK's goal of promoting sustainable development.

SUSTAINABLE DEVELOPMENT GOALS



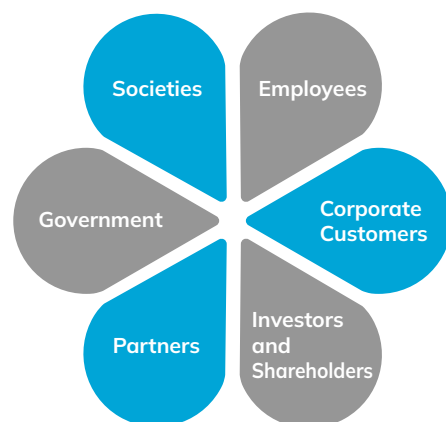
2.3 Stakeholder Identification

Based on the international AA1000 SES Stakeholder Engagement Standard as well as development and operational requirements pertaining to international sustainability standards, VIVOTEK identifies its 6 main stakeholders: employees, corporate customers, investors and shareholders, societies, government agencies, and partners.

VIVOTEK has maintained good domestic and foreign media relations for a long time and actively discloses key products and operational information. It also maintains a good relationship with local social welfare groups and management committees. It tackles social issues, upholds the brand's caring spirit, operates locally and globally, implements its brand strategy, maintains social networks and relationships, and strengthens the overall effectiveness of corporate sustainability.

VIVOTEK continues to participate in various programs and association activities, complies with regulations by taking specific actions, and hopes to become a model enterprise in the security industry.

We comply with international human rights initiatives and work agreements, and have consistent requirements and standards for suppliers, outsourced contractors, dispatched workers, and system certification companies. We hope to reduce environmental impact in our operations and continue to adhere to various international norms. Together with our partners, we create a sustainable future.



The total number of global employees from both Taiwan headquarters and overseas branches exceeds 1,000. We value every employee. We provide comprehensive welfare and employee care plans, and implement international gender equality initiatives within our organization in hopes of creating a sustainable workplace culture, attracting and retaining outstanding workers, and safeguarding employee rights, development, and wellbeing.

We Get the Picture- Aside from having a brand new slogan after rebranding, we have come up with a work attitude in customer service. We fully understand what our customers need whether in the OBM or OEM business and we are ready to provide comprehensive solutions based on their requirements.

For general shareholders and legal entities (including parent company Delta Group), and in line with the group's overall ESG goals, VIVOTEK holds regular meetings to provide information on issues that concern investors and continues to contribute to the Company's sustainable development efforts.

Corporate Sustainability Promotion Team follows the process below to identify relevant major issues and communication effectiveness

STEP
01

The president sets up a corporate sustainability promotion team composed of subordinate departments.

STEP
02

Internally organize and externally keep up with corporate sustainability trends and regulations through education and training

STEP
03

The group conducts internal discussions to identify major issues.

STEP
04

Check the effectiveness of communication with regard to major issues

STEP
05

Review the discussion and use it as a basis for future reference

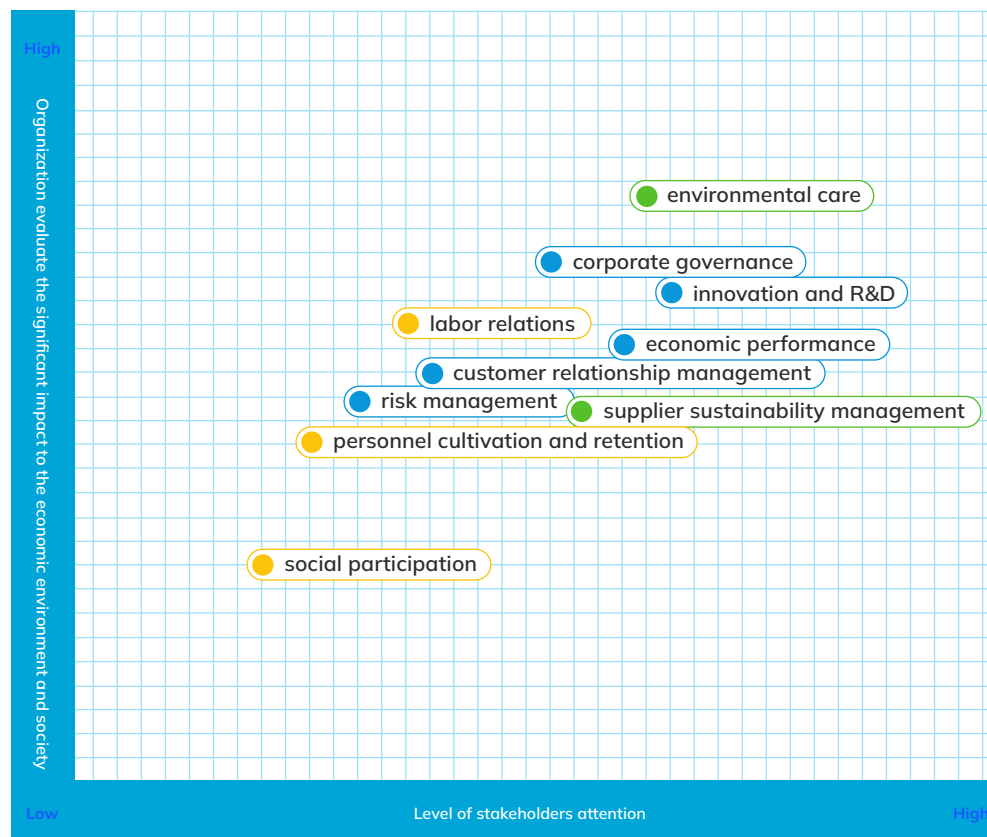
2.4 Materiality Analysis

VIVOTEK regularly reviews stakeholder feedback and sustainability trends, performs materiality analysis, identifies significant sustainability issues, establishes long-term goals, plans and takes specific actions, and tracks the progress of key actions and results in order to make a positive and sustainable impact on society. At the same time, it complies with GRI Standards (GRI Standards) to identify major issues. It communicates with stakeholders and conducts individual interviews with department/unit heads in accordance with the group's sustainability policy so as to determine their understanding on various issues.

Based on communication results and internal data collection, the Company has defined 10 major issues: environmental care, innovation and R&D, economic performance, risk management, labor relations, corporate governance, customer relationship management, supplier sustainability management, social participation, personnel cultivation and retention.

In response to upgrading operations management last year, risk management was listed as one of the major issues. Moreover, enterprise risk management (ERM) was incorporated to evaluate the risk trend and impact of major ESG issues and to explain how VIVOTEK promotes risk mitigation and management measures to build a resilient operating organization.

The topic of environmental care has been added this year, as well as factory intelligence. Also included in the report is VIVOTEK's use of renewable energy and response to the RE100 initiative. A chapter on Climate Change Risks and Opportunities (TCFD) is likewise added as a way of actively responding to climate-related issues and sustainability goals.



2.5 Stakeholders Dialogue

VIVOTEK promotes corporate sustainability and spares no effort in meeting the expectations and needs of internal and external stakeholders. Through multiple communication channels, it maintains regular communication every year to respond to issues that concern stakeholders.

The six major stakeholders are as follows: employees, corporate customers, investors and shareholders (including parent company Delta Group), social groups, government agencies, and partners.

The ten major topics are as follows: environmental care, innovative research and development, economic performance, risk management, labor relationship, corporate governance, customer relationship management, supplier sustainability management, social participation, talent cultivation and retention.

Analysis results are integrated with GRI material topics, management policies, and impact on internal and external boundaries. Below is the comparison:

Topic	GRI Material Topics	Impact on Internal and External Boundaries					
		Internal	External				
		Employee	Corporate Customers	Partners	Government	Social Groups	Investors and Shareholders
Environmental care	102-37 202-1 201-2 301-307 405-1 406	✓	✓	✓	✓		✓
Innovative research and development	102-2	✓	✓				✓
Economic performance	201	✓	✓				✓
Risk Management	102-15 102-30	✓	✓	✓	✓		✓

Topic	GRI Material Topics	Impact on Internal and External Boundaries					
		Internal	External				
		Employee	Corporate Customers	Partners	Government	Social Groups	Investors and Shareholders
Supplier sustainability management	102-9						
	102-10						
	204-1						
	308-1	✓	✓	✓		✓	✓
	308-2						
	414-1						
	414-2						
Corporate governance	102-18	✓	✓	✓	✓	✓	✓
Talent cultivation and retention	404-1						
	404-3	✓		✓			
	401-2						
Labor relationship	401-1						
	401-3	✓	✓		✓		
	402-1						
Customer relationship management	416-1						
	416-2						
	417-1	✓	✓				✓
	417-2						
	417-3						
	418-1						
Social participation	413-1	✓			✓	✓	✓
	413-2						



3 Corporate Governance

- 1 According to the Taiwan Stock Exchange, VIVOTEK placed **second** in the 8th Corporate Governance Evaluation and was able to surpass five levels in just two years.
- 2 Ranking among the **top 5%** of new companies under the small and medium-cap category.
- 3 Result of the performance evaluation of the board of directors: an average of **4.7** points, which is **excellent**.
- 4 Risk management policy: In 2021, the President reported to the board of directors, and the latter approved and released the **risk management policy** and implementation measures.
- 5 Information security management: **ISO 27001**-related specifications have been completed and certification will be issued in 2022.
- 6 Customer satisfaction has exceeded **90** points for 5 consecutive years.
- 7 Supply chain management: In the 2021 VIVOTEK Sustainable Supplier and Integrity Commitment, the supplier commitment rate was over **85%**. All manufacturers were **100%** compliant with ROHS & REACH and other restricted substances requirements, and the response rate of conflict minerals imported by new suppliers was **100%**.
- 8 In 2021, the Company did not have any violations related to the environment, public security, labor, personal information, and company laws.



3.1 Operational Performance

3.1.1 Management policy and implementation results

A. Management Policy and Commitment

1. Promote production automation and factory intelligence, and strengthen local manufacturing.
2. Focus on the sustainable development of the brand, invest in rebranding and global layout.
3. Continue to develop and innovate, expand the application level in the security industry, provide intelligent vertical market solutions, and incorporate artificial intelligence technology including AI image recognition technology, epidemic prevention image recognition applications, development of new applications for video surveillance cloud services (VSaaS, Video Security as a Service), and new IoT business OSSA open platform product line.

B. Management Evaluation and Performance

1. With the goal of becoming the world's best security brand, VIVOTEK is aimed at ranking among the top 10 IPVM NFR in 2023 and returning to the top 10 A&S Security 50 in 2025.

C. Accomplishments



1. Selected as Taiwan's Best Potential Star in 2021.
2. Received the session defense award from the Industry Bureau of the Ministry of Economic Affairs.
3. In 2021, VIVOTEK ranked among the top 20 security companies in the world. It has maintained its ranking for nine consecutive years and is a trusted security brand worldwide.
4. In the past six years, VIVOTEK has issued corporate sustainability reports, aimed at the following aspects: E-environment, S-society, and G-governance, echoing the United Nations Sustainable Development Goals (SDGs), and actively responding to sustainability initiatives and issues that concern stakeholders.
5. Every year, the market salary level and economic indicators are measured and used as the basis for employee salary adjustment. The per capita employee salary and welfare expenditure increase year by year, reflecting the United Nations Sustainable Development Goal SDG 8 - Suitable work and economic growth, caring for employee welfare and development. In 2021, it received recognition for its excellent performance in the Ministry of Labor's talent development quality management system evaluation.
6. In the past three years, R&D investment in innovation has accounted for more than 10% of revenue, and in 2021, the proportion of R&D investment in innovation accounted for 11.84% of the total revenue. VIVOTEK attaches great importance to research and development, and increases the number of patents year by year.
7. In 2021, the introduction of lens production automation equipment was completed, making great strides towards factory intelligence.
8. The rebranding plan was officially announced in 2021 and the global brand layout was carried out.

3.1.2 Responding to the UN Sustainable Development Goals

VIVOTEK hopes to create a safe environment for the society through its brand influence and fulfill its corporate responsibility to achieve environmental sustainability. It promotes the United Nations Sustainable Development Goals SDG 9 - Industry, innovation and infrastructure, SDG 11 - Sustainable cities and communities, and SDG17 - Partnerships for the goals, by continuing to provide a full range of intelligent security solutions, which are detailed below:



A. Create global success stories and build a safe and smart city

VIVOTEK has been deeply involved in the security industry for more than 20 years and has undertaken countless successful ventures around the world, building a smart city with a safe network for projects such as campuses, communities, parking lots, public transportation, factories, retail shops, and environmental conservation. In addition, it continues to upgrade innovative applications and has joined the promotion of smart light pole solutions since 2020. With intelligent monitoring, lighting, micro weather stations, and electric vehicle charging piles, VIVOTEK showcases a full range of smart city applications of which it focuses on smart transportation solutions. Through AI ultra-wide-angle smart cameras, it is able to detect traffic at intersections using deep learning, identify different types of vehicles, and detect vehicle trajectory and steering angle. This is expected to solve urban traffic congestion and monitor safety control at each intersection.

B. Develop face recognition management solutions for operations

In order to provide security protection (i.e., high information security), VIVOTEK cooperates with third-party facial recognition software development partners to provide the best facial recognition solutions to meet user needs. VIVOTEK has a variety of network cameras, which help users choose the most suitable products for different purposes, ideal for application in automated buildings, medical care, finance, factories, retail, campuses and other settings. The management software VAST 2 can easily manage facial recognition results, which has become a major driving force for building a smart security city.

C. Donate security cameras and develop community safety maps

In 2021, a corporate sustainability event "Community Safety Map" was held to engage employees to practice community care. According to information collected by members, several intersections with high traffic flow required security monitoring; hence, there was a need to donate and install Company network cameras, as well as improve overall road safety and neighborhood security.

3.1.3 2021 Performance Statement

The overall revenue in 2021 was NTD 5.452 billion, a decrease of 1.67% compared to the figure in 2020. The main reason is that both the foundry and brand businesses were affected by the pandemic. There was also a decline in market demand, and installation as well as manpower was affected by the city closure. However, given its years of experience in global localization, the brand business launched a number of solutions to assist in epidemic prevention amid the changing market dynamics. The foundry business was also able to maintain its customer base, gain business opportunities from work-from-home setups, and continue to develop new products.

The overall revenue figures were derived from companies that should be included in the preparation of the consolidated financial statements of related companies in accordance with the "Standards for the Preparation of Business Reports for Related Business Combinations and Related Business Reports" in 2021, and the international financial reports based on the Financial Supervisory Commission Standard No. 10 (i.e., The companies that should be included in the preparation of the consolidated financial report of the parent and subsidiary companies are all the same). In addition, relevant information that should be disclosed in the consolidated financial statements of the affiliated enterprises were included in the consolidated financial statements of the parent and subsidiary companies previously disclosed, and the consolidated financial statements of the affiliated enterprises were not prepared separately.

Year	2019	2020	2021
Revenue	6,574	5,544	5,452
Income tax expense	67	55	(5)
Salaries and Benefits	1,382	1,459	1,400
Government subsidy	13	28	11

Year	2019	2020	2021
Average salary and benefits	1.06	1.20	1.26

Unit: million dollars

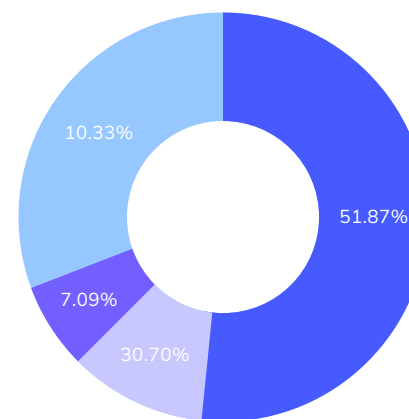
VIVOTEK participates in the market salary survey every year, and regards the market salary level and economic indicators as the basis for employee salary adjustment. The per capita employee salary and welfare expenditure increase year by year.

Scan the QR code for more information on the financial report.



A. Sales ratio by region

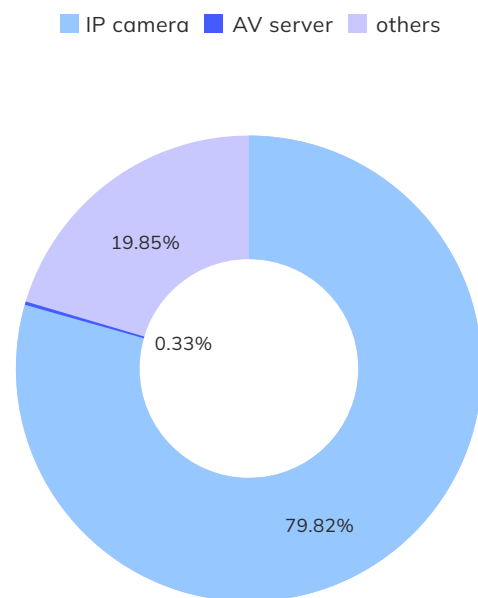
■ US ■ Taiwan ■ Canada ■ others



Doughnut Chart:
US 51.87%
Taiwan 10.33%
Canada 7.09%
others 30.70%

VIVOTEK has a long-term layout in the overseas markets. In 2021, after the rebranding, VIVOTEK planned to increase sales in various regions and develop new sales areas in the future.

B. Product sales ratio



Doughnut Chart: IP camera 79.82%, AV server 0.33%, others 19.85%

VIVOTEK is committed to providing a full range of security solutions. In addition to hardware equipment, it has added software solutions. It utilizes environmentally friendly processes and meets market needs. It is expected to increase sales and ensure continuous innovation while achieving sustainability.

C. Operating performance from 2019 to 2021

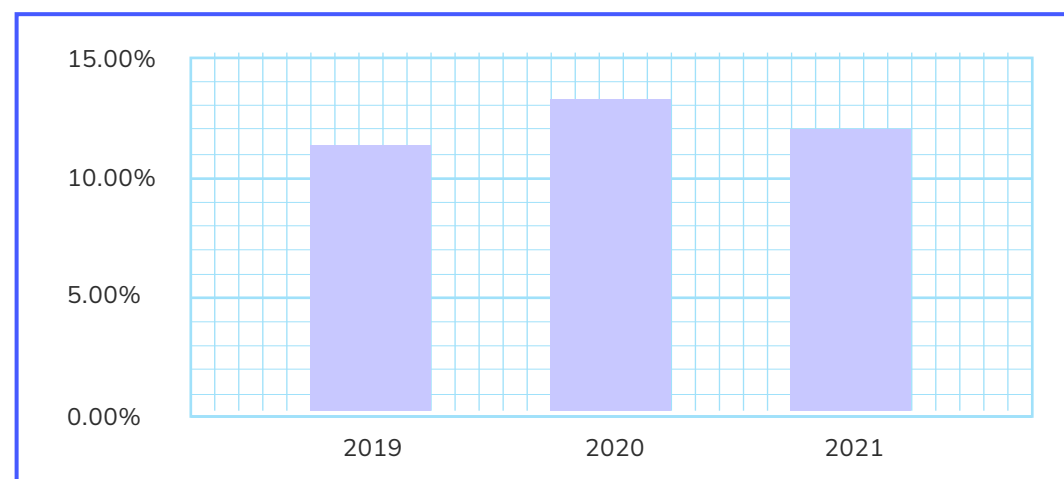
Annual	2019	2020	2021
EPS (NTD)	3.19	2.90	2.17
Cash Dividend (NTD)	2.5	2.0	1.4
Stock Dividend (NTD)	0.00	0.00	0.00
ROA (%)	5.54	4.89	4.24
ROE (%)	8.39	7.62	7.02

The total revenue in 2021 was 5.45 billion NTD, decreasing 1.67% compared with 2020. Although sales from both the OBM and foundry businesses had grown, the limited production of semiconductors and transportation delays after the pandemic due to port congestion and container shortage affected material delivery time. These unexpected conditions challenged VIVOTEK's ability to operate. Despite being a leader in the security industry, VIVOTEK still had to deal with time pressure and supply chain coordination to meet the massive and urgent needs of customers. In the second and third quarters, all VIVOTEK employees worked hard to coordinate, balance and increase output in order to properly control materials or allocate production capacity. During the fourth quarter, there was an improvement and a month-over-month revenue increase. In the middle of the year, its subsidiary VATICS and Kneron incurred losses after the merger, resulting in a slight decrease in the group's revenue. The overall consolidated net profit for the current period (2021) was 205 million yuan, the after-tax earnings per share (EPS) was NTD2.17, and the return on equity (ROE) was 7.02%.

Looking forward to the new year, VIVOTEK will continue to strengthen its operational capabilities and resilience. In response to the ever-changing conditions brought about by the pandemic and the impact of material and manpower shortages, VIVOTEK will promote production automation and factory intelligence, optimize manufacturing costs and address environmental concerns, while actively expanding production capacity to support the brand and foundry business so as to promote growth and meet investor expectations.

D. Industrial Innovation Regulations

In 2021, research and development expenses accounted for 11.84% of VIVOTEK's revenue. This shows that the company is heavily invested and actively engaged in research and development so as to maintain a competitive advantage and to add value to operations through innovation. VIVOTEK supports tax policies that help companies innovate and promote economic growth. It is also committed to sustainable development.



(The chart shows the ratio of R&D to revenue from year 2019 to 2021)

In the past three years, innovation and R&D investment accounted for more than 10% of VIVOTEK's total revenue, and investment in 2021 accounted for 11.84% of the total revenue.

With the increasingly fierce competition in the global market, the importance of intellectual property rights can enhance the Company's competitive advantage. VIVOTEK introduced the Taiwan Intellectual Property Management System (TIPS) in 2014, which has been verified for 8 years. As of December 31, 2021, the Company has accumulated a total of 596 global patent applications and a total of 442 global patent approvals. In terms of patent quality, the Company's approval rate for invention patents in Taiwan reached 100% in 2021, and the approval rate for invention patents in the United States reached 86%. VIVOTEK places great importance on R&D and intellectual property, and implements specific actions to facilitate R&D investment. (For more information, please refer to 4.2 Patents and Intellectual Property)

3.2 Board Functions and Shareholder Communications

3.2.1 Management policy and implementation results

A. Management Policy and Commitment

1. Regular integrity management training
2. Signing of integrity management code
3. Professional training courses for directors
4. VIVOTEK Governance Evaluation

B. Management Policy Evaluation and Performance

1. Integrity management training course at least once a year.
2. Newcomers: The target for the Code of Integrity signing rate is 100% Board members continue to take operations, sustainability and related professional courses.
3. VIVOTEK placed second in the 8th Corporate Governance Evaluation according to the Taiwan stock exchange. It surpassed five levels in just two years, demonstrating its achievements in operations management.
4. VIVOTEK ranked first in the evaluation of small and medium-sized companies with market capitalization of 5 billion to 10 billion, making it to the top 5% of new companies. VIVOTEK received high scores in "protecting shareholder rights and treating shareholders equally", "strengthening the structure and operation of the board of directors", "improving information transparency", and "implementing corporate social responsibility".

C. Action

1. With at least one integrity management course training every year, the course participation rate is 100%.
2. 100% Code of Integrity signing rate.
3. In 2021, directors participated in the Delta Electronics' self-organized director training courses. The topics included "Director's Functions and Responsibilities" and "Understanding Commercial Law and Trends in Court Trials". Some directors participated in the corporate governance seminar for legal entities in China based on their needs. The association and the China Accounting Research and Development Foundation organized various seminars and a total of 74 hours of advanced training was held for directors. The content of the training courses is as follows.

Title	Name	Date	Course	Hours
Chairman	Bill Lo	2021.07.29	Directors' Functions and Responsibilities	3
		2021.11.02	Understanding commercial law and trends in court trials	3
Vice Chairman	Wang Shulin	2021.02.24	Fragmentation and Reconstruction of the American Dream-The Future of Taiwan-US-China Trilateral Relations	3
		2021.07.29	Directors' Functions and Responsibilities	3

Director	Simon Chang	2021.02.24	Fragmentation and Reconstruction of the American Dream-The Future of Taiwan-US-China Trilateral Relations	3
		2021.07.29	Directors' Functions and Responsibilities	3
Director	Ciou-Yuan Lai	2021.08.23-24	Practical Workshop for Directors and Supervisors (Independent) and Corporate Governance Supervisors-Taipei Class	12
Director	Zoe Cherng	2021.07.29	Directors' Functions and Responsibilities	3
		2021.11.05	Global Risk Perception - Opportunities and Challenges in the Next Decade	3
Director	Wen-Chang Chen	2021.10.15	Transaction analysis and case sharing of directors, supervisors and related persons	3
		2021.10.15	Early Warning System and Enterprise Financial Risk Analysis	3
Director	Lan Zhizhong	2021.11.19	Looking at new challenges for the board of directors from the perspective of corporate governance 3.0	2
		2021.11.30	Analysis of Key Messages and Responsibilities specified in the Annual Report: Views of Directors and Supervisors	3
		2021.12.07	2021 Cathay Pacific Sustainable Finance and Climate Change Summit	3
Independent director	Ji-Ren Le	2021.02.24	Fragmentation and Reconstruction of the American Dream - The Future of Taiwan-US-China Trilateral Relations	3
		2021.07.29	Directors' Functions and Responsibilities	3
Independent director	Sin-Hui Yan	2021.01.14	Trends in CSR ESG and sustainable governance	3
		2021.01.21	Corporate Governance and Securities Regulations	3
		2021.09.01	The 13th Taipei Corporate Governance Forum (Morning session)	3
		2021.09.01	The 13th Taipei Corporate Governance Forum (Afternoon session)	3
Independent director	Chung-Yang Huang	2021.07.29	Directors' Functions and Responsibilities	3
		2021.10.20	110 Annual Insider Equity Transaction Legal Compliance Publicity and Briefing Session	3

4. To strengthen corporate governance, VIVOTEK ensures proper disclosure of relevant information by appointing supervisors to handle the task. In 2020, among the 905 listed companies that underwent the Taiwan Stock Exchange's Corporate Governance Evaluation, VIVOTEK ranked third among the 21% to 35% listed companies. The award recognizes VIVOTEK's efforts in safeguarding shareholders' rights and interests, treating shareholders equally, strengthening the structure and operation of the board of directors, improving information transparency, and implementing corporate sustainability.



3.2.2 Responding to the UN Sustainable Development Goal SDG 5 - Gender Equality

Out of the 9 directors, VIVOTEK has 1 female director and 8 male directors. It is working towards attaining a more diverse group.

3.2.3 Organization and Structure of the Board of Directors

A. Information disclosure on the professional qualifications of directors and situation of independence of independent directors:



Conditions Name	Professional qualifications and experiences (Note 1)	Independence Criteria (Note 2)	Number of other public companies in which the individual is concurrently serving as an Independent Director
Delta Electronics, Inc. Representative Bill Lo	<p>Education: • Bachelor in Department of Management Science, National Chiao Tung University.</p> <p>Experience: • General Manager, Building Automation BG (6 years of experience). • Director of IBM Greater China Group Industrial Sector, IBM (China) Company Limited (More than 30 years of experience).</p> <p>Professional field: • Programming, committed to computer related fields. • Integrated green-smart-manufacturing automation building related technologies. Leading Delta Electronics, Inc. to step into another industrial technology and shifting the company towards sustainable operation. • Operations and business management.</p> <p>Has not been a person of any of the conditions defined in Article 30 of the Company Act.</p>	Not applicable	0
Delta Electronics, Inc. Representative Simon Chang	<p>Education: • EMBA, Chung Yuan Christian University.</p> <p>Experience: • President and COO of Delta Electronics, Inc. (More than 40 years of experience).</p> <p>Professional field: • Industrial automation, covering the fields of drive, motion, control, sensing, and visual inspection. • Innovative research and development of "smart manufacturing" related products. Providing efficient integrated solutions for customers all over the world, and moving toward green-smart-manufacturing. • Operations and business management.</p> <p>Has not been a person of any of the conditions defined in Article 30 of the Company Act.</p>	Not applicable	0
Delta Electronics, Inc. Representative Ciou-Yuan Lai	<p>Education: • Master of Industrial Management, National Taipei University of Technology.</p> <p>Experience: • Director of the global intelligent manufacturing project of Delta Electronics, Inc. , Regional President (More than 23 years of experience). • President of Delta Electronics Investment Subsidiary.</p> <p>Professional field: • Specializing in factory manufacturing management • Operations and business management.</p> <p>Has not been a person of any of the conditions defined in Article 30 of the Company Act.</p>	Not applicable	0

Delta Electronics, Inc. Representative Zoe Cherng	<p>Education: • Bachelor in Journalism, Cheng Chi University.</p> <p>Experience: • Manager, Strategic Marketing Dept. and Corp. NBD Management Office, Delta Electronics, Inc.</p> <p>Professional field: • Domestic and foreign technology industry brand management, public relations (More than 30 years of experience). • Marketing and Strategic Planning, providing the company with market development strategy, operations strategy and personnel cultivation policy.</p> <p>Has not been a person of any of the conditions defined in Article 30 of the Company Act.</p>	Not applicable	0
Wen-Chang Chen (Director)	<p>Education: • Master of Science (Automatic Control Engineering), Feng Chia University.</p> <p>Experience: • Chairman and President of Vivotek (More than 20 years of experience) • Director, VATICS, Inc. • Chairman, Yen Yung International Investment Co., Ltd.</p> <p>Professional field: • Specializes in programming. • Developed "Digital Monitoring" products. • Professional leadership, marketing, operation management and strategic planning capabilities, providing professional advice on future development trends and strategies to the company.</p> <p>Has not been a person of any of the conditions defined in Article 30 of the Company Act.</p>	Not applicable	0
Chih-Chung Lan (Director)	<p>Education: • Bachelor of Accountancy from Tamkang University.</p> <p>Experience: • Vice Chairman and President, Vivotek, Inc (More than 20 years of experience) • Chairmen, VATICS, Inc. • President, Uniform Industrial Corporation.</p> <p>Professional field: • Accounting practice. • Auditing practice. • Specializes in market development and strategic planning. • Operations and business management.</p> <p>Has not been a person of any of the conditions defined in Article 30 of the Company Act.</p>	Not applicable	1
Sin-Hui Yan (Independent Director)	<p>Education: • Ph.D. of Accountancy, National Taiwan University. • Master of Accounting, University of Illinois Urbana-Champaign. • Bachelor of Accountancy, Tamkang University.</p> <p>Experience: • Professor, Accountancy, Tamkang University, 30 years of teaching experience. • Consultant and member of the Financial Accounting Committee, Accounting Research and Development Foundation. • Member of the Board of Examiners, Examination Yuan. • Audit Committee Convenor and Compensation Committee Member of the Company Audit Committee.</p> <p>Professional field: • Specializes in accounting affairs and tax planning, with rich planning experience in the industry. • Auditing practice</p> <p>Professional qualifications: • CPA of R.O.C</p>	Independent, please refer to the following table	0
Ji-Ren Le (Independent Director)	<p>Education: • Ph.D. Strategic Management, University of Illinois at Urbana-Champaign. • Master of Business Administration, National Taiwan University. • Bachelor of Science in Industrial Engineering and Engineering Management, National Tsing Hua University.</p> <p>Experience: • Professor of International Business, National Taiwan University. • Associate Dean of the College of Management and Executive Director of the EMBA Program, National Taiwan University. • Associate Dean of the Teaching and Resource Development of the College of Management, National Taiwan University. • Director, Taidah Entrepreneurship Center in National Taiwan University. • Honorary Professor of International Business, National Taiwan University. • Audit Committee Member and Compensation Committee Convenor of the Company.</p> <p>Professional field: • Strategy of ability-based growth. • Strategy of professional division of labor and competition and cooperation. • Strategy of operating emerging markets. • Specializes in management and leadership, planning short, medium, long-term strategies and the establishment of personnel training and performance appraisal systems.</p>	Independent, please refer to the following table	2
Chung-Yang Huang (Independent Director)	<p>Education: • Ph.D. in Electrical and Computer Engineering University of California, Santa Barbara, CA, USA. • Masters, Department of Electrical Engineering National Taiwan University. • Bachelor, Department of Electrical Engineering National Taiwan University.</p> <p>Experience: • Professor, Department of Electrical Engineering National Taiwan University. • Co-Founder, YOCTOL.AI. • Member of the National Development Fund Investment Commission. • Deputy Director, Taidah Entrepreneurship Center in National Taiwan University • Senior Manager, Cadence Design Systems (ex-Verplex Systems Inc.) • Audit Committee Member and Compensation Committee Member of the Company.</p> <p>Professional field: • SoC circuit design verification. • Automation and optimization of circuit design. • Verifiable circuit design. • Constraint satisfaction issue. • AI research, specializing in IC design verification and AI technology application.</p>	Independent, please refer to the following table	1

Attachment: The independent directors are independent according to the review of the company that they complied with the following conditions from two years before being elected and appointed, and during his/her term of office.

Independence Criteria		Sin-Hui Yan	Ji-Ren Le	Chung-Yang Huang
1	Not an employee of the company or any of its affiliates.	✓	✓	✓
2	Not a director or supervisor of the company or any of its affiliates (Does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the country, and concurrently serving as such at a public company and its parent or subsidiary or a subsidiary of the same parent company).	✓	✓	✓
3	Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.	✓	✓	✓
4	Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officers in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3).	✓	✓	✓
5	Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds 5% or more of the total number of issued shares of the company, ranks as one of its top five shareholders, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the country and concurrently serving as such at a public company and its parent or subsidiary or a subsidiary of the same parent company).	✓	✓	✓
6	Not a director, supervisor, or employee of a company of which the majority of the board seats or voting shares is controlled by a company that also controls the same of the company; (Does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the country and concurrently serving as such at a public company and its parent or subsidiary or a subsidiary of the same parent company).	✓	✓	✓
7	Not a chairperson, general manager, or person holding an equivalent position in the company and not a person in any of those positions at another company or institution or is a spouse to that person: a director (or governor), supervisor, or employee of that other company or institution (Does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the country and concurrently serving as such at a public company and its parent or subsidiary or a subsidiary of the same parent company).	✓	✓	✓
8	Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company (Does not apply if the specified company or institution holds 20% or more and no more than 50% of the total number of issued shares of the Company and independent directors are appointed in accordance with the Act or the laws and regulations of the country, and concurrently serving as such at a public company and its parent or subsidiary or a subsidiary of the same parent company).	✓	✓	✓
9	Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the compensation committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.	✓	✓	✓
10	Has not been a person of any of the conditions defined in Article 30 of the Company Act.	✓	✓	✓

Note 1: Professional qualifications and experience: State the professional qualifications and experience of individual directors and supervisors. If he/she is a member of the Audit Committee and has accounting or finance expertise, the background and experience shall be stated, and explain whether the person falls under any of the conditions defined in Article 30 of the Company Act.

Note 2: The independent criteria of the independent directors shall be stated, including but not limited to whether the person, spouse, relative within the second degree of kinship is a director, supervisor or employee of the company; The holding shares and ratio held by the person, the person's spouse, minor children, or relative within the second degree of kinship (or held by the person under others' names); Be as a director, supervisor or employee of a company that has a specific relationship with the company (refer to the regulations of Article 3, paragraph 3, subparagraph 5-8 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); The amount of remuneration received for providing commercial, legal, financial, accounting services to the company or any affiliate of the company in the past 2 years.

B. Board Diversity and Independence

According to Article 20 of the Company Code of Practice on Corporate Governance, the board of directors should consider diversity in its composition and formulate an appropriate diversity policy based on its own operations, business model and development needs. The members of the board of directors should possess the necessary knowledge, skills and qualities to perform their duties. In order to achieve the goals of corporate governance, the board of directors shall be guided by the following:

- 1 Qualification of business judgement
- 2 Qualification of analysis on accounting and finance
- 3 Qualification of business management
- 4 Qualification of crisis countermeasures
- 5 Know-how of industry
- 6 International market perspective
- 7 Qualification of a leader
- 8 Decision-making qualification

The Company's board of directors consists of 9 directors, including 3 independent directors. The ratio of independent directors is 33%. Gender equality is taken into account in the composition of the board of directors. The ratio of female directors is 11%. According to the statement of directors and the results of the Company inspection, there exists no relationship between the directors' spouse or relative within the second degree, so the board of directors is independent. With regard to term of office, two of the independent directors are serving 5 years and one is serving 4 years. The qualification of independent directors is based on individual declarations and the Company's criteria for election. The three independent directors comply with independence standards and were appointed as independent directors of VIVOTEK. The 9 directors are familiar with VIVOTEK's financial and operational situation.

Name	Basic background							Industry experience					Professional Ability			
	Nationality	Gender	Employee status	Age		Length of tenure of independent director		Electrical Engineering	Information and Technology	Finance and Accounting	Aviation and Finance	Professional Services and Marketing	Electrical Engineering	Finance and Accounting	Management	Media
				51-60	61-70	< 3 years	> 3 years									
Bill Lo	TAIWAN	Male			✓			✓	✓						✓	
Simon Chang	TAIWAN	Male			✓			✓	✓						✓	
Ciou-Yuan Lai	TAIWAN	Male		✓				✓	✓						✓	
Zoe Cherng	TAIWAN	Female		✓								✓				✓
Chih-Chung Lan	TAIWAN	Male			✓			✓	✓				✓			
Sin-Hui Yan	TAIWAN	Male			✓			✓	✓	✓				✓		
Simon Chang	TAIWAN	Male		✓			✓		✓	✓	✓			✓		
Ji-Ren Le	TAIWAN	Male			✓		✓	✓	✓			✓			✓	
Chung-Yang Huang	TAIWAN	Male		✓			✓	✓	✓				✓			

C. The result of the performance evaluation of the board of directors: The average score is 4.7, which is excellent.

Report to the board of directors on February 23, 2022 In 2021, the board of directors appointed an external independent organization and legal entity, the Taiwan Institute of Ethical Business and Forensics (TIEBF) to conduct an evaluation. The questionnaires were based on four aspects: professional functions, decision-making effectiveness, internal control, and corporate sustainability. Interviews with 3 directors were conducted and relevant internal regulations, recorded data, and important recommendations were proposed: 1. Adjustment of inspection methods and set up of external reporting channels. 2. Diversified perspectives on corporate sustainability. 3. Functions of the Audit Committee in the Risk Management Policy.

Based on the recommendations made by the TIEBF (Taiwan Institute of Ethical Business and Forensics), the following improvements were to be implemented:

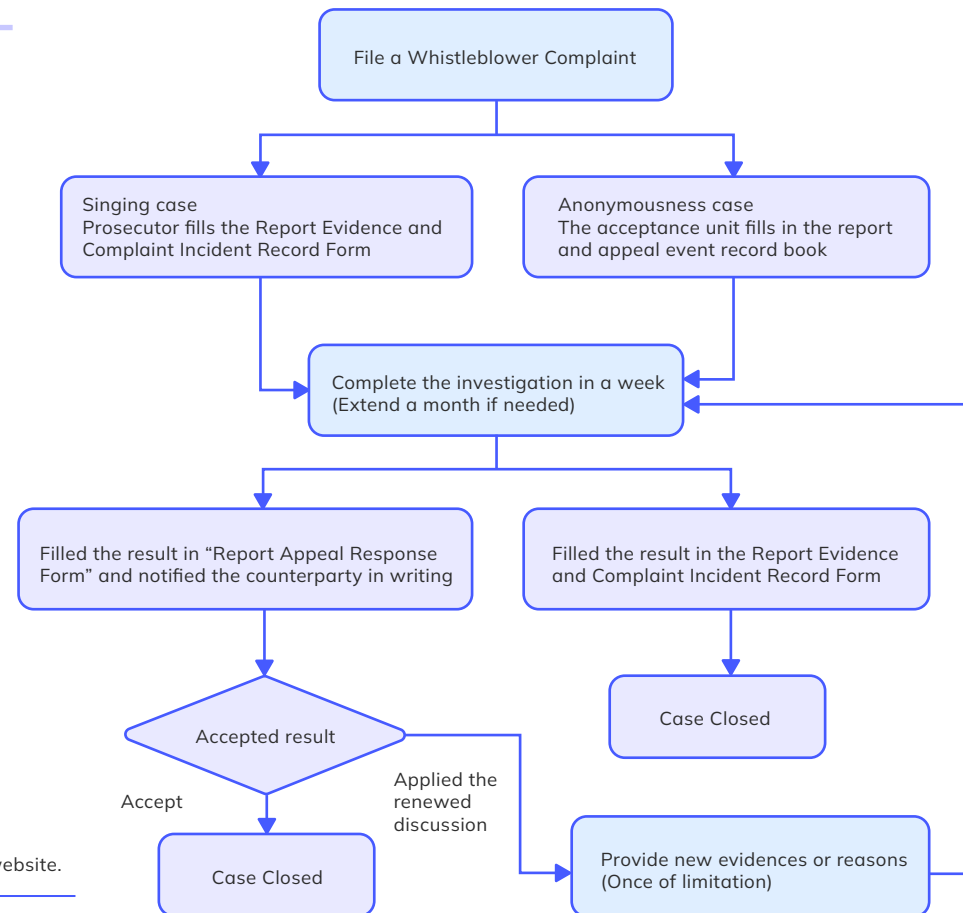
1. Amend "Reporting System Measures" and announce this on the Company website:

(a) Determining the assigned unit: depending on the nature of the report, the task is assigned to either the auditing unit or the department head and human resources unit.

(b) Separating reporting channels: add e-mails for reporting and appeals, and use physical mailing address for appeals.

The picture shows the process flow chart for incident reports and appeals on the official website.

Reporting and appealing event flow chart



2. Prepare and publish the English version of the Sustainability Report in 2022 to increase information transparency and comply with international standards.

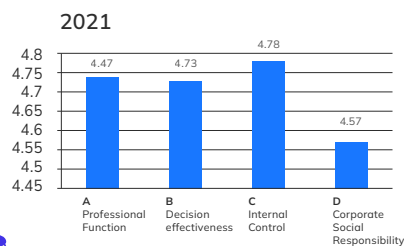
3. Strengthen multiple perspectives behind corporate sustainability with reference to Delta's experience in environmental protection, energy conservation and reduction of carbon emissions, it continues to respond to corporate sustainability. For more information, please refer to the chapter on environmental care.

4. Comply with the policies set by competent authorities and assign a risk management policy supervisory unit to facilitate risk assessment and management.

2021 Performance Evaluation of the Board Members and Directors and Audit Committee

Evaluate the effectiveness of the board of directors by external agencies in 2021

Evaluation of four aspects



D. Evaluation result of board members: average of 4.75 points, which is excellent.

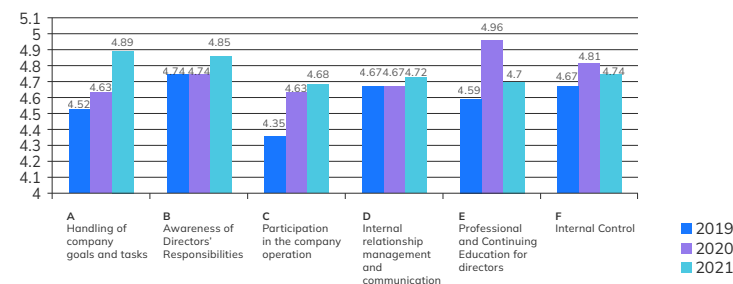
The improvement plan was proposed given the two major items with an average score lower than the 2021 score:

1. Professional and Continuing Education for Directors: The Chinese Governance Association, a legal entity, was entrusted to organize an education and training course, which has already been completed.
2. Internal Control: Increase audit manpower to strengthen the depth and scope of internal audit and internal control check points.

2021 Performance Evaluation of the Board Members and Directors and Audit Committee

2021 Board Member Effectiveness Evaluation

Comparison of self-evaluation for six aspects of Board Members in 2019, 2020 and 2021



(Information source: Official Website/Investor Relations/Corporate Governance Zone/ 2021 Board Performance Evaluation Results Report)

3.2.4 Organization and Structure of the Board of Directors' Audit Committee

VIVOTEK has set up an audit committee, which is composed of all independent directors in accordance with the laws and regulations. It holds at least one meeting every quarter and when necessary.

The annual work priorities of the Audit Committee include ensuring fair presentation of the Company's financial statements; selection (dismissal), independence and performance of certified accountants, effective implementation of the Company's internal control, Company compliance with relevant laws and regulations, as well as management and control of existing or potential risks of the Company. In addition to sending the audit report to independent directors every month for review, the head of internal audit submits reports on the Company's internal control management findings to the members and directors of the audit committee and the board. The independent directors have at least one separate audit each year. The supervisor reports important Company internal control management findings and communicates with the accountant once a year on the audit of the Company's consolidated financial report (annual and individual reporting). Relevant information is disclosed on the Company website (i.e., Independent Directors and Internal Audit and Communication with Accountants).

Number of audit committee meetings in 2021: VIVOTEK held a total of 6 audit committee meetings, and the average attendance rate of independent directors was 100%.

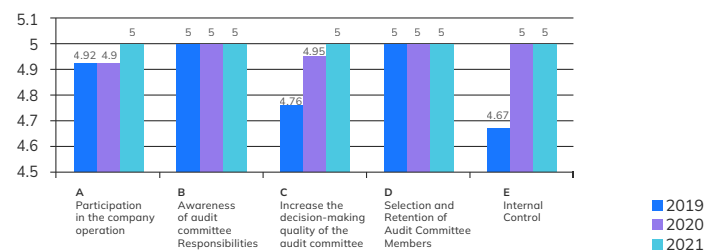
The Audit Committee held 6 meetings last year (A), and the attendance of independent directors is as follows:

The performance result of the Audit Committee in 2021: average of 5 points, which is excellent.

2021 Performance Evaluation of the Board Members and Directors and Audit Committee

2021 Audit Committee Effectiveness Evaluation

Comparison of self-evaluation for five aspects of Audit Committee in 2019, 2020 and 2021



Job Title	Name	Actual attendance (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Independent director	Sin-Hui Yan	6	0	100	No more than three consecutive terms
Independent director	Ji-Ren Le	6	0	100	No more than three consecutive terms
Independent director	Chung-Yang Huang	6	0	100	No more than three consecutive terms

3.2.5 Organization and Structure of the Board of Directors ' Remuneration Committee

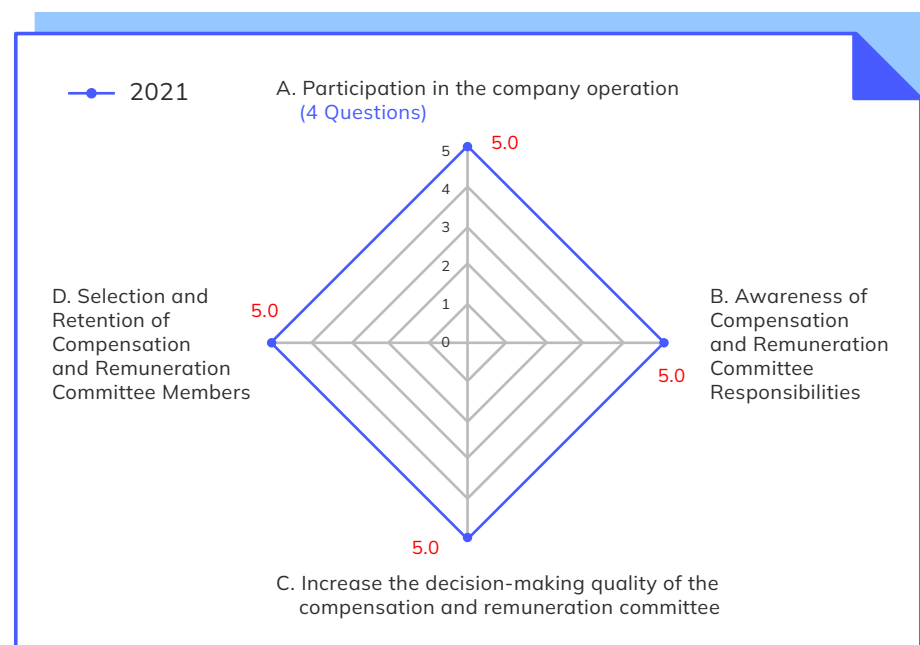
The VIVOTEK Remuneration Committee is tasked to assist the Board of Directors with the implementation and evaluation of the Company's overall compensation and benefit policies, as well as the directors and managers' compensation. At present, the Remuneration Committee is composed of three independent directors and holds at least two meetings a year, and may organize ad hoc meetings from time to time as the case may be. Please refer to VIVOTEK's annual report for information on the committee meetings and the attendance rate of each member.

Results in 2021: VIVOTEK has 3 remuneration committee members whose term of office is from June 15, 2020 to June 14, 2023. A total of 3 meetings were held in 2021, with an average attendance rate of 100%.

Title Name	Name	Gender	Expertise
Convenor	Ji-Ren Le	Male	Business Strategy
Member	Chung-Yang Huang	Male	Electronic Communication
Member	Sin-Hui Yan	Male	Financial Accountant

(Information source: Official Website/Investor Relations/Corporate Governance Zone/ 2021 Board Performance Evaluation Results Report)

The performance results of the Compensation and Remuneration Committee in 2021 are as follows: 5 points, which is excellent. An improvement plan is proposed for results with low scores. The meeting time is adjusted according to the content of the proposal.



3.2.6 Shareholder Communication

VIVOTEK held two briefing sessions for legal entities during the first half and second half of the year on May 21, 2021 and December 16, 2021, respectively. Because of the pandemic, the sessions were held online wherein legal entities, shareholders, and media were invited to participate. The financial results and operational highlights were announced. The president and the management team discussed the business and financial reports, and responded to real-time questions from the participants. They also talked about future prospects. The briefings and videos of relevant legal entities are published in the investor relations section of VIVOTEK's official website.

3.2.7 Internal staff integrity management training



In line with the UN Sustainable Development Goal SDG 16 - Peace, justice, and strong institutions, VIVOTEK provides an annual training course on integrity management, with a participation rate of 100%.

The course is called Corporate Governance and Integrity Management Promotion. The following are the key elements of the course:

A. Code of Business Integrity

While engaging in business activities, we shall not directly or indirectly provide, promise, request or accept any kickback, or commit dishonest acts, or act in bad faith or illegally, or breach fiduciary obligation in order to obtain or gain benefits, including money, gifts, commissions, positions, services, favors, and rebates in any form or name. However, in socially accepted norms or situations that have no bearing on specific rights and obligations, this limitation is not applicable.

B. Responsible unit

B. To improve integrity management, the Human Resources Department, Legal Affairs, and Intellectual Property Department are responsible for formulating and implementing the Company's integrity management policy, as well as managing trade secrets and confidential operating procedures. They also report the implementation of the integrity management policy to the board of directors once a year.

C. Stakeholders are required to comply with the code of integrity management.

Likewise, suppliers must uphold the business mission of VIVOTEK and follow the Sustainable Supplier and Integrity Commitment and Supplier Code of Conduct. They need to identify, monitor and mitigate any negative environmental, social, and governance impacts along the value chain.

All company members are required to uphold the highest ethical standards, including but not limited to conditions relevant to business ethics, unjust enrichment, corruption, conflict of interest, protection of intellectual property rights, anti-trust laws, and use of conflict minerals.

D. Violations of Code of Business Integrity

- | | |
|-----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 Bribes or accepts bribes | 6 Fixing prices, rigging bid, limiting production or distribution, or allocating customers, suppliers, operating areas, and business types to share or divide the market |
| 2 Make illegal political contributions | |
| 3 Improper charitable donations or sponsorship | 7 Products and services directly or indirectly damage the rights, health, and safety of consumers or other interested parties during research and development, procurement, manufacture, distribution or sale. |
| 4 Offer or accept unnecessary gifts, entertainment, or other improper advantages | 8 Disclosing the company trade secret or other vital information to the irrelevant person |
| 5 Injure the trade secrets, trademarks, patents, copyrights, and other intellectual property rights | 9 Using the unpublished information to engage in insider trading or disclose it to others. |

E. Anti-bribery Procedures

An individual who offers or promises any form of kickback as well as the person with no conflict of interest should report the incident to his immediate supervisor within three days from the date of the incident, and notify the Company's designated unit when necessary.

An individual who offers or promises any form of kickback and has a conflict of interest should return or refuse such inducement, and report the incident to his immediate supervisor and inform the Company's designated unit. If the inducement cannot be returned, it should be handed over to the responsible unit within three days from the date of receipt.

F. Punitive Measures for Violation of Integrity Management Code

If it is confirmed that there is a violation of relevant laws and regulations or the Company's integrity management policies and regulations, the perpetrator shall be immediately reprimanded and appropriate measures shall be taken, and if necessary, the said individual shall undergo legal procedures to determine possible damages in order to protect the Company's reputation and rights. Information such as professional title, name, date of violation, violation committed and situation handling shall be posted on the Company's internal website.

3.3 Risk Management

3.3.1 Management policy and implementation results

A. Management Policy and Commitment

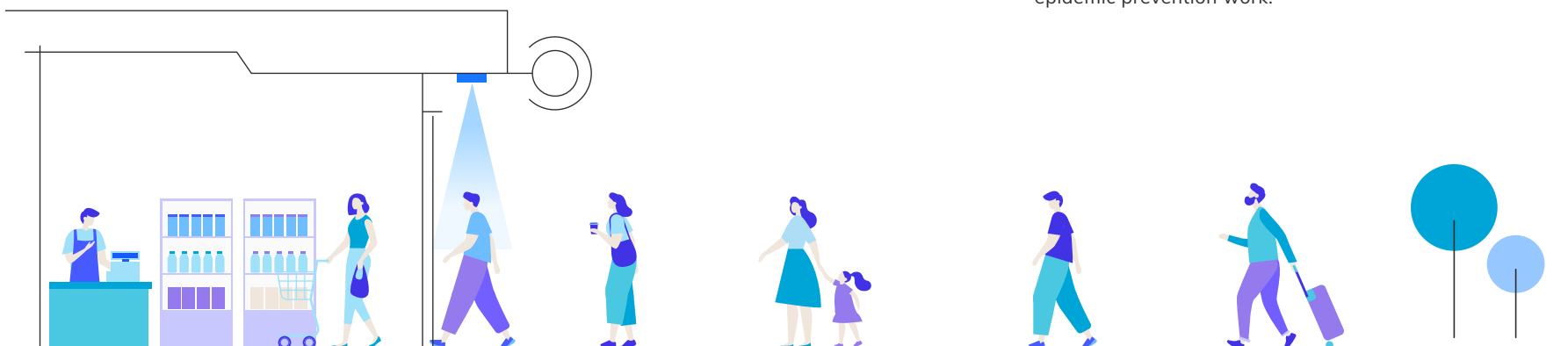
1. Improve and formulate risk management policies.
2. Regular monitoring and analysis of risk issues and risk communication.
3. Regularly update the epidemic prevention management plan.

B. Management Policy Evaluation and Performance

1. Publish a risk management policy.
2. The top risk management executive reports to the board once a year.
3. Announcement of epidemic prevention management measures and procedures.

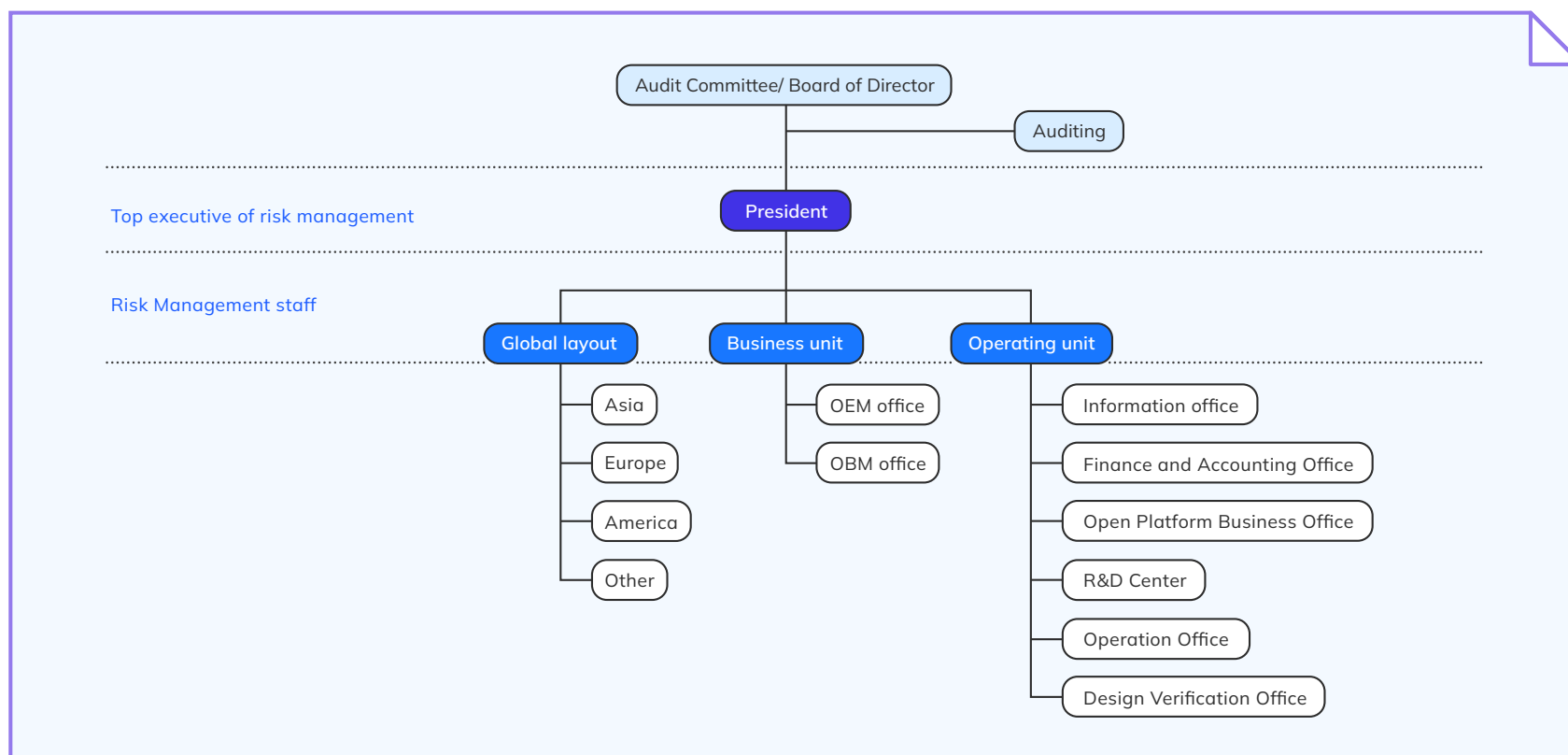
C. Actual implementation

1. In 2021, the general manager reported to the board of directors, and the board of directors approved and released the risk management policy and implementation.
2. VIVOTEK has set up an epidemic prevention team to actively monitor epidemic trends and development. In addition, an epidemic prevention section has been set up on the Company's internal website, and internal e-mails and other communication channels are regularly used to educate employees through epidemic prevention measures and frequently asked questions, and to thoroughly implement epidemic prevention work.



3.3.2 Risk management organization

In October 2021, the board of directors of VIVOTEK approved the risk management policy, with the general manager serving as the top risk management director, and the department heads, business unit directors and regional directors serving as front-line risk management personnel. Relevant countermeasures have been determined, evaluated and formulated, while regular review and supervision are ensured during operational meetings. For different risks, the general manager has set up relevant incident response teams, and assigns supervisors to handle team coordination. In terms of internal control system, the audit unit is responsible for ensuring implementation. It conducts impact assessments and policy responses for risk factors on strategic, operational, financial, hazardous events, and regulatory compliance.



3.3.3 Risk management assessment methods

According to the "Risk Management Policy" formulated by the Company, through the identification, evaluation, control, supervision and communication of potential risks, and qualitative or quantitative management methods, the risks faced during operations are reduced to a tolerable and controllable range with each potential risk described below:

Risk types: divided into five aspects - strategy, operation, finance, hazardous events, and regulatory compliance.

There are two risk assessments. Possibility of a risk event :

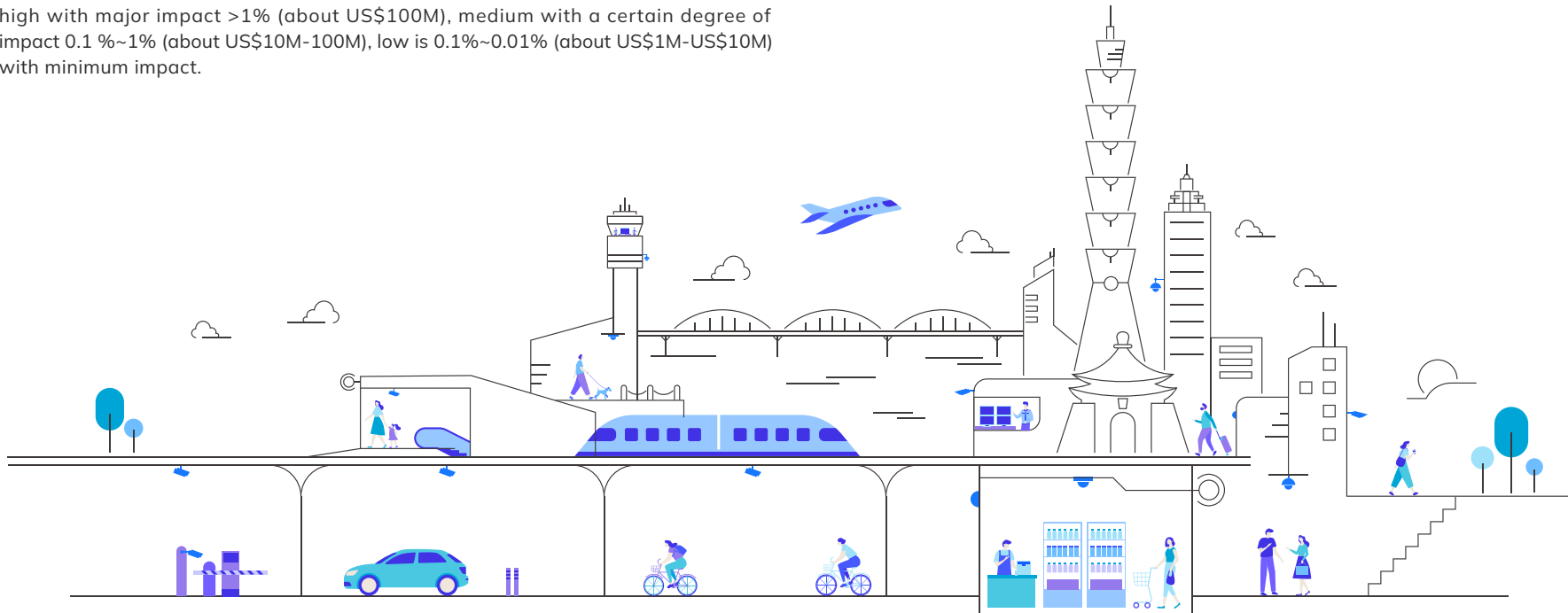
Five-point rating scale: (1) almost unlikely, (2) unlikely, (3) likely, (4) very likely, and (5) almost certain

Severity of impact once a risk event occurs:

impact on revenue, costs, assets, and personnel; divided into high, medium, and low;

high with major impact >1% (about US\$100M), medium with a certain degree of impact 0.1 %~1% (about US\$10M-100M), low is 0.1%~0.01% (about US\$1M-US\$10M)

with minimum impact.




3.3.4 VIVOTEK risk management authority




Risk Type	Risk factor	Responsible unit
Strategic Side	Industrial change	President
	Technological changes	President
	Business model formulation	President
	Organizational structure adaptability	President
Operational Side	Business continuity risk (i.e., risk of operational interruption, including supply chain interruption and production chain interruption)	Operations Office
	Information Security	Information Office
	Supply Chain Management	Operations Office
	Market demand and capacity expansion	Operations Office
	Intellectual property rights	Intellectual Property Department
	Customer concentration	All Business Units
	Corporate image	President's Office
	Talent attraction, retention and training	Human Resources office
	Strategic investment	President's Office



Risk Type	Risk factor	Responsible unit
Financial Side	Interest rates, exchange rates, inflation	Finance Department
	Tax	Finance Department
	Credit	Finance Department
	Liquidity	Finance Department
	High-risk/high-leverage financial investment, derivative financial commodity trading	Finance Department
Hazardous Event	Climate Change	Labor Safety Team
	Occupational Safety and Health	Labor Safety Team
	Fire or other man-made disasters (including use, production and disposal of hazardous substances in products and processes)	Operations Department/ Labor Safety Team
	Natural disasters	Labor Safety Team
Regulatory compliance	Environmental regulations (including carbon pricing, energy taxes, renewable energy regulations, etc.)	General Affairs Department
	Anti-trust, Anti-Corruption and Fraud	Legal Office
	Personal information protection	Human Resources Department



(Data reference source: Company official website/Investor Relations/Corporate Governance Zone/Risk Management Policy)

3.3.5 Internal Audit and Operations

VIVOTEK has an internal audit office, which is an independent unit directly under the board of directors and reports to the board during the regular meeting and to the audit committee on a quarterly basis. The company has set up the internal audit to assist the board of directors, audit committee and management with the inspection and review of deficiencies in the internal control system and assessment of effectiveness and efficiency of operations; its scope covers all operations of the Company and its subsidiaries.

The audit work is mainly carried out according to the audit plan approved by the board of directors. The audit plan is formulated according to the identified risks, and the project audit or review is carried out as necessary. Combining the above general audit and execution of projects, it provides information on the operation status of the management's internal control function and provides recommendations for improvement in a timely manner. Internal audit involves reviewing the self-inspection performed by each unit, as well as the internal control deficiencies and abnormal issues found by the audit unit in order to improve the situation. This helps evaluate the overall internal and control system effectiveness, which is presented to the board of directors and the general manager for review.

Achievements in 2021: The annual audit plan was completed according to schedule, and the report was presented to the board of directors and the audit committee as non-voting delegates. There were no major issues found in the 2021 audit.

3.3.6 Implement the ethical code of business integrity and anti-corruption

In order to improve the development of integrity management, VIVOTEK has established the Integrity Management Code, Operating Procedures and Behavioral Guidelines for the Board of Directors to specify integrity management policies and practices, so as to establish a good business operation model and create a culture of integrity. VIVOTEK expects and requires company members, including the board of directors and senior management to actively implement this policy.

In the VIVOTEK Code of Ethics and Conduct, offering or accepting bribes is strictly prohibited, as well as making illegal political donations, providing or accepting inducements, infringing intellectual property rights, having illegal third-party transactions, or breaching of implied covenant and fair dealing in accordance with the exchange act and prohibition of unauthorized publication of internal material information without the consent of the Company.

In order to implement integrity management, the human resources department, legal department, intellectual property and other relevant units formulate and implement the Company's integrity management policy, management of trade secrets and confidential operating procedures. The human resources department regularly reports to the board of directors on the implementation of the integrity management policy once a year. Education/training and promotion relevant to integrity management are organized for directors, managers and all colleagues at least once a year. Participants attended seminars on Corporate Governance and Integrity Management Promotion in 2021. There were a total of 940 participants, composed of directors and Taiwan employees, with a completion rate of 94.9%. In addition, the Company required suppliers to sign the VIVOTEK Sustainable Supplier and Integrity Commitment, promising to abide by the VIVOTEK Supplier Sustainability Responsibility, VIVOTEK Supplier Code of Conduct, VIVOTEK Responsible Business Alliance, VIVOTEK Integrity Commitment and other related content.



A whistle-blowing system, whistle-blowing and reward system, as well as convenient whistle-blowing channels have been established, and a personnel is assigned to receive information from the whistleblower. The E-mail address for reporting complaints is 1999@vivotek.com. The standard operating procedures for investigating reported cases, follow-up measures to be taken after completion of investigation, relevant confidentiality mechanism, and measures to protect the whistleblower from possible threats have been formulated. During the reporting period, there had been no incident reported.

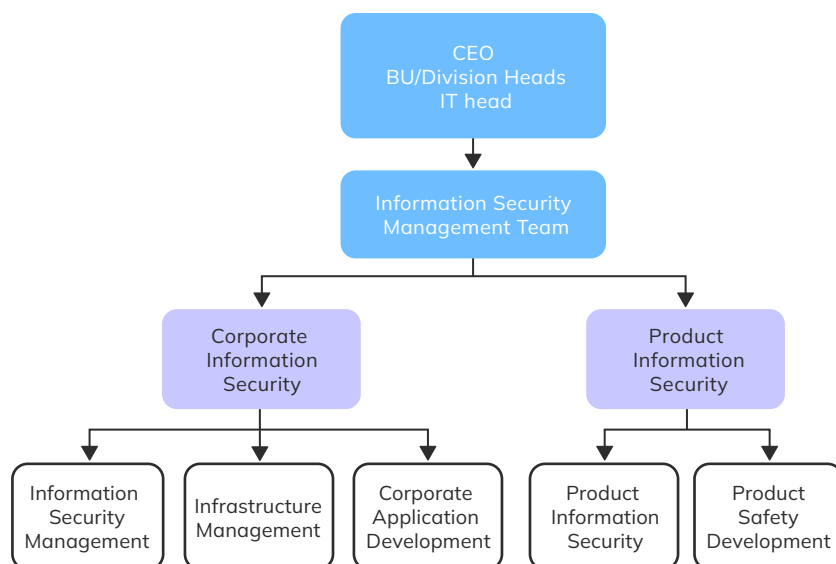
Responding to SDG16 - Peace, justice and strong institutions

3.4 Information Security Management

3.4.1 Information Security Organizational Structure

The Information Security Committee was formally established in January 2020. Its main tasks include information security policy formulation, information security maintenance, information security architecture formulation, system vulnerability scanning, and product information security review.

In the security organizational structure of VIVOTEK, there is another committee involved. The president, BU directors, department directors, and IT directors are the committee members. The key points of the information security efforts for the next year are formulated and handed over to the information security team for implementation.



3.4.2 Information Security Policy and Handling Procedures

Below are the VIVOTEK Information Security Policy guidelines:

1. Maintaining the privacy of customer data and ensuring the security of business information is a shared responsibility of all Company colleagues.
2. Information security must ensure the availability, confidentiality and integrity of services.

Every VIVOTEK employee must follow relevant information security norms and policies, including:

- | | |
|----------------------------------------------|--------------------------------------------|
| 1. Internet Use Policy | 4. Computer Use Policy |
| 2. Email Usage Policy | 5. Strong Password Principles |
| 3. Anti-virus and Anti-hacking System Policy | 6. Data Backup and Restore Policy |
| | 7. Equipment use and management principles |
| | 8. Remote Access Policy |

VIVOTEK Inc. was certified by an international standard validation called "ISO 27001 Information Security Management System" of BSI British Standards Institute and has officially gone through the certificate awarding ceremony in September 2022.

VIVOTEK Inc. set up a team specified for information security, created an information security risk management and operation mechanism, also standard of process (SOP) for information security event and accident management, ensuring sustainable operation with low operational risks and improved PDCA constantly, including management review and audit activities, annual risk assessment and launched training programs throughout the organization. VIVOTEK has accomplished formulation of ISO 27001 related specifications and is going to implement management and control related mechanisms and operating specifications in an active manner in the upcoming years.

3.4.3 Enterprise Network Information Security

Below are the key tasks for enterprise network information security in 2021:

1. In response to the increasing demand for operating system security, VIVOTEK upgraded 100% of its office computers to Windows 10.

2. To improve email security, the Company upgraded O365 to an E3-level cloud mail system, and enabled a two-step verification to prevent account intrusion after password leakage.
3. Education and training on information risk assessment was conducted with 51 managers and senior-level participants in preparation for ISO 27001 certification, which is expected to be confirmed in 2022.
It is hoped that the overall information security of the Company will be further improved with the issuance of ISO certification.
4. The Company shall continue to perform two vulnerability scans and make reinforcements for server-related issues.
5. This year, there were two phishing attempts that employees were able to report immediately, and no accidental clicks occurred.
6. The firewall was updated to strengthen external protection.
7. Power generation equipment was installed in the computer room to continuously supply power to the core system for more than 6 hours in the event of a power outage. In addition, the external bandwidth was increased to allow outstation users to steadily access resources within the Company. These two tasks increased system availability.
8. The logging mechanism of the R&D server was established, as well as the trajectory tracking capability.

3.4.4 Enhanced product information

VIVOTEK products are mainly network products. In the era of IoT, these products are commonly targeted by hackers, and customers have become increasingly concerned about the products' information security. Therefore, the Company has combined its software and hardware development process with static scanning software to ensure product quality in the code. In addition, the products are sent to external units for penetration testing from time to time to ensure that there are no serious vulnerabilities in the products.

Below are the key tasks for product information security in 2021:

1. The Taiwan IoT information security standards were submitted for inspection; as of 2021/12/31, a total of 20 new products have obtained certification.
2. The IEC62443 ML2 standard was officially introduced in product development. In 2021, the content of the white paper was confirmed, and the development process

was reviewed and improved to ensure that the developed products meet industry information security standards.

3. The cloud product introduced a more secure encryption mechanism for customer video data to prevent others including system administrators from obtaining and viewing customer data.
4. The product development process continued to perform static scans to fix major and moderately severe issues.
5. The plugin supported by the unsafe IE browser in the product was removed and rewritten to a framework that does not require plugins. The user interface of the network video recorder was rewritten and the camera is expected to be revised in 2022.

3.4.5 Establish an emergency response mechanism

To effectively deal with information security issues related to enterprises and products, VIVOTEK established an information security emergency response team in 2020. Combining enterprise information, applications engineering (i.e., FAE), information security, product development, and research and development, the team handles and responds to product-related information security issues reported by external parties. In addition to dealing with product information security, it handles and addresses information security issues related to the Company website. Through standard operating procedures, efficient handling of issues can be achieved, damage can be controlled and customer complaints can be reduced.

In 2021, there were no major information security incidents and no complaints of customer privacy violations or loss of customer data.

VIVOTEK has an information security page on its official website, providing vulnerability policies, security enhancement guidelines, and related security bulletins. It also has an online customer service email: security@vivotek.com to immediately notify VIVOTEK of vulnerabilities and other security issues, and protect end user information security.

There were four problems reported through this channel in 2021, but none of them were serious. Two issues were related to the Company's official website and the other two were product problems. After evaluation, the issues found on the official website had no actual impact. Some of the products encountered problems with Linux and all versions have already been updated.

3.5 Customer Relationship Management

3.5.1 Management policy and implementation results

A. Management Policy and Commitment

1. Regularly assess customer satisfaction.
2. Quickly resolve customer technical issues within Turn-Around Time (TAT)
3. Hold a dealer conference to listen to customers and partners.
4. Set up a multi-language customer service center to move towards service internationalization.

C. Accomplishments

1. Customer satisfaction has remained over 90 points for 5 consecutive years.
2. TAT is 4.03 days in line with target expectations.
3. In 2022, a customer service center will be established in Latin America for Spanish-speaking customer base using WhatsApp instant messaging to help build customer trust and loyalty.

B. Evaluation and Performance Management

1. The full score in each customer satisfaction survey is 100 points, and a score below 85 points is included in the improvement plan.
2. Technical support TAT is less than 5 days.
3. Set up customer service centers year by year in Taiwan, Japan, Latin America, and Europe within 5 years.
 - a. In 2022, the customer service center in Latin America would undergo maintenance and testing, and officially provide external services in the second half of 2022.
 - b. In 2023, a technical customer service center will be established in Japan.
 - c. A technical customer service center will be set up in Europe in 2025.

3.5.2 Responding to the UN Sustainable Development Goal SDG 17- Partnerships for the Goals



VIVOTEK cooperates with over 180 distributors and more than 100 software and hardware partners in 110 countries around the world. It has established mutual trust and a strong business relationship with global partners for over 20 years.

Taiwan-based VIVOTEK has close cooperation with upstream, midstream and downstream supply chains. In 2018, it joined the Open Security & Safety Alliance as a founding member and is committed to maintaining the best standards and specifications. It provides an implementation guide, minimizes integration resources, and leads the security control industry to new heights.

3.5.3 Customer Service

VIVOTEK values user opinions and customer feedback, and aims to satisfy customers with its services. It provides different customer technical support channels, such as online customer service mailbox, customer service network communication software, E-mail technical window, exclusive Youtube channel and website (<https://www.vivotek.com/support>) technical support that features product knowledge, Frequently Asked Questions FAQs, Troubleshooting Guides, Product Tutorial Video Service pipelines such as films and technical documents. Through exchanges and cooperation with the technical windows of dealers in various regions, VIVOTEK can extend the support services of its products in various regions, serve customers better and provide valuable service, while receiving positive customer feedback and recognition for its service value. VIVOTEK even receives occasional thank-you gifts for its service, which have continuously motivated its entire technical team.



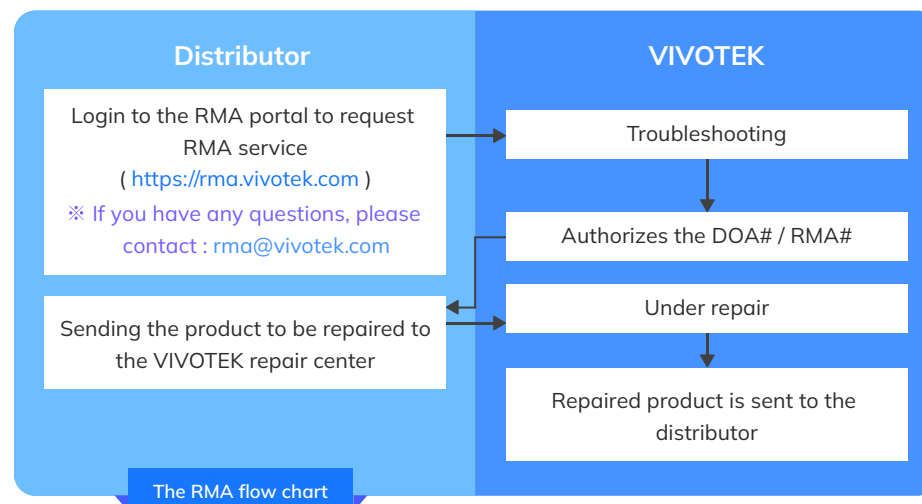
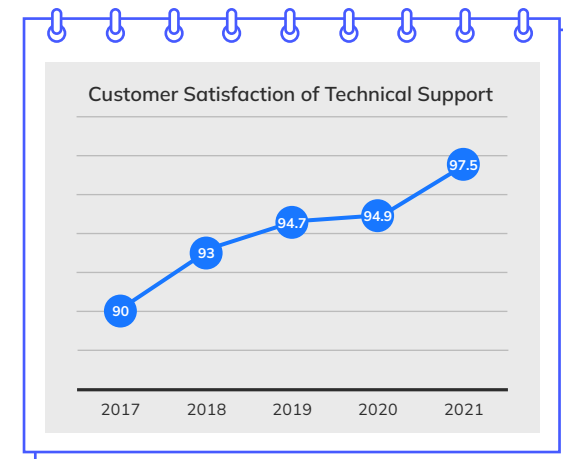
If there is a product issue that needs repair, VIVOTEK has set up maintenance service centers in major global locations such as Asia Pacific, the United States, Europe, India, Mexico and Brazil. It has also established an RMA after-sales service platform. This online platform with friendly interface allows dealers to make system repair application, product warranty inquiry and maintenance progress inquiry more conveniently and in real-time. VIVOTEK aims to provide complete repair or replacement services to ensure the most professional and complete support for customers. Since the establishment of its Taiwan Technical Customer Service Center in 2020, VIVOTEK has remained steadfast in building its market, brand and operations. It gives importance to providing after-sales service and values customer feedback. It is committed to product optimization and problem prevention as well as design and new function development. VIVOTEK simultaneously integrates domestic and overseas technical customer service centers into the same digital (cloud) customer service management system platform. It incorporates global product-related problem records, tracking, analysis, and statistics of customer service results through a single visual platform, and establishes a global knowledge management platform to share common problems and technical information. At this stage, Taiwan serves as a customer service demonstration base. Its success is replicated in the global market, creating a localized service experience with a competent technical service team and continuous efforts to evolve. In 2022, the construction of the technical customer service center in Latin America will begin, and the Japanese technical customer service center will be established in 2023 to expand the global service pipeline and improve the technical service level in each region.

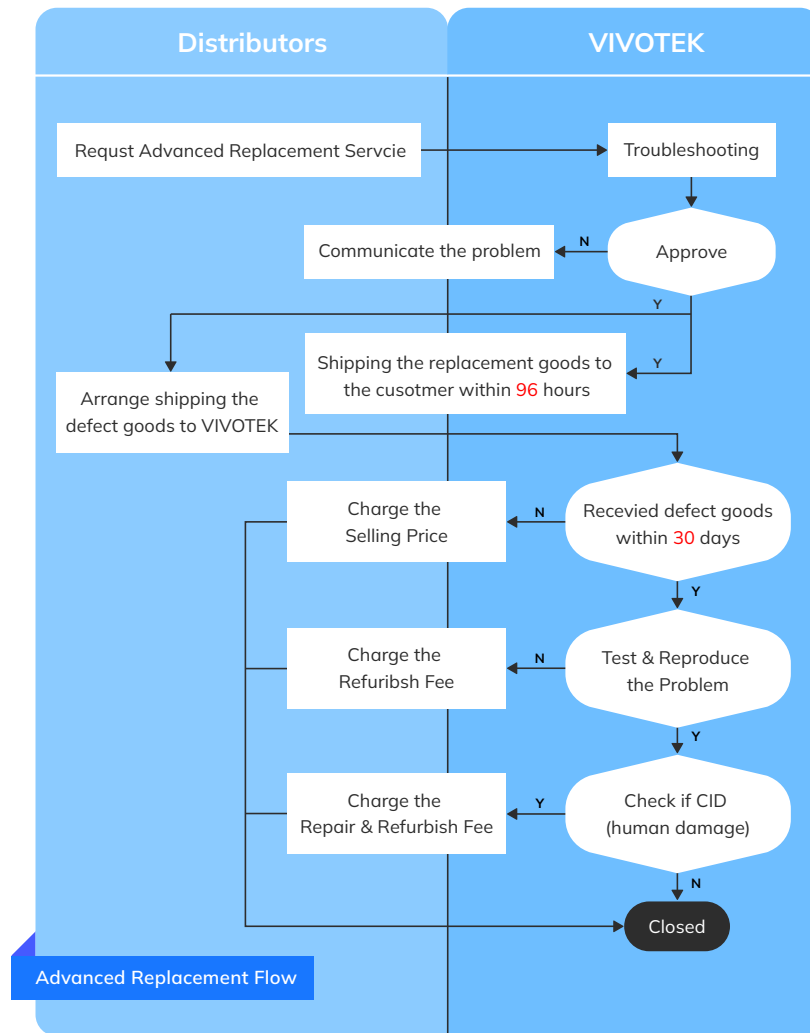
3.5.4 Customer Satisfaction

VIVOTEK upholds its responsibility and commitment to customers. It constantly improves the quality of its corporate services, endeavors to exceed customer expectations, and strives to provide the best services to satisfy customers. Internally, the Company aims to achieve high customer satisfaction rating annually. Customer problems and needs are addressed by company personnel within 24 hours, and countermeasures are taken within 5 days. There are customer satisfaction surveys on technical support and services as well as customer follow-up. There are product and service quality review and improvements; the overall customer satisfaction in the last five years (2017 to 2022) has reached more than 90 points.

As for after-sales maintenance and replacement services, in order to reduce queueing and waiting time, VIVOTEK strives to complete customers' service requirements within one week.

According to statistics in 2021, the average turnaround time for equipment repairs was 5.26 days, and the overall average service satisfaction score was 87.9 points, with RMA service attitude as the most satisfactory, scoring 92.5 points. In terms of problems and risks caused by equipment failure, repair and replacement of security products and equipment, VIVOTEK provides a more convenient pre-replacement service according to customer requirements and special needs, as well as more personal and high-quality products and services, thereby improving customer trust loyalty, and service satisfaction. VIVOTEK gives importance to each service channel and service quality. It offers customers a full range of excellent services, from product consultation to technical support or maintenance services.

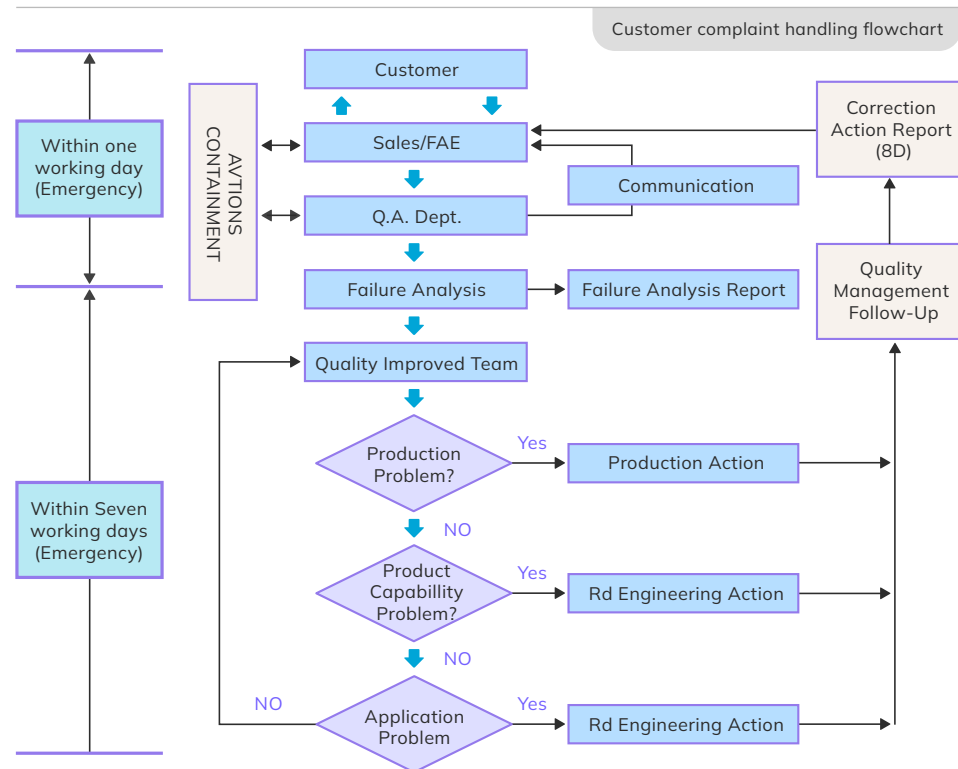




(More details please refer to VIVOTEK website.)

3.5.5 Handling customer complaints

In handling customer complaints, VIVOTEK strives to immediately provide solutions after collecting and analyzing relevant information provided by the customer. It also deals with related processes internally to monitor and track improvements to be made in addressing the problem, in order to prevent it from happening again. Appropriate corrective measures are proposed based on the analysis results. A statistical analysis of customer complaint data is also conducted on a regular basis. In 2021, there were 19 customer complaints; 37% of which was related to production processes, 32% - design, 5% - customer applications, and 26% - suppliers; all issues had been addressed.



(More details please refer to VIVOTEK website.)

3.6 Supply Chain Sustainability Management

3.6.1 Management policy and implementation results

A. Management Policy and Commitment

1. Sign the VIVOTEK Sustainable Supplier and Integrity Commitment.
2. Suppliers work together to protect the environment and comply with relevant regulations.
3. Encourage suppliers to actively invest in environmental protection and uphold social responsibility.
4. Commitment to compliance with labor laws.
5. Regular supplier evaluation.
6. Conduct conflict minerals surveys regularly.
7. Understand auditing procedures of the Group's third-party manufacturers, and update and review the third-party assessment form to facilitate completion of consolidation in 2023.

C. Accomplishments

1. In 2021, customer-designated manufacturers and subsequent non-transactional manufacturers were removed from the VIVOTEK Sustainable Supplier and Integrity Commitment and an English version was completed for foreign suppliers to sign, with a commitment rate of over 85%. In 2022, VIVOTEK will provide guidelines to unsigned manufacturers.
2. All manufacturers are 100% compliant with ROHS & REACH and other restricted substance requirements.
3. In 2021, VIVOTEK guided and cooperated with manufacturers so the latter can obtain more environmental protection-related certifications and improve the green supply chain.
4. There was supplier introduction and re-evaluation to confirm manufacturers' compliance with labor laws and regulations in various regions, and to ensure that there are no child labor and illegal overtime.
5. In the 2021 four-letter grade scale (A, B, C and D) supplier evaluation, 2 suppliers were selected for re-evaluation and the rest had an A grade qualification.
6. In 2021, the response rate of new suppliers to inquiries about conflict minerals was 100%. VIVOTEK hopes to continue its efforts in performing due diligence.

B. Evaluation and Performance Management

1. More than 75% of suppliers signed.
2. 100% supplier compliance.
3. Urge suppliers to comply with ISO14000 and QC080000 standards, as well as human rights certification such as RBA, and give priority to suppliers who meet these standards.
4. Investigate and evaluate suppliers that fail to comply with labor regulations.
5. Cooperative supplier evaluation must reach level B.
6. Conflict minerals survey recovery rate should reach 100%.

3.6.2 Responding to the UN Sustainable Development Goals SDG12 - Responsible consumption and production, SDG 17 - Partnerships for the goals, SDG10 - Reduced inequalities and SDG13 - Climate action



Suppliers are important partners in VIVOTEK's continuous growth. They are also excellent local companies. VIVOTEK and suppliers have continuously exchanged technologies to achieve symbiosis and co-prosperity amid the ever-changing consumer market. This cooperation includes production technology seminars, environmental protection materials selection, quality improvement counseling, and conflict metal management. Suppliers are encouraged to operate in compliance with the business code of conduct, labor, environmental protection and business ethics, as well as relevant laws and regulations. For a long time, VIVOTEK has also followed regulations with regard to the Declaration of Non-Use of Environmentally Hazardous Substances, Conflict

Minerals Questionnaire, and the Crystal Communication Sustainable Supplier and Integrity Commitment which was signed by all partners. In 2022, there is a plan for the group's supply chain management team to conduct a comprehensive survey and promotion for suppliers to help improve the overall level of suppliers and meet international standards. In order to reduce carbon emissions from the transportation process, it will also continue to implement localization of procurement and promote domestic economic development.

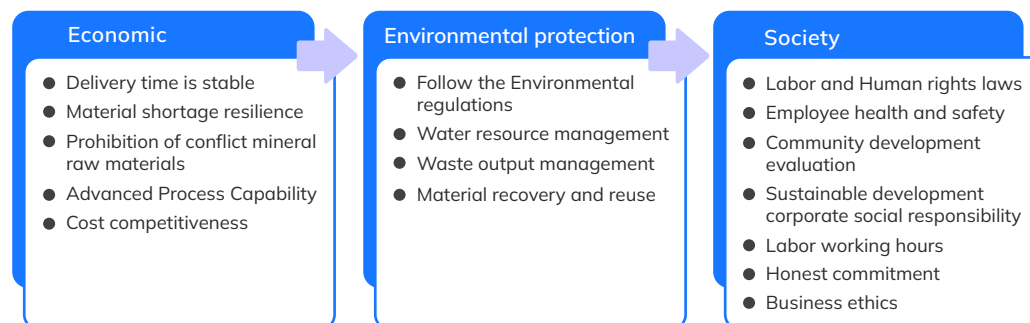
3.6.3 Supplier Sustainability Management

In order to achieve sustainable supplier management, VIVOTEK upholds the management philosophy of integrity, care, innovation and responsibility in supplier management, and implements the following policies: compliance with the code of conduct advocated by the Responsible Business Alliance (RBA) and focus on sustainable supply chain development in view of social responsibility, human rights protection, business ethics, and environmental protection. In addition, no conflict minerals shall be used in products and supply chain materials. Continuous improvement in quality, cost, delivery, cooperation, and social responsibility among suppliers shall be carried out.

To perform better and to uphold sustainability efforts, VIVOTEK aims to:

- ▶ Set sustainable development as its ultimate goal
- ▶ Supply products that contain no conflict minerals
- ▶ Update supplier roadmap and promote new technology to enhance competitiveness of both parties
- ▶ Educate suppliers on four aspects: quality, cost, delivery time, and service, facilitate smooth cooperation between parties
- ▶ Promote the importance of business ethics, human rights and sustainability

A. Sustainable Supplier Assessment Requirements: VIVOTEK has the following supply chain requirements based on the economy, environment and society.



B. Green Supply Chain

VIVOTEK shall help maintain the ecological environment and uphold corporate environmental responsibility by ensuring that products and operations comply with international environmental protection laws and regulations, and raw materials for products are obtained from a green supply chain. All products sold in the market shall comply with environmental protection laws and regulations in various countries. Preventive green management measures shall be implemented to reduce negative impact on the environment and ecology during product design, production and use.

A Green Supply Chain with Sustainable Commitment					
Responsible unit	Management mechanism		Commitment	2021 Implementation Projects	2021 Implementation Results
R&D, Quality Assurance and Supply Chain Management (VIVOTEK's responsibilities)	Corporate Sustainability	Material selection, supplier planning and evaluation	Qualification re-assessment of suppliers every six months	Regular re-evaluation every six months	Re-evaluation of 2 suppliers, (to pass re-evaluation and meet standards)
	Audit confirmation	Auditing corporate sustainability	Hazardous Substance Management and Supplier Advocacy Compliance with RoHS EU DirectiveREACH Regulation Update	Random regulatory updates, email investigation on supplier compliance with international environmental protection laws	Survey on existing and new qualified suppliers;100% response rate in ROHS and REACH
	Action	Including deadline for improvement and termination of purchase contract			

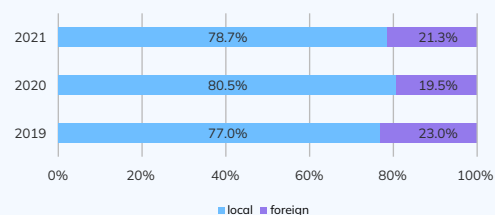
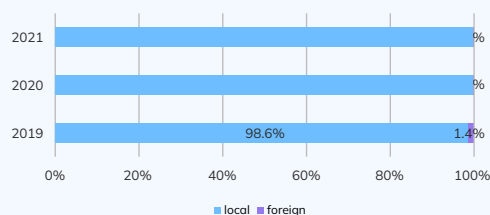
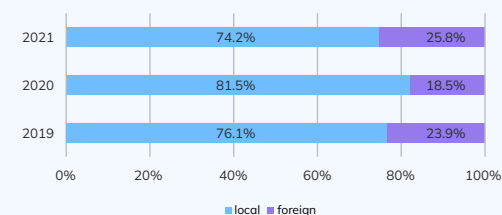
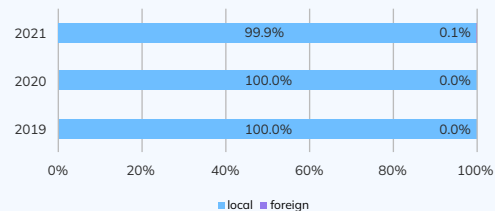
C. Types of Suppliers and Localization of Procurement

In order to promote social and economic development locally and reduce carbon emissions during transport, localization of procurement is VIVOTEK's primary consideration in finding partner suppliers.

The VIVOTEK supply chain consists of electronic component suppliers, packaging material manufacturers, institutional manufacturers, and outsourcing facilities. Its materials are subdivided into PCBs, lens/MODs, electronics, wires, electromechanical, mechanisms, packaging materials, and others. Larger institutional materials and packaging materials are purchased locally to reduce carbon emissions caused by long-distance transport. In 2021, there were approximately 356 suppliers that cooperated with VIVOTEK, of which local suppliers accounted for 92% and the transaction amount reached 78.7%.

Affected by the overall market trend and the pandemic in 2021, the domestic procurement amount decreased by 3.3% compared to that in 2020, but domestic procurement would remain a priority in VIVOTEK's business operations.

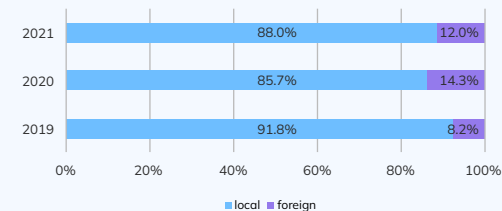
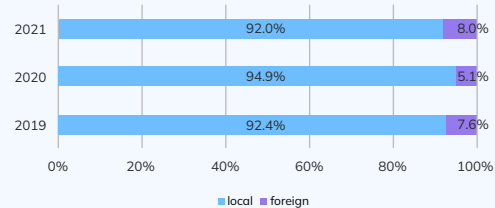
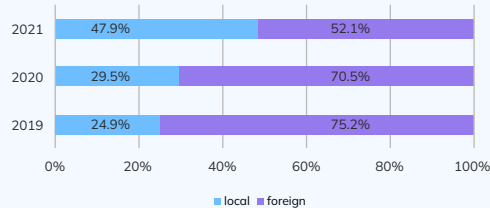
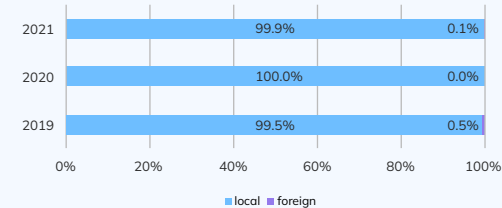
Local / Foreign annual procurement amount

Packing materials
Local / Foreign annual procurement amountElectronic materials
Local / Foreign annual procurement amountPCB
Local / Foreign annual procurement amount

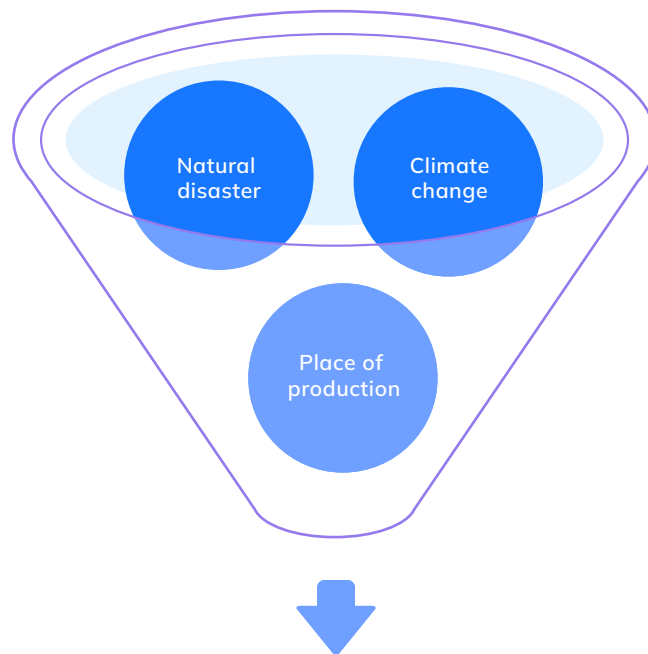
All procurement
of materials
qualified with
current EU
specifications

90% of
procurements
are local
materials

Summary of
VIVOTEK's 2021
results based on
the status of all
purchased materials

Electromechanical
Local / Foreign annual procurement amountMechanical part
Local / Foreign annual procurement amountLens / MOD
Local / Foreign annual procurement amountWire
Local / Foreign annual procurement amount

Summary of VIVOTEK's 2021 results based on the status of all purchased materials



- Develop contingency plans and procedures for potential risks may damage by products or services
- Establish an emergency notification system to provide immediate feedback when disasters occur
- Evaluation for preparing materials in response to shortages caused by seasonal natural disasters
- Diversified sources to avoid single raw material supplier

The selection of major suppliers is divided into four aspects: quality, cost, delivery time, and cooperation. In order to achieve sustainable supplier operations, future evaluations will include the supplier's management effectiveness in terms of economic, environmental and social aspects. All operations follow the fair, impartial and open integrity management code.

A supplier that has obtained certification related to environmental protection or hazardous substances management (ISO14001, QC080000) shall earn additional points in the evaluation. This would encourage suppliers to undertake efforts in environmental protection and social responsibility.

VIVOTEK does not support conflict minerals that utilize mining methods that finance the armed forces of the Democratic Republic of Congo and surrounding countries, which result in major bloodshed in the region. Since 2014, the Company has actively and passively conducted conflict mineral inspections of new suppliers or suppliers that customers recommend as a way of respecting human rights and to veer away from conflict situations. The inspection of conflict minerals and the response rate of new suppliers introduced in 2021 was 100%. In the future, VIVOTEK will continue to perform due diligence to ensure that there is no risk of conflict mineral issues.

D. Supplier Labor Rights

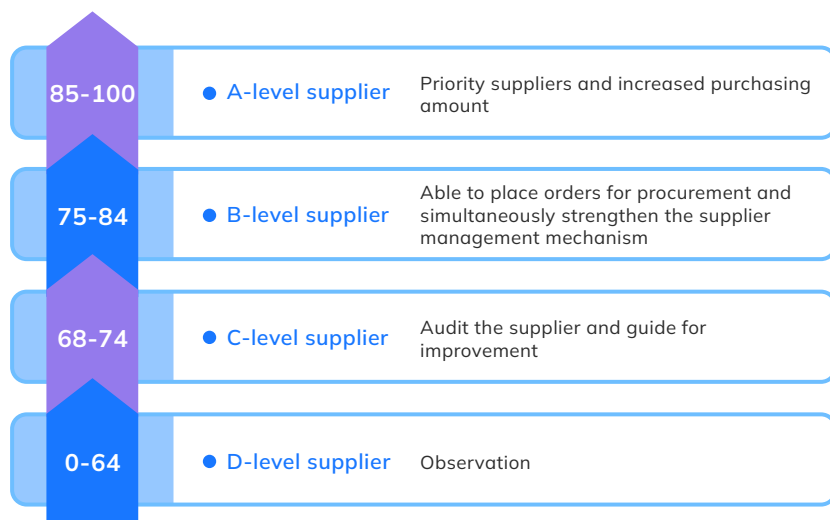
Over the years, VIVOTEK has given priority to hiring domestic workers and abides by relevant labor laws and regulations to protect the legitimate rights and interests of employees. It respects internationally recognized principles governing basic labor rights, and shall not violate workers' rights. In the future, all suppliers are expected to follow VIVOTEK's policy in protecting employees and safeguarding labor rights and interests. VIVOTEK will also take responsibility and continue to guide suppliers in complying with international standards.

E. Supply Chain Management Strategy and Objectives

All new suppliers need to be evaluated by multiple units based on these four aspects: quality (Q), cost (C), suitability (S), and delivery time (D). VIVOTEK will continue to conduct supplier management evaluation and uphold environmental sustainability. Through supplier evaluation and control mechanisms, VIVOTEK will strengthen its effective implementation of management systems in order to maintain the interests of the enterprise and achieve sustainability, as well as create a win-win situation with suppliers.

F. Supplier Rating and Corresponding Measures

The purchasing unit will cooperate with the quality assurance unit every six months to evaluate the status of each supplier based on four aspects: quality, delivery time, cost, and suitability. The Company will use the evaluation results as a benchmark for the annual supplier re-evaluation and selection.

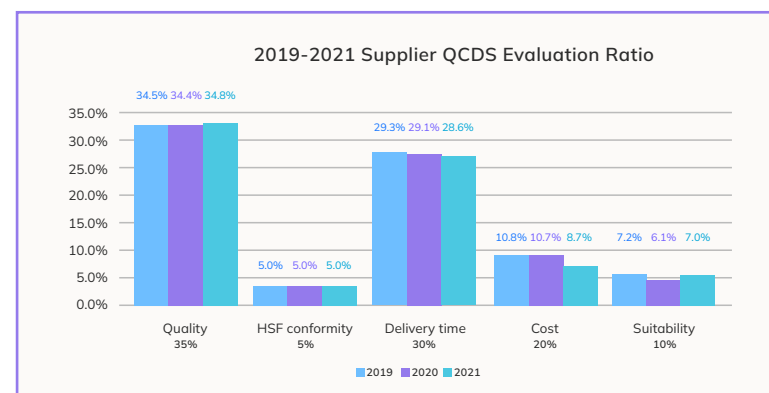


3.6.4 Results in 2021

In the second half of 2021, there were more B-grade suppliers than A-grade suppliers. This is due to the impact of COVID-19, rising cost of raw materials and shortage of freight containers. The cost and delivery evaluation was lower than before.

In the 2021 four-letter grade scale (A, B, C and D) supplier evaluation, 2 of the suppliers were selected and re-evaluated. The evaluation during this period resulted in suppliers with A-level qualification.

2021 Result	Rank	First Half Year	Second Half Year
	A	203	160
	B	114	174
	C	16	16
	D	0	0



The table shows the proportion of each criterion score for quality (Q), cost (C), delivery time (D), and suitability (S) from 2019 to 2021. Each manufacturer maintains a certain level in each criterion scoring.



4 Innovation and Quality Management

- 1 2021 R&D funds accounted for **11.84%** of revenue.
- 2 Revenue of the embedded Smart VCA products in 2021 accounted **39.06%** of revenue.
- 3 The Company was verified by the **Taiwan Intellectual Property Management System (TIPS)** in 2021, and has obtained TIPS verification for **8** consecutive years.
- 4 The Company has accumulated **596** patent applications worldwide, and has obtained **442** patents worldwide as of 2021.
- 5 The Company has obtained a total of **80** trademarks across **42** countries.
- 6 Through the **ISO14001** Environmental Management System, the products are designed with the lowest impact on the environment, and the waste and consumption of resources are simultaneously reduced.
- 7 All products are **100%** compliant with EU **RoHS** and **REACH** standards to ensure that they are friendly to humans and the environment.
- 8 The **Green Product Management (GPM)** system is implemented internally for the development of green components / product database to ensure environmental compliance of components and suppliers at any time.

4.1 Innovative R&D and Collaborative Resources

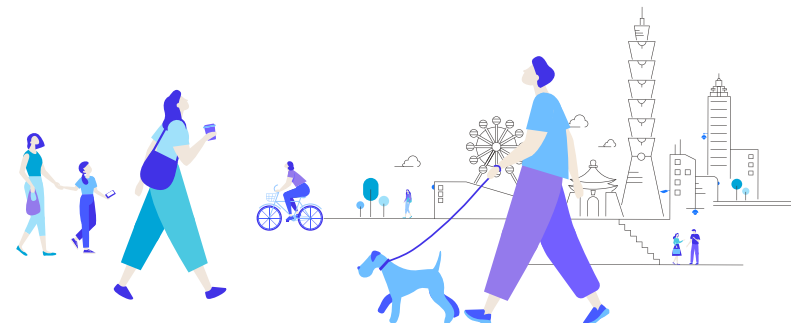
4.1.1 R&D and execution result

For the development of emerging imaging and AI application solutions, VIVOTEK established an AI R&D Center in July 2018, focusing on the development of embedded AI core technology and IoT generation IP security solutions through the Company's internal technology transfer. The Company strengthens the integration of research resources and fully understands future trends, which help achieve its goals of improving core technologies and R&D capabilities, as well as promoting industrial chain cooperation. Aside from strengthening its R&D capabilities, VIVOTEK proactively promotes open standards for relevant industries proposed by international organizations and engages in industry-academy cooperation in Taiwan. In 2021, a variety of intelligent AI network surveillance cameras were launched, including single-lens, fisheye, and multi-lens network surveillance cameras. In addition to optimizing product performance, it offers a better user experience and more complete solutions. It also incorporates research and development results of AI technology into products to meet different industry and market needs.

Execution Results:

1. Expand the main concept of AI technology research and development, and develop new products and services from the users' perspective to meet market demand for the next-generation AI surveillance system; VIVOTEK R&D funds in 2021 accounted for **11.84%** of total revenue.
2. Actively promote cooperation and exchanges with external resources of the Company, strengthen the integration of research resources, and improve the efficiency of resource integration; in 2021, VIVOTEK and National Kaohsiung University of Science and Technology have jointly completed two industry-university cooperation projects.
3. To meet market intelligent analysis trends and demand, AI technology is integrated into image detection and monitoring analysis products. VIVOTEK has increased its sales with the embedded Smart VCA products year by year. Revenue of the embedded Smart VCA products in 2021 accounted for **39.06%** of revenue.
4. VIVOTEK also continuously gathers feedback from customers, the business end, and branches around the world. The R&D center regularly sets a technology research and development schedule, and holds technical presentations, while the project manager creates a product research and development schedule to introduce technology into the products.

In 2021, a total of 4 technical R&D schedule meetings and 1 innovative technology presentation were held.



4.1.2 Innovative Technologies and Products

In 2021, VIVOTEK launched the multiple bullet, fixed dome, Speed Dome, Fisheye and NVR cameras with smart VCA feature to provide users with a smarter image analysis experience.



Applications and Solutions of Innovative Technologies :

Echoing the UN SDG 9 - Industry, innovation and infrastructure and SDG 11 - Sustainable cities and communities



A. Smart Monitoring

The Smart VCA developed by VIVOTEK is a next generation video analytical software. Using advanced AI engine-driven smart image analysis, it can provide real-time smart monitoring and strengthen security applications. The Smart VCA technology includes smart motion detection, line crossing detection, intrusion detection, loitering detection, trailing detection, lost object detection, missing object detection, unattended object detection, people counter, crowd detection, face detection, running detection, mask detection, social distancing detection, fall detection, illegal parking, entry into restricted areas and license plate recognition, etc. It is applicable to multiple event rules in different application scenarios and provides quick analysis and identification to decision makers, thus saving system response time. In addition to the usual surveillance area, related smart dynamic detections can also be used in different industrial categories such as street lamps, lamps, air conditioners, home security, etc. for a more convenient, more efficient and more advanced overall user experience.



B. People Counting Solution

The core of the Smart VCA developed by VIVOTEK is based on the AI engine of deep learning, utilizing a vast image database to develop a human activity detection engine driven by a neural network. Through the pre-trained deep learning model, it can respond quickly and recognize human figures in the surveillance area in real time. Only human activities can trigger events, while other movements from non-human objects, such as plants, passing vehicles, or animal activities in the scene cannot. The Smart VCA can immediately identify human figures in the surveillance area, eliminating the shortcomings of traditional video detection and effectively improving accuracy.



The 3D people counting feature developed by VIVOTEK combines the functions of the Smart VCA, 3D depth of field technology and monitoring. It performs Smart VCA directly on the camera and uses the original clear image data for real-time analysis, which can improve people counting accuracy up to 98%.

C. Intelligent Transportation Solution



For all passengers taking public transportation, a high-quality video surveillance system is crucial to ensuring driving safety. VIVOTEK builds a highly reliable and advanced intelligent monitoring system suitable for mass transportation. In addition to ensuring the personal safety of passengers, it provides information such as vehicle operation, maneuvering and accurate passenger count through advanced intelligent edge analysis. It further upgrades traffic monitoring by connecting the era of AI and Internet of Things. Advanced monitoring and record storage system combined with intelligent edge analysis can effectively protect every corner of the transport area. High-resolution real-time transmitted images and intelligent analysis data allow security personnel to immediately respond to any potential threats. The stored data records provide more convenience for subsequent access and analysis, as well as a complete database for passenger flow optimization and effective space allocation.

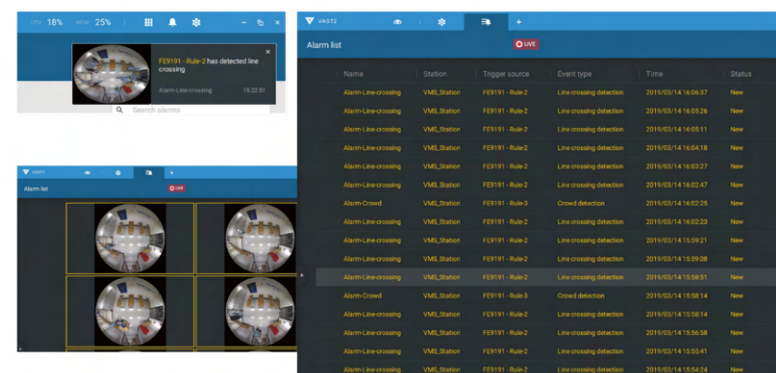
VIVOTEK uses intelligent analysis to provide powerful monitoring solutions for retail store management. In addition to preventing property losses and improving transaction security, having accurate customer flow data is the key to evaluating sales performance and optimizing operation strategies. This enables users to respond quickly and proactively to the changing needs of customers. It also helps business owners improve internal allocation tracking, promotion evaluation, human resource allocation planning, service time control, etc. so that they can make clearer operational decisions using key indicators. VIVOTEK also provides Smart VCA solutions that meet the needs of retail companies, e.g., Retail companies need to capture a clear picture of all shoppers entering and leaving the store. However, cameras placed at store entrances often have to deal with strong sunlight conditions, which can degrade image quality. Technology that automatically adjusts the intensity of infrared illumination can be used in this case to ensure high-quality images in backlit, dark, and unclear scenes.

Key Technologies in Retail Area Application:

- **Restricted Area Entry Detection:** Automatically detects people entering restricted areas and alerts store and security personnel.
- **Trailing Detection:** Real-time detection of unauthorized personnel following others into restricted areas and issuing warning reminders.
- **Queue detection:** When there are long checkout lines, automatic detection can immediately notify the merchant to immediately check and respond.
- **Missing object/ unattended object detection:** Automatically detects unattended objects or objects left in specific areas such as stores or retail floors or emergency exits to confirm if someone has left/lost items.
- **Crowd detection:** When a group of customers or people exceeds the capacity limit of a designated store area, automatic detection reminds the store personnel to control the flow of people.
- **Linger detection:** Automatically detects whether customers stay in a certain area for more than the preset time and reminds the store personnel.

E. Smart VCA function helps the customer improve search efficiency

VCA Events as Event Prompts, in List, and in Thumbnails.



The Smart VCA developed by VIVOTEK is a video image analysis package software that meets the needs of the IoT market. Through the network camera's edge computing capabilities, the intelligent edge analysis driven by the advanced AI engine can provide real-time intelligent detection and strengthen security application. Users can establish multiple event rules for different application scenarios according to practices and needs, thus enabling decision makers to quickly identify and analyze issues, which saves system response time. Special events flagged with Smart VCA can be marked as key video clips, making forensic searches even more time-saving and labor-saving. Compared with the previous video record search without Smart VCA, it only takes a few minutes to search for the video that the user needs from the file, which greatly improves video search efficiency and optimizes overall user experience.

F. Future Research and Development Strategy

1. The Smart Evolution of Monitoring

Deep learning technology will set the third wave, sweeping across the ICT industry. Breakthrough innovations in the tech front has long been overdue. The trend of innovative technologies is a major driving force for progress, bringing new market demand. Deep learning technology can optimize the image analysis algorithm through continuous training of the system, improve the accuracy of intelligent analysis, and complete a large number of image analysis tasks in complex environments, such as detection, identification and tracking in crowded urban areas. Considering the trend of market development, VIVOTEK has actively invested in the R&D of forward-looking technologies and proposed different solutions for many popular scenarios such as smart city, smart transportation, smart life, etc. It will continue to deploy AI-supported deep learning technology for embedded systems, and integrate AI technology into image detection and product monitoring, so as to gain advantage in the development field of surveillance in the IoT era.

VIVOTEK imports the embedded AI technology into the camera for image analysis and utilizes the ISP (Image Signal Processor) to improve image quality based on image analysis results. Optimized ISP parameters are used for viewer and AI discrimination to improve the accuracy of Smart VCA and to enable AI and images to work together and enhance individual abilities. Using the results of Smart VCA to strengthen images and auxiliary lighting for different optical characteristics, the image quality is expected to be significantly optimized. In addition to providing optimized images that are more in line with the actual scene, the optimized images are used for intelligent image analysis to improve overall accuracy.

2. The Edge Evolution of AI

Driven by market demand, surveillance systems need more diversified and AI supported solutions. Modern public security is no longer limited to the infinite expansion of the coverage of video surveillance systems and the pursuit of high resolution, but through AI technologies and tools. Traditional security surveillance has entered a new generation, an era focused on data collection, application, and management of AI supported security monitoring. Facing the needs of a new generation of security monitoring, the ability to use existing AI technology to quickly obtain valuable information amid the massive increase in data has become the most important issue at present. With the evolution of algorithms and the increasingly advanced computing capabilities of edge devices, many image analysis operations that could only be performed previously on Cloud hosts can now be moved to edge devices for computing, thus reducing overall computing cost and power usage. This makes the entire intelligent surveillance more energy-efficient, environmentally friendly, and more sustainable. Using edge computing, the original clear image can be obtained in real time. Compared with the compressed image obtained at the back end, it can improve the accuracy of analysis and provide more real-time event notification.

VIVOTEK will establish its own technology value chain and master the key technologies of AI supported deep learning in embedded systems. It will actively develop and simplify the neural network design and optimize the system, so that AI supported deep learning technology can be applied to embedded systems. The most suitable AI supported technology for embedded system that can be applied to VIVOTEK's communication products will be developed to improve the Company's technical autonomy and to increase product competitiveness. VIVOTEK is committed to developing optimized Smart VCA technologies and is moving towards reducing the amount of data processed and increasing the processing speed. The successful introduction of more Smart VCA functions into the operation of edge devices is expected to greatly improve the processing efficiency of image analysis.

3. The Cloud Evolution of Services

VIVOTEK plans to invest in the development of Cloud services, transforming from a surveillance hardware manufacturer to a system integration service provider. With the development of Cloud services, as long as there is a network and terminal device, a person can use a web page or APP to perform remote monitoring, access, analysis, and management of recorded videos anytime, anywhere; moreover, users of security products are provided with a new and convenient experience.

VIVOTEK will launch a wide-area object tracking and behavioral analysis cloud service. Through AI supported deep learning technology, it will feature long-period and large-scale tracking and identification to analyze the behavior of objects, and conduct surveillance business intelligence services such as abnormality detection. Combining AI supported deep learning technology, video streaming, compression, and other related technologies, the Company plans to launch a smart video data search and condensed cloud services in the future, that can reduce video data based on object metadata in order to perform rapid search for forensic applications. The Smart VCA technology is continuously integrated into the application of cloud analysis services, so that users can enjoy the practicability and convenience that Smart VCA can provide given the existing limited resources.

4.1.3 External R&D Resource Integration Mechanism



In order to achieve the goals of improving its core technology and R&D capabilities while promoting industrial chain cooperation, the Company aims to strengthen the integration of research resources and monitor future trends. VIVOTEK enhances its own R&D efficiency, while actively promoting cooperation and exchanges with external resources.

Echoing the UN SDG17 - Partnership for the goals and SDG 4 - Quality education

A. Expected Benefits

1. Shortens product development cycle
2. Reduces and eliminates procedures and uncertainties involved in high investments
3. Responds to threats of emergencies
4. Establishes innovative partnerships to save transaction costs

B. Cooperative Partners

1. Collaborative development of upstream and downstream industries
2. Forms an R&D alliance with peers
3. Industry-university cooperation with local colleges and universities
4. Establishes cooperative research relationships with local research institutions or foundations

Long-term close industry-university cooperation with National Kaohsiung University of Science and Technology (NKUST)

In 2021, VIVOTEK cooperated with NKUST to develop “Intelligent in-vehicle deep 3D matching technology” and “High-contrast and low-light source text and digital image enhancement technology for high-efficiency deep learning”. Depth information of the scene is obtained through the image and the position of the object in the scene is analyzed more accurately. AI learning technology is used to optimize the image with text and numbers in a low light source scene, and the accuracy of license plate recognition is improved. All these are helpful for smart detection and analysis, and promote the development of forward-looking intelligent vehicle monitoring system.

In addition, VIVOTEK and NKUST jointly developed the “Deep 3D Matching System with High-efficient Deep Information Learning” technology in 2020, which received the Industry-University Achievement-Excellence Award from the Ministry of Science and Technology in 2021.

Apart from actively participating in industry-university cooperation projects, VIVOTEK has also facilitated technology transfers with NKUST for many years. The accumulated technology transfer projects in recent years are as follows:

November 2014 Multiple moving target visual detection technology for mobile vehicles

March 2018 Intelligent real-time dynamic face detection and tracking technology

September 2015 Visual image stabilization technology for fast-moving vehicles

May 2019 Intelligent real-time mobile video cutting and joining technology

October 2016 Real-time sharpening technology for blurred motion video images

June 2020 Intelligent blind motion blurred image restoration technology

September 2017 Real-time face detection and tracking technology in large crowds for surveillance systems

May 2021 Intelligent in-vehicle deep 3D matching technology

C. Founding Member of Open Security & Safety Alliance (OSSA)



After VIVOTEK promoted the Open Security & Safety Alliance (OSSA) and became one of its founding members, it actively participated in the formulation of security control standards and specifications, and jointly developed and promoted general standardized application platforms related to smart information security and safety in order to increase R&D and innovation. VIVOTEK has launched a variety of comprehensive image monitoring and intelligent analysis products that comply with OSSA standards and specifications, moving towards an open, efficient and intelligent image application era.

“OSSA® enables the security industry to become more open, intelligent and agile. Its standards help to overcome traditional hardware limitations and prepare the industry for open, AI based innovation.”

Alex Liao
President of VIVOTEK Inc. and Open Security & Safety Alliance (OSSA®) Board Member

VIVOTEK is committed to building an ecosystem for the IP surveillance industry, and seeks long-term collaboration and growth with all partners in our shared pursuit of a safe and secure society. This concept is aligned with OSSA's open-minded spirit that enables the industry to focus on innovations and developments that add real value for customers and put the right framework in place to establish lasting, cooperative relationships.

[Read More](#)

Source : <https://www.opensecurityandsafetyalliance.org/About-Us/Members/Member-Perspectives>

OSSA Product Introduction:

FD9392-EHTV-O is an AIoT intelligent network camera, which is an OSSA driven device. Users can download and install Apps from the OSSA site to perform various intelligent video content analysis applications such as facial recognition, license plate recognition, and behavior detection. Users can also install and operate multiple Apps on FD9392-EHTV-O at once for more versatile, intelligent, and effective applications.

IE9111-O (AI-BOX) is an edge computing device and can integrate network cameras through the RTSP protocol to obtain images for analysis and calculation in AI-related applications. With IE9111-O, user can upgrade their existing surveillance devices into an AIoT intelligent system. Users can download and install Apps on IE9111-O from the OSSA site. Network cameras are empowered with various intelligent video content analysis applications such as facial recognition, license plate recognition, and behavior detection. Users can also install and operate multiple Apps on IE9111-O at once for more versatile, intelligent, and effective applications.



D. Future Outlook

VIVOTEK will expand the main concept of AI technology research and development, and create new products and services from time to time based on the users' perspective to meet market demand for the next-generation AI surveillance system. In addition, the integration of research and development results into products and the development of high-tech differentiated products continue to inject momentum into the Company's long-term development, which is the core spirit of VIVOTEK's sustainable operations. The Company actively promotes cooperation and exchange with external resources, strengthens the integration of research resources, and improves the efficiency of resource integration. A minimum of one project but not limited to industry-university cooperation shall be implemented every year. To meet market trends and demand for intelligent analysis, AI technology is introduced into image detection and monitoring analysis products. VIVOTEK has increased sales year by year with the embedded Smart VCA products. It is expected that by 2023, the proportion of products with embedded Smart VCA will exceed 50% of all products sales.

VIVOTEK will continuously gather feedback from customers, the business end, and branches around the world. The R&D center regularly sets a technology research and development schedule and holds technical presentations, while the project manager creates a product research and development schedule to continuously introduce innovative technology into the products and to develop complete solutions that meet various market needs.

4.2 Patents and Intellectual Property

4.2.1 Intellectual Property Overview

A. Intellectual Property Achievements

1. Completed a total of 16 Patent Analysis Cases for key technologies and related industrial categories, and provided relevant information as reference for the product development team to understand the industry's advanced arrangement and development of patented technologies; based on this, the Company will form product development strategies to search for appropriate R&D technology areas. VIVOTEK has also completed 21 patent applications in various countries. It has properly and effectively maintained its achievements in R&D and innovation through a thorough intellectual property management system.
2. Held two annual trainings on intellectual property to increase colleagues' knowledge of intellectual property rights, actively increased patent proposals, and prevented risks such as patent infringement or disclosure of trade secrets Echoing the UN SDGs Initiative on Quality education.
3. Obtained the 2021 Taiwan Intellectual Property Management System certification to ensure continuous protection of intellectual property management system operations, with certification login validity until December 31, 2023; colleagues attended a course on Intellectual Property Classification Management Training TIPS (AA level) in 2021 held by the Institute for Information Industry and completed the qualification examination, thus successfully obtaining the TIPS AA level self-evaluator qualification and moving forward to advanced TIPS AA level certification.
4. Completed the Company's patent inventory and based on this, analyzed VIVOTEK's current situation and patent value, which serves as a reference for creating patent application strategies for implementation.



B. Intellectual property strategy

During the early part of its operations, VIVOTEK implemented intellectual property strategies to increase its number of patents. Beginning 2017, its intellectual property strategy gradually moved on to the 2nd stage, focusing on intellectual property quality. The intellectual property department would conduct a preliminary patent search before submitting a patent application to determine patentability and procedures to improve the quality of patents. VIVOTEK continues to accumulate valid patents, strengthens application of intellectual property, and hopes to maintain its steady progress towards the 3rd stage which is creating intellectual property value.

1st Stage - (2000-2016) experienced growth in the number of patents.

2nd Stage - (2017-2023) focused on intellectual property quality, while increasing the number of valid patents.

3rd Stage - (2024 onwards) to create intellectual property value.

C. Intellectual property management system

VIVOTEK pays great attention to innovation and R&D. In order to effectively and perfectly operate its intellectual property management system, the Company holds a management review meeting before the end of the year (last held on September 27, 2021) to discuss the intellectual property management policies and targets for the following year that all employees need to know. The formulation of policies and targets would consider current intellectual property related laws and regulations, the Company's operating strategies, external environmental changes, internal and external issues, stakeholders, performance and improvement of implementation of the Company's internal intellectual property management system, etc. In addition, amendments to policies, targets, processes, performance of intellectual property management are reviewed during the management meeting to ensure appropriateness and effectiveness of the intellectual property management system.

D. Taiwan Intellectual Property Management System (TIPS) Certification

2022 Intellectual Property Management Policies and Goals

1. Intellectual Property Management Policies

- a. Deeply cultivate key technologies
- b. Reduce operational risks
- c. Strengthen the planning of intellectual property
- d. Create intellectual property value

2. Intellectual Property Management Goals

- a. At least 15 new patent applications
- b. Hold 2 training sessions
- c. 90% patent application approval rate in Taiwan
- d. 90% invention patent application approval rate in the US

VIVOTEK has actively promoted its intellectual property management plan since 2012, with the following implementation mechanisms:

2012 ▶ Established the Intellectual Property Management Department responsible for handling intellectual property related issues.

2013 ▶ Established a systematic intellectual property management system and formulated the Company's Intellectual Property Management Policies and Goals.

2014 ▶ Applied and passed TIPS verification for the first time.

2015 – 2016 ▶ Continued to implement the intellectual property management system, and ensured its appropriateness and effectiveness through internal audit and external verification.

2017 ▶ Based on new TIPS regulations, as well as internal and external circumstances, stakeholders, and risks & opportunities, the Company formulated its Intellectual Property Management Policies and Goals to comply with 2016 TIPS verification standards.

2019 ▶ Strengthened intellectual property protection measures in case of employee resignation, added an intellectual property ownership reminder to the work handover list, and established a notification mechanism for employees who are resigning.

2020 ▶ Strengthened confidentiality policy and procedures, and improved the labeling of confidential documents.

October 28, 2021 ▶ The Company has successfully renewed the TIPS Level A certification, which is valid until December 31, 2023; the company also started planning the improvement of the intellectual property management system and carried out the introduction of the TIPS Level AA - strengthening enterprise intellectual property operation and management plan since 2021. The intellectual property management system is expected to transition from the ideal operation stage of the current TIPS Level A certification to further intellectual property application.

The Company has obtained TIPS certification for 8 consecutive years since receiving its first in 2014. The latest verified date is October 28, 2021, and certification registration is valid until December 31, 2023.

E. Intellectual property management system training

When colleagues have little to no knowledge of intellectual property, it may cause damage to the Company's intellectual property management system. In light of this, VIVOTEK has taken active measures, in addition to requiring all new employees to complete basic training on intellectual property within a specified period, and attend annual trainings to increase their knowledge on intellectual property. There were two trainings on intellectual property held in 2021: "Understanding technology research & development and market application trends based on the number of AI patents" and the "Importance of patent applications". The first training course included an overview of patent applications in AI related technology industries and analysis of technical fields. Its purpose was to help colleagues understand patent procedures in AI technology as well as the trend and current situation of the application scope. This serves as a basis for the formulation of new product development strategies and R&D project evaluation. The other training course covered patent-related examination procedures and actual cases of patent disputes and transactions. Its purpose was to enable colleagues to understand the importance of patents using patent application examples, which in turn could motivate them in making patent proposals to increase the Company's patent strength.

F. Leading the industry in the number of intellectual properties

VIVOTEK has focused on intellectual property for a long time and ranks among the top in the field of security control in Taiwan with numerous patents. The statistics are as follows:

Patents: As of December 31st, 2021, the Company has accumulated a total of 596 patent applications all over the world. The total patents granted worldwide have reached 442. In 2021, the Company's invention patent approval rate and patent approval rate reached 100% in Taiwan and 86% in the US, respectively.

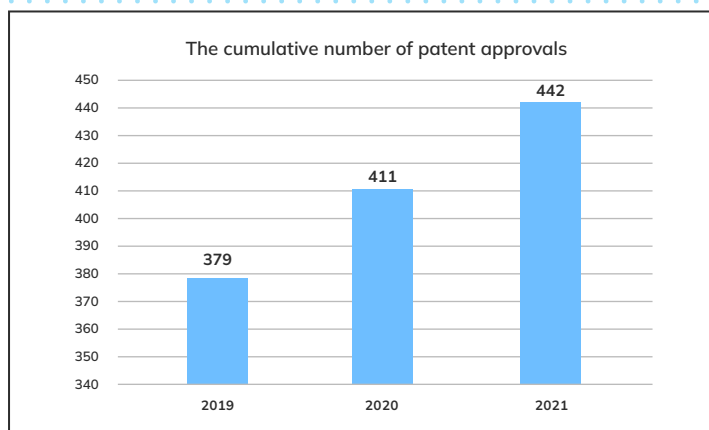
Trademarks: As of December 31st, 2021, the Company has obtained 80 trademarks in 42 countries and 27 trademarks are pending application.

Copyright and trade secrets: Steady growth.

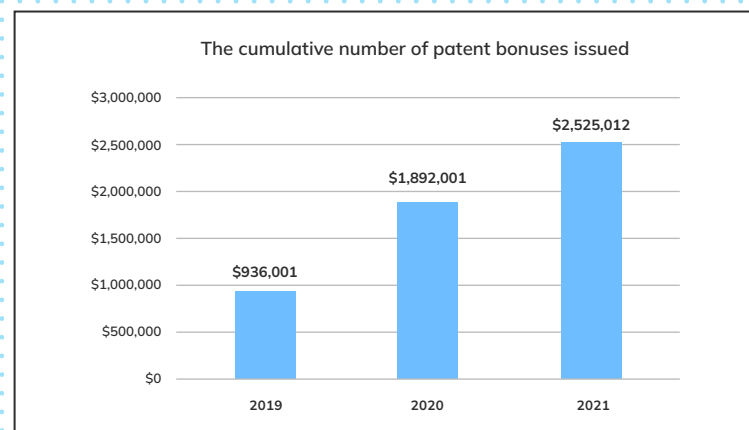
Intellectual property rights			Number of cases
Patent	Invention patent	Number of certificates received	346
		Number of applications	37
	Utility model patent	Number of certificates received	17
		Number of applications	0
	Design patent	Number of certificates received	79
		Number of applications	13
Trademark		Number of certificates received	80
		Number of applications	27
Copyright and trade secrets		Steady growth	

Statistics on intellectual property rights as of December 31, 2021

Statistics on the cumulative number of patent approvals in the past three years



Statistics on the cumulative number of patent bonuses issued in the past three years



Note: The patent bonus are paid in NTD

4.2.2 Future Outlook

VIVOTEK attaches great importance to intellectual property and hopes to maintain its products' competitive advantage and market leadership through intellectual property management. Through long-term intellectual property investment and risk control, it is able to achieve sustainable operations. The Company adopts the following strategies for future intellectual property management:

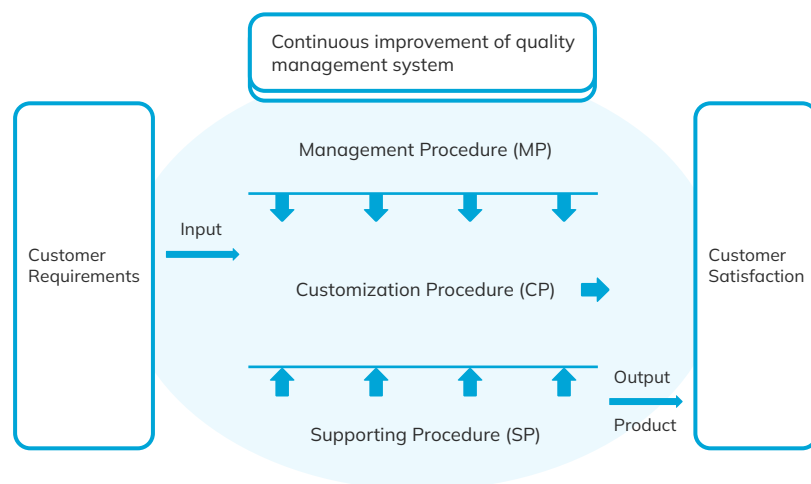
1. Carry out patent analysis of key technologies and related industrial categories by providing relevant information as reference for the product development team to understand the industry's advanced arrangement and development of patented technologies; based on this, the Company will form product development strategies to search for appropriate R&D technology areas. Through its comprehensive intellectual property management system, the Company will provide the most appropriate protection and management mechanism for innovative R&D. In addition, it will keep improving the quality of patent application to increase the rate of patent approval.
2. Annual intellectual property training will be held to improve colleagues' awareness of intellectual property rights. VIVOTEK will also actively increase patent proposals and prevent risks such as patent infringement or disclosure of confidential information.
3. The Company will obtain TIPS certification to safeguard its intellectual property system operations and move towards achieving AA Level TIPS certification, further strengthening its intellectual property application, from its current A Level TIPS certification.
4. VIVOTEK will conduct an inventory of patents owned by major competitors and analyze the strength and value of these patents in order to compare them with the Company's. The information will serve as a reference for formulating intellectual property strategies and targets.

4.3 Quality Management System

4.3.1 Quality Management System

VIVOTEK continues to provide excellent products and services to customers, while consistently increasing its profit and market share. The Company believes that one of the best strategies to achieve its goals is to improve the quality of its employees. It promotes an active quality culture and requires "quality first, service priority, and customer satisfaction" from the daily work performance of every employee. This is accomplished through quality improvement activities to enhance quality awareness, quality and work efficiency among employees:

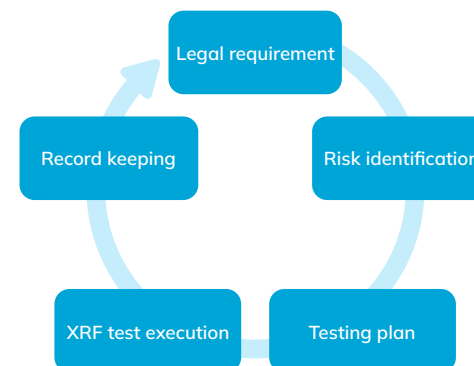
- Establish processes and related procedures in quality improvement proposals.
- Arrange for employees to participate in quality training courses.
- Gather feedback on product quality satisfaction through customer satisfaction surveys and use these as basis for improvements.



4.3.2 Hazardous Substance Process Management

To confirm that the products developed and produced comply with international environmental protection laws and customer HSF requirements. Following the IECQ QC080000 Hazardous Substances Management System, the identification and management of hazardous substances are required for finished products, semi-finished products, used components, accessories, packaging materials and materials attached to the process:

- The Green Product Management (GPM) system is implemented internally for the establishment of a green components/product database to ensure environmental compliance of parts and suppliers.
- Identification according to green regulatory requirements.
- In terms of risk assessment, implement incoming material XRF sampling test management operations based on the material risk level in a timely manner.
- Ensure compliance with the RoHS Directive, Annex XVII of the REACH Directive and SVHC (Substance of Very High Concern) requirements.
- Relevant test records and test reports provided by manufacturers are kept for customer audits.



XRF Testing Flowchart

4.3.3 Environmental Management System

To fulfill its commitment and corporate sustainability goals, VIVOTEK has taken the following measures based on the ISO14001 environmental management system.

- A. Commitment to abide by government environmental protection regulations and meet the Company's own benchmark.
- B. Design products in a way that there is minimal impact on the environment during production, use, and disposal, thereby reducing waste and resource (material and energy) consumption.
- C. Implement carbon reduction and waste reduction, enhance employees' independent environmental management capabilities, and continuously improve environmental management performance.

2021 Environmental Targets

Environmental Targets	2021
The new version of the product has more than 50% of the same institutional design of the old version	Above 50%
Number of environment-related complaints from external stakeholders: 0	0
Recyclable business waste accounts for more than 95%	97%

4.3.4 Product Quality Assurance

A. Product Quality Verification

VIVOTEK establishes an internal reliability experiment system to verify the environmental tolerance of new products so as to ensure that the products meet the application requirements of customers. It conducts quality product reliability sampling inspections on a quarterly basis to ensure product quality.



Experiment Equipment	Quantity	Experiment Items
Constant temperature and humidity machine	6	High temperature and humidity Temperature and humidity cycle Low temperature
Salt water spray testing machine	1	96-200 hours
Drop test machine	1	30-165cm drop tests
Oven	3	High temperature (life testing)

B. Environment-related Substance Requirements

VIVOTEK is committed to environmental sustainability and guarantees the safety of customers when using its products. Its full range of products include network cameras, network video recorders, and network video servers that strive to comply with international regulatory requirements (i.e., RoHS and REACH) and customer specifications to ensure that they are safe for humans and the environment.


1. Before onboarding new suppliers or contractors, they are required to sign the Restricted Substances Self-Declaration Form to ensure that the products, such as materials, parts, modules or related accessories adhere to Company standards, specifically items that should not contain restricted substances.
2. When new parts are approved, the quality assurance unit reviews the hazardous substance test report provided by suppliers. The components are selected based on the customer's hazardous substance requirements and a customer's compliance report is provided.
3. When regulations change, the declaration is revised and the purchasing unit is notified. Moreover, external suppliers are asked sign a new declaration to ensure that the materials provided comply with the latest regulations.
4. The ratio of newly recognized exemptions (RoHS Exemptions) to new materials is monitored every year. The table below is a breakdown of the percentage of newly recognized exemptions vis-à-vis the new materials each year.

Year	2019	2020	2021
Ratio	4.7% (90/1918)	5.2% (70/1351)	7.0% (154/2185)

4.3.5 Improve Quality Capability and Promote Quality Improvement Proposal System

A. In order to improve the ability of quality-related participants, the five tools of the IATF 16949 are used for training.

(IATF 16949 is a set of rigorous and well-defined tools for the development of quality system specifications focused on preventing defects, reducing variation and waste.)

Tools	Execution Period	Status	Class photo
Advanced product quality planning practice (APQP)	2021 Q1	Completed	
Potential Failure Mode and Effects Analysis (FMEA)	2022 Q2	Planning	
Statistical Process Control (SPC)	2022 Q3	Planning	
Measurement System Analysis (MSA)	2022 Q4	Planning	

B. Establishment and implementation of the quality improvement proposal system Establish a quality improvement review committee and implement the quality improvement proposal system; the proposal implementation may come from a project approved by the committee (Top-Down) or improvement projects proposed by green belt certified colleagues themselves (Bottom-Down).

In response to the implementation of the quality improvement system, there is a Six Sigma Green Belt course offered: members are assigned by each department to conduct various quality technique trainings, improve the ability to apply quality techniques, reduce variation of procedures and production process, and practice process improvement. A presentation of the results of the implementation project each term provides an opportunity for employees to participate and learn.

Date	Plan
2020 December	Training plan formulation and pep rally 
2021 January to June	Training, certification and presentation  
2021 July to December	Improve proposal formulation and implementation; a total of 6 projects were proposed in 2021, 4 of which were approved
2022 Q2	The second Six Sigma Green Belt training course
2022 Q3 & Q4	Improve proposal formulation and implementation during the pep rally in 2022

C. Introduce the GPM online platform where suppliers can provide hazardous substance declarations and test reports to speed up the compliance review of components and ensure that regulations and customer requirements are followed.

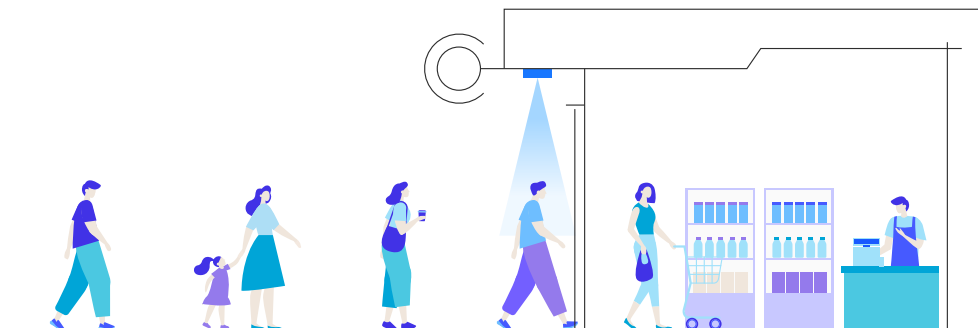
In 2021, a total of 3 GPM online training sessions were completed. Suppliers learned how to use GPM. A total of 100 suppliers were invited to complete the training.

The ratio of suppliers who are using the GPM online platform:

Year	2020	2021
Ratio of suppliers	68%	90%



This chapter reflects the UN SDG 9 - Industry, innovation and infrastructure and SDG12 - Responsible consumption and production.





5 Environmental Care

- 1 Commit to promoting smart factories
 - Introduced lens automatic production equipment, standardized and digitized the operation process, and reduced production time by **62%**.
 - Established an automated production line for testing finished products, thereby reducing manpower requirements by **67%**.
 - Established PCBA circuit board assembly and production, and utilized automatic voltage and current detection equipment, thus reducing working hours by **58%**.
 - Utilized an automatic function testing equipment for testing finished products, thereby reducing manpower requirements by **50%**.
- 2 Actively responded to the global renewable energy initiative **RE100** advocated by the parent company Delta Group, and set up a corresponding ICP cost center unit to include carbon reduction investment plans such as renewable energy into the annual budget.
- 3 Its U.S. subsidiary company officially introduced a rooftop solar power generation equipment and installed nearly **700** rooftop solar panels, which are estimated to generate **253,000kWh** of renewable energy.
- 4 Scope 1 and 2 GHG emissions in 2021 were reduced by **3.5%** compared to the previous year, as well as water consumption which decreased by **8.18%**. Non-hazardous business waste is preferentially recycled and reused, and recyclable business waste reached as high as **97%**.
- 5 Product packaging materials were simplified and volume was reduced to about **37%**.
- 6 Obtained various international standard certifications for quality and environmental management:
 - Quality Management System **ISO 9001:2015**
 - Environmental Management System **ISO 14001:2015**
 - Hazardous Substances Process Management System **IECQ QC080000: 2017**
- 7 Identified short-, medium- and long-term risks and opportunities and proposed specific measures based on the Task Force on Climate-Related Financial Disclosure (**TCFD**) framework; the board of directors, president and first-level executives have taken the climate change-related courses with a total of **87** hours.

5.1 Smart Factory Evolution

Echoing the UN SDGs, SDG 9 - Industry, innovation and infrastructure, SDG11 -Sustainable cities and communities, SDG12 - Responsible consumption and production, SDG13 - Climate action



5.1.1 Taiwan Brand, Local Manufacturing

VIVOTEK is proudly a Taiwanese brand. The Company started in Taiwan with its own brand VIVOTEK, selling products all over the world. It is committed to supporting Taiwan's R&D design as well as local manufacturing, and putting quality first.

VIVOTEK has its own excellent R&D team, key patents and technologies. It develops various advanced solutions that lead the market and meet customer needs. Taking product quality and information security as its first priority, the Company has established production bases in Zhonghe, New Taipei City and Taoyuan City, employing Taiwanese and Vietnamese migrant workers. It respects human rights, gives importance to the development of each employee, and ensures a good work environment. With its caring spirit and mission of giving back to the community, VIVOTEK continues to develop and interact with different communities in the area and looks forward to helping the region through advanced technologies and quality assurance in order to achieve mutual benefit and sustainable development.

5.1.2 Lean Production and Production Automation

Following its successful experience in production management, VIVOTEK further promotes lean production in which the production department and central coordinating unit formulate and promote the rationalization and standardization process, while the automation team plans and utilizes automatic production equipment. The overall production process is streamlined and optimized, while processing operations is reduced outside the production line and streamlined production schedules are set to reduce ineffective handling and waste of remanufacturing inventory space, thus effectively improving factory space and production capacity.

In project process management, VIVOTEK introduces DPS (Daily Production Schedule), DVR (Daily Variance Report) and DRM (Daily Report Meeting), establishes specifications, and generates reports which can help improve overall operational efficiency.

In 2021, the introduction of lens automatic production equipment led to the standardization and digitization of the operation process. Operation time was reduced by 62% and the number of operators was reduced by 2. The first automatic production line for testing finished products was utilized in the Zhonghe Plant in New Taipei City, facilitating standardization and digitization of testing operations with complete product testing results that contributed to subsequent statistics and optimization of the testing process. Operating hours were reduced by 56%. The number of operators was reduced by 3 and there was improvement in both production capacity and quality.

Furthermore, the Company had set up a 4K high-definition auto-focusing equipment for the production of high-definition products and continues to strengthen its professional production and technical capabilities to maintain high product standards and quality.

In addition to upgrading external technical capabilities, VIVOTEK improved its internal production process capabilities. The Company developed its own Arduino platform to integrate software and hardware, and combined image recognition technology to enhance traditional testing for automatic assessment and operations, which reduced personnel movement and improved productivity. For PCBA (Printed Circuit Board Assembly) production, the Company installed an automatic voltage and current detection equipment, which reduced working hours by 58%. In testing finished products, the automatic test equipment was also set up and reduced working hours by 33%.

Through continuous lean production, man-hours in production and manpower requirements were gradually reduced, resulting in less energy consumption. After utilizing automated equipment in the factory area, there were fewer requirements for space and air conditioning systems. The overall production operation was able to save more electricity, reduce GHG and carbon emissions, and contribute to environmental sustainability.

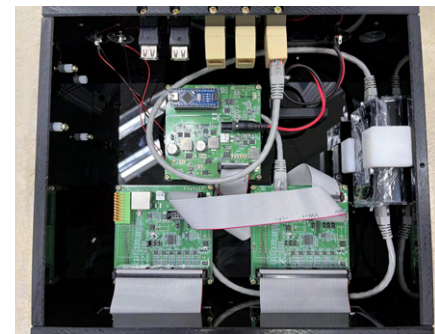
Lens automatic production equipment

1. 67% reduction in manpower requirements
2. 62% reduction of man-hours in production
3. 12% increase in space utilization
4. Test standardization and digitization to reduce production failure (man-hours)
5. Production value can be traced and big data analysis can be carried out



PCBA automatic test equipment

1. 58% reduction in manpower requirements
2. 38% reduction in fixture development cost
3. Test standardization and digitization to reduce production failure (man-hours)
4. Production value can be traced and big data analysis can be carried out



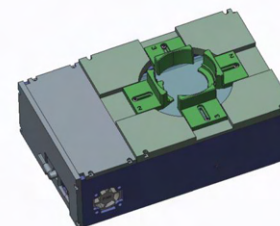
Automated production line for testing finished products

1. 67% reduction in manpower requirements
2. 56% reduction of man-hours in production
3. Test standardization and digitization to reduce production failure (man-hours)
4. Production value can be traced and big data analysis can be carried out



Automatic test equipment for finished products

1. 50% reduction in manpower requirements
2. 33% reduction of man-hours in production
3. Test standardization and digitization to reduce production failure (man-hours)
4. Production value can be traced and big data analysis can be carried out

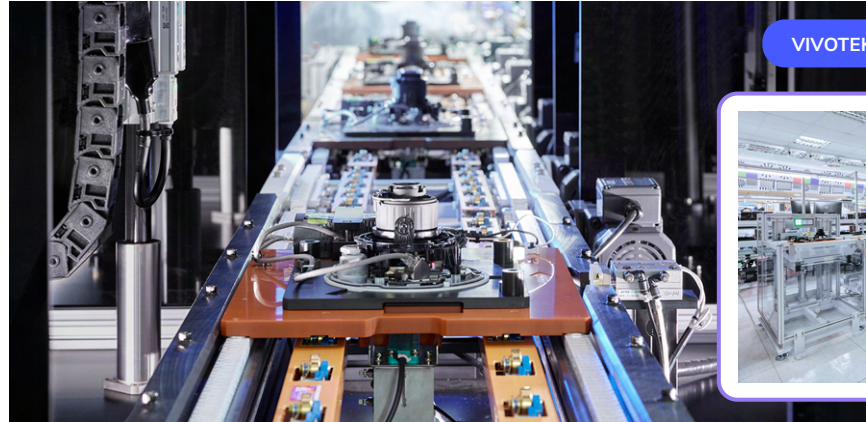


To improve product quality and after-sales service, an after-sales service production team was formed in 2021 to provide customers with faster and more comprehensive support, thereby improving customer satisfaction and allowing production personnel to focus more on improving capacity.

Lens inspection part in the production automation.



VIVOTEK Automatic production



5.1.3 Operator Reward System



Echoing the UN SDG10 - Reduced inequalities

In the first quarter of 2021, each production department revised the monthly work-related bonus based on the good and bad performance of indicators in the previous year and future work goals. After the president granted approval, the Company made an announcement to the operators and implemented the policy accordingly. In order to encourage migrant workers to stay in their jobs, in addition to renewing employment and providing wages higher than the statutory regulations, several Vietnamese workers were promoted this year, which enhanced the value and self-realization of migrant workers. Currently, the proportion of Vietnamese foremen in the Taoyuan Production Department is about 40%.



5.2 Use of Renewable Energy

5.2.1 Responding to various international initiatives of parent company Delta Group

Actively responding to the global renewable energy initiative RE100 advocated by the Group, VIVOTEK focuses on saving energy, using solar energy for self-consumption and investing in renewable power plants. At the same time, it evaluates the transaction maturity of the local green power market on top of the green power PPA (Power Purchase Agreement) or RECs (Renewable Energy Certificates), and strives to achieve its set goals. Joining the RE100 Initiative would further promote the development of green energy in the downstream supply chain and prepare the entire industry for a move to 100% renewable electricity and carbon neutrality. In addition to actively deploying manpower and resources required for RE100, VIVOTEK set up a corresponding ICP cost center unit to review applications for carbon fees, usage, and plan in the annual budget in order to invest in carbon reduction projects such as renewable power and energy technology development and low-carbon innovation and initiatives.



Since joining Delta Group in 2017, VIVOTEK has also relocated the offices of some overseas subsidiaries to the overseas building of Delta. Currently subsidiaries in Australia, Europe, Japan and other countries have moved in the common office buildings. On one hand, it is advantageous for these companies to use the existing building resources and the core technological capabilities of Delta to develop smart energy saving solutions and invest in the application and promotion of green buildings to alleviate the impact on climate; on the other hand, they can reduce rental costs and improve operational efficiencies.

5.2.2 Use of Solar Panels

In 2020, the US branch of VIVOTEK officially utilized a rooftop solar power generation equipment. Nearly 700 rooftop solar panels were installed in VIVOTEK's office building in San Jose, California. The area of each solar panel is 77x39x1.57 inches. It is estimated that 253,000kWh of renewable energy can be produced through the solar photovoltaic system. The solar panels can help maximize output by generating energy independently from a local power company. Moreover, it helps save electricity cost, which benefits the utilization of resources and the expansion of operations towards a green business culture.



Echoing the UN SDG13 - Climate action



Photo credit: Archimedes Mandap

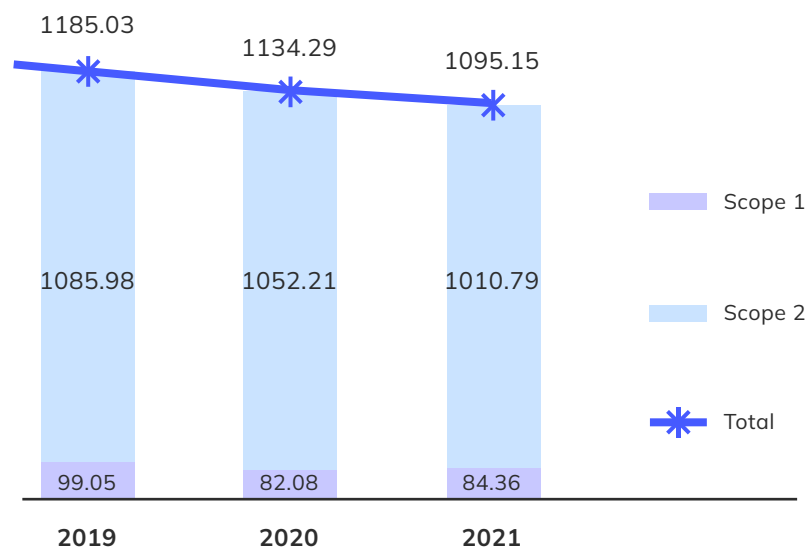
5.3 GHG Emissions, Water, and Waste Management

This chapter reflects the UN SDGs, SDG7 - Affordable and clean energy, SDG12 - Responsible consumption and production, SDG13 - Climate action



5.3.1 GHG Emission Disclosure

GHG related issues have been trending worldwide and tackled by enterprises. VIVOTEK has also taken interest in sustainability topics. It recognizes the potential impact of GHG on the environment and is committed to reducing such impact to mitigate climate change. Since 2014, VIVOTEK has carried out independent GHG inventory operations, of which Scope 2 is the main emission category of VIVOTEK (accounting for more than 91%). In 2021, Scope 1 and Scope 2 GHG emissions totaled 1,095.15 tons, a decrease of 3.5% from the previous year, achieving the goal of 1% reduction every two years.



2021 GHG Emissions Statistics

Gas	2019	2020	2021
CH4	78.63	82.08	79.57
HFCs	20.42	0	4.73
CO2	1085.98	1052.21	1010.85
Total (Ton)	1185.03	1134.29	1095.15

5.3.2 Water Usage Disclosure

No water is required in the manufacturing process of VIVOTEK products. There is no substantial water consumption and the water expense is shared with the Building Management Committee and leasing company where VIVOTEK rents its offices and factories.

VIVOTEK promotes water conservation and protects water resources in its office premises. It replaced plumbing fixtures in toilets with sensor faucets and urinals. It also increased its water-saving equipment to reduce waste of water resources. Water consumption in 2021 was 11,155 tons, an 8.18% decrease compared to the previous year.

Year	2019	2020	2021
Water Volume (Ton)	13,116	12,148	11,155

5.3.3 Waste Disclosure

VIVOTEK strengthens its waste management measures, promotes waste recycling, and cooperates with suppliers to recycle packaging materials and cartons, which help grow the green economy, delay material disposal and reduce waste.

Statistics on waste disclosure:

- In its assembly, testing and packaging, VIVOTEK generates no hazardous business waste. In 2021, 23.796 tons of non-hazardous business waste was generated, yet recycled and reused, and then incinerated and buried. The ratio of recyclable business waste is 97%. Compared to the target in 2019 with recyclable business waste accounting for more than 90% of the total, the ratio of waste recycling has grown significantly. The results are remarkable with the Company achieving its goal.
- Recyclable waste grew substantially in 2021 as TRAYs and parts were thoroughly decomposed, sorted and recycled.
- In 2021, the recycling volume of TRAYs was 6.882 tons, the sorting and recycling volume of parts and other materials was 16.343 tons, and the amount of recyclable waste was 23.225 tons.
- In 2021, there were neither violations of environmental regulations nor fines.

Statistics on Recyclable Business Waste Ratio

Year	2019	2020	2021
Recyclable Business Waste (kg)	0.352	0.86	23.225
Non-recyclable Business Waste (kg)	0.9575	0.272	0.571
Total Weight (kg)	1.3095	1.132	23.796
Recyclable Business Waste Ratio (%)	27	76	97

Business waste based on the current assembly, testing and packaging processes

Smaller packaging			New Size (cm)			Old Size (cm)			
Item	Model	Reduction of box and size of inner packaging	Length	Width	Height	Length	Width	Height	Reducing Ratio
1	FD9369	L/W/H reduced by about 1.5 to 2 cm each	17	14	12.8	18.5	17	14.8	35%
2	CC9380-HV	L/W/H reduced by about 2 cm each	13	13	10	17	14	13	45%
3	IB9368	L/W reduced by about 5 cm each	24	14.5	14	29	23.5	10.5	32%
	IB9388								
	IB9360								
	IB9380								

Product packaging material simplification		
Item	Model	Detail
1	All product lines	CD is no longer included with the product; information is digitized.
2	All product lines	QIG is simplified, from booklet printing to single-fold printing.

B. Introduction of Digital Authorization to Reduce Paper Waste

VIVOTEK has introduced a document management system with digital authorization since 2007. At present, the document scope of digital authorization implemented by the document management system includes not only cross-unit documents (e.g., ISO documents, product development technical documents, production SOPs, construction change materials, etc.), but also internal management documents of each unit (e.g., factory routine audits, improvement proposals, regular experiment reports, etc.). External suppliers can directly receive notification on the status of the document through the system, and directly connect to the document management system for query and use. In addition to reducing paper waste, the practice of paperless management also accelerates the efficiency of information transmission and avoids operation quality errors caused by insufficient information transmission.

5.3.5 Reduction Policy and Target

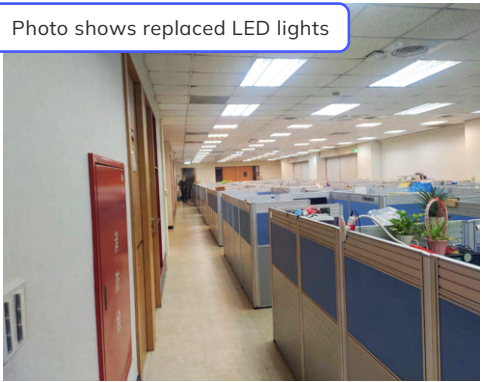
VIVOTEK took 2019 as the base year and responded to various sustainable policies, such as setting energy-saving, carbon reduction and waste management goals. It implemented measures as shown in the table below. Due to the properties of the industry, the GHG emission reduction strategy was mainly based on energy management in the factory. For water usage, no relevant target was set because no water is generated during the production process.

	Goal of the Policy	Measures for the Next 2 Years
Energy Conservation and Carbon Reduction	Reduction every 2 years	<ul style="list-style-type: none"> ● Use energy-saving LED lights (T8 / T5 / LED) in the office area ● Adjust illumination as necessary in the work area ● Promote production automation ● Control equipment power using a timer to save electricity ● Regular air conditioning maintenance to ensure operating efficiency ● Train employees to turn off lights during lunch breaks and off-work hours ● Periodic power outage of refrigerator ● Encourage employees to use the stairs more often and take public transport
Waste management	Recyclable business waste will account for more than 90% of total waste by 2025.	For recyclables, cooperate with qualified recycling operators to process plastics and metals together.



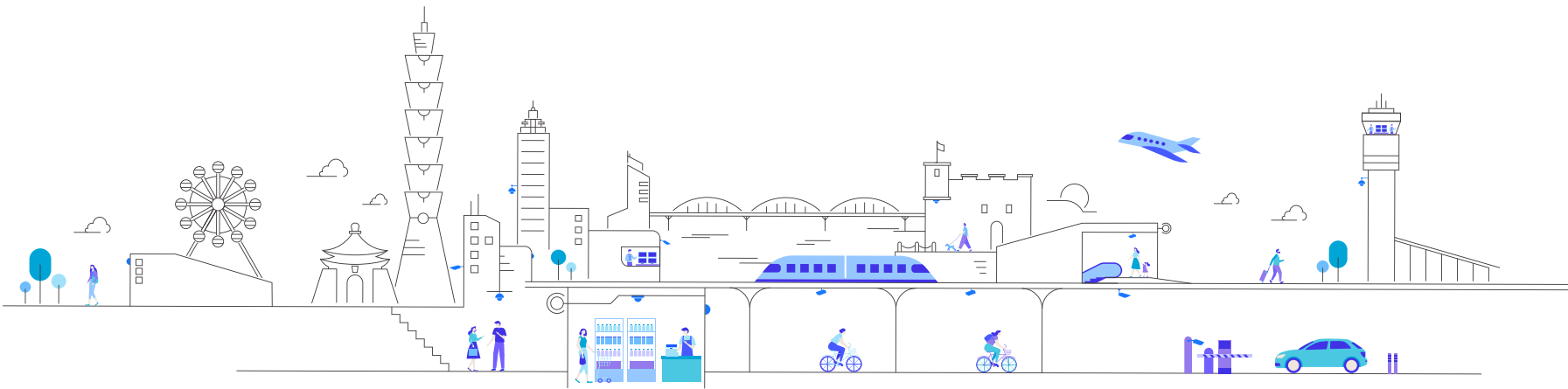
Photo shows the TRAY recycle area

Photo shows replaced LED lights



The goal of VIVOTEK is to continuously comply with various international standards and certificate authorities. The acquisition and validity dates of relevant system certifications are indicated below.

Management System Name	Date of Acquisition	Expiry Date of the Certificate
ISO 9001:2015	2021-04-30	2024-04-29
ISO 14001:2015	2021-05-22	2024-05-21
IECQ QC080000:2017	2022-01-17	2025-02-14



5.4 Risks and Opportunities of Climate Change

This chapter reflects the UN SDG13 - Climate action



To collect information is helpful for decision-making and forward-looking financial impact to facilitate the organization to understand the risks and opportunities when transforming to a low-carbon economy, VIVOTEK has referenced the structure of Task Force on Climate-related Financial Disclosures (TCFD) and formulated a set of consistent and voluntary climate-related financial information disclosure recommendations, explaining the practices of VIVOTEK in four core elements of climate change management in governance, strategy, risk management, indicators and targets.

1. Governance: Disclose climate-related risks and opportunities of the organization

Guiding Principles

The role of Board oversight in climate-related risks and opportunities

The role of management in assessing and managing climate-related risks and opportunities

Specific Practice

- The VIVOTEK ESG Team is established from the president's office downwards, and the top guiding officer is the president. Members include representatives from each department of the Company, across multiple units such as human resources, finance and accounting, marketing, administration, operations, environmental safety, procurement, quality assurance, intellectual property, IT, etc. The ESG Team is mainly responsible for promoting corporate sustainability and publishing the annual report. It also arranges regular courses and trainings in line with international and regulatory trends, and its implementation results are regularly reported to the board of directors.
- Most of the board members have expressed concern about climate change for a long time and have sufficient understanding of the trends, importance and influence of climate change. The Board is open to discussing and considering climate change in major capital investment projects such as solar power facilities, smart factories, energy-saving facilities, green energy investments, etc.
- VIVOTEK attaches great importance and monitors the impact of climate change. Each responsible unit of the Company assumes different roles in different aspects. Through the continuous promotion of the ESG Team, group and individual meetings are held for communication, focus interviews, trainings, and information exchanges to keep management aware of the latest trends and facilitate implementation of plans.
- The ESG Team is responsible for monitoring international climate change trends and recent developments, as well as latest international initiatives and indicators; the Team has established an operation structure, physically joins and plans training courses related to climate change, and invites management to participate in these courses to share ideas and discuss the latest climate-related issues, so as to combine the efforts of each unit to reflect sustainability goals.

The role of management in assessing and managing climate-related risks and opportunities

- To mitigate climate change and respond to international climate action, the business groups are responsible for developing energy-saving solutions that are beneficial to the environment, and commit to improving product energy efficiency, and develop cloud products to reduce carbon emissions. The General Affairs Department has fully improved energy efficiency of office utilities, while the Operations Division commits to smart plans by saving manpower and electricity, and simplifies the production processes to eliminate ineffective transport and waste of space in work in process inventory. It effectively increases the space and production capacity of the whole plant, striving to mitigate climate change and save energy.
- Internal education: The GM and first level senior managers are required to take courses related to climate change (see Table below). In addition to participating in internal education and training, managers should actively participate in the education and training courses as well as sustainability sharing by parent company, Delta Electronic Culture and Education Foundation and Sustainability Committee, to respond to sustainability issues and initiatives. It was proposed that Board members take the climate change related courses.

2. Strategy: Immediate and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Guiding Principles

Identified short-, medium- and long-term climate-related risks and opportunities

Specific Practice

VIVOTEK actively identifies risks, builds adaptation capabilities, further researches and analyzes opportunities for climate change, promotes energy-saving strategies and follows sustainable trends.
The ESG Team has set the schedule: short (3 years), medium (3-5 years) and long-term (more than 5 years).

Inventory of short-, medium- and long-term risks:

1. Short term: Carbon tax and related regulations, uncertainty surrounding regulations and policies, increased cost of raw materials, renewable energy regulations.
2. Medium term: Customers change supplier selection criteria, Requirements for minimizing indirect greenhouse gas emissions –water conservation and waste reduction, increased severity of extreme weather events such as cyclones and floods, rising mean temperatures, international sector agreements.
3. Long term: Rising sea levels, emission reduction requirements for suppliers.

Inventory of short-, medium- and long-term opportunities:

1. Short term: Using more efficient production and distribution processes, recycling, moving towards more efficient buildings, using low-emission energy, having supportive policy rewards, using new technology, participating in carbon trading market, developing or expanding low-carbon products and services, maintaining diversified operations, responding to changing market demands, creating new market partnerships.
2. Medium term: Participating in renewable energy projects and improving energy efficiency.
3. Long term: Reducing the use of water resources, facilitating research and innovation of new products and services, promoting substitutability and diversity of resources.

Significant impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

VIVOTEK identified climate-related risks and opportunities covering the aspects of products and services, supply chain, activities of mitigation and adaptation, R&D, investment, operations, etc., and evaluated the probability and impact of events according to each risk and opportunity and formulated related measures.

Potential impacts of different scenarios on the organization's businesses, strategy, and financial planning

Actively introduce TCFD to evaluate the risks and opportunities of VIVOTEK caused by climate change, in order to take early action and countermeasures.

3. Strategy: Immediate and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Guiding Principles

Process used by the organization to identify and assess climate-related risks

Specific Practice

The ESG Team is accountable for performing annual inventory of climate change risks and opportunities, and convenes meetings to formulate corresponding strategies. Annually produce a risk assessment report with major issues and communication results that concern stakeholders, discuss with the board regularly and conduct further impact analysis and operational management.

Process used by the organization to manage climate-related risks

Manage with mitigation and adaptation:

1. Mitigation: Actively promote the use of power-saving and renewable energy to improve the efficiency of energy use within the organization.
2. Adaptation: Establish business continuity plans for climate-related physical risks and analyze the influence of climate change, research and develop corresponding strategies and production process improvement, adapt to climate change and provide customers with corresponding solutions to being kind to the planet and responding with sustainability in mind.

How to incorporate processes of identification, assessment, and management of climate-related risks into the overall risk management

VIVOTEK focuses on climate change issues and incorporates them into overall risk management. The ESG Team identifies and drives policies and projects related to climate risks and opportunities, takes inventory of climate-related risks and potential financial impacts, discusses corresponding measures through regular internal meetings, faces potential risks, and formulates relevant plans in reference to the TCFD framework.

4. Indicators and targets: Used by the organization to assess and manage climate-related risks and opportunities

Guiding Principles	Specific Practice
In compliance with the policy and risk management process, indicators and targets used by the organization to assess and manage climate-related risks and opportunities	VIVOTEK actively responds to the announcement of its parent company, the Delta Group about joining the RE100 Global Renewable Energy Initiative, and commits to the overall goal of using 100% renewable energy and achieving carbon neutrality in all its offices around the world by 2030.
Disclosure of Scope 1, 2 and 3 emissions and related risks	<p>VIVOTEK has formulated management targets and measures to reduce carbon and waste (see details below). Due to the characteristics of the industry, the strategy of reducing greenhouse gas focuses on in-plant energy management:</p> <ul style="list-style-type: none"> ● Apply external verification in 2022 according to ISO 14064-1 : 2018. ● Reduce greenhouse gas emission intensity by 1-2% in 2023. ● Recyclable business waste will account for more than 90% of the total by 2025.
Management targets and related performance	<p>VIVOTEK actively responds and adheres to the environmental sustainability targets and strategies of the parent company, Delta Electronics, Inc. The President's Office and ESG Team actively formulate targets and review performance results regularly. The short (3 years), medium (3-5 years) and long-term (more than 5 years) plans are as follows:</p> <p>1. Short-term</p> <ul style="list-style-type: none"> ● The financial department has included carbon fee in the internal management statement and sets up a corresponding ICP cost center unit to review the application of carbon fees. It also makes carbon reduction investment plans such as renewable power and energy technology development as well as low-carbon innovation and initiatives part of the annual budget. The Company introduced green energy in 2022. ● Conduct GHG inventory of the organization; the Company applied and passed the ISO 14064-1 : 2018 GHG verification in 2022 ● Develop cloud solutions to effectively reduce carbon emissions and greenhouse gases. ● Review greenhouse gas emissions based on Scope 1 traffic vehicles, promote centralized delivery of official documents, and reduce carbon emissions. ● Simplify product packaging and execute a lightweight design to reduce carbon footprint of transportation. ● Fully implement the miniaturization of packaging, reduce the volume and save energy. ● Actively advocate the digitalization of information and strive to provide relevant information online to reduce physical printing. ● Advocate paper-saving and effectively reduce production hours and storage space to help protect the environment. ● Use solar power-saving equipment: VIVOTEK's US branch installed rooftop solar panels in 2020 to increase reliance on renewable energy.

Management targets and related performance

2. Medium-term

- Actively promote the Company's internal energy replacement projects
- Low-carbon products and services
- Requirements for minimizing indirect greenhouse gas emissions-water conservation and waste reduction

- Gradually increase the ratio of green power consumption to echo RE 100 Initiative

There will be 30% of green power used in 2025 and will reach 50% by 2027.

3. Long-term

- Encourage suppliers to monitor greenhouse gas emissions and disclose Scope 3
- Support the use of renewable energy

- Achieve 100% use of renewable energy and carbon neutrality by 2030

Title	Name	Date	Continuing education / training course	Duration (hours)
Director	Zoe Cheng	November 5, 2021	Global Risk Perception -Opportunities and Challenges in the Next Decade	3
Director	Chih-Chung Lan Lan	December 7, 2021	2021 Cathay Sustainable Finance and Climate Change Summit	3
Independent Director	Sin-Hui Yan	January 14, 2021	CSR ESG trends and sustainable governance	3
President	Alex Liao	March 2, 2022	GRI Standards and TCFD education and training course	6
First-level manager	Bang-Yan Hsieh	March 2, 2022	GRI Standards and TCFD education and training course	6
First-level manager	Jun-Ying Che	March 2, 2022	GRI Standards and TCFD education and training course	6
First-level manager	Zhi-Hui Hsu	March 2, 2022	GRI Standards and TCFD education and training course	6
First-level manager	Mei-Yu Li	March 2, 2022	GRI Standards and TCFD education and training course	6
First-level manager	Joe Wu	March 2, 2022	GRI Standards and TCFD education and training course	6
First-level manager	Cheng-Jie Liu	March 2, 2022	GRI Standards and TCFD education and training course	6
First-level manager	Mei-Yun Hsu	March 2, 2022	GRI Standards and TCFD education and training course	6
First-level manager	Sheng-Fu Zheng	March 2, 2022	GRI Standards and TCFD education and training course	6
First-level manager	William Ku	March 2, 2022	GRI Standards and TCFD education and training course	6
First-level manager	Yan-Luo Chen	March 2, 2022	GRI Standards and TCFD education and training course	6
First-level manager	Li-Ping Zhang	March 2, 2022	GRI Standards and TCFD education and training course	6
First-level manager	Bang-Ting Liao	March 2, 2022	GRI Standards and TCFD education and training course	6
Total hours				87

Table: Climate change-related courses and hours attended by Board of Directors, President and first level managers



6 Employee Relationship and Social Participation

- 1 VIVOTEK passed the Talent Quality-Management System (TTQS) Evaluation conducted by the Workforce Development Agency and won the **Bronze Medal Award**.
- 2 The retention rate based on parental leave from 2020 to 2021 was **100%**.
- 3 The total training hours of all company members were **21,464** hours; the average training hours per person was 21.7 hours, an increase of **271.3%** compared to the previous year.
- 4 A total of **6** employee communication meetings were held. The attendance rate of employees from non-production lines in Taiwan was **70%**, the attendance rate of overseas employees was **90%**, and the event satisfaction rate was higher than **90%**.
- 5 **97%** of employees took the health check organized by the Company.
- 6 Employee Assistance Programs (EAPs): The employee satisfaction mark is 95.1 points.
- 7 Occupational safety of employees: The disabling injury frequency rate (FR) is 0, the disabling injury severity rate is 0, the occupational disease rate is 0, and there is no penalty imposed for non-compliance with occupational safety regulations.
- 8 Continue to participate in social welfare programs and donate materials to child welfare organizations; in December 2021, a corporate sustainability event (i.e., **Community Safety Map**) was held, combining real-world games and social welfare activities as a way of giving back to the community and society.

6-1 Employment Overview

The main operating base of VIVOTEK is Taiwan, and as of 2021, the total number of employees is 982 (1075 employees worldwide). Employment type is divided into permanent employees (99.5%) and non-permanent employees, which include contract workers and dispatched workers (0.5%). In terms of rank distribution, there are supervisors (14%), indirect employees (54%), and direct employees (32%). In terms of age distribution, employees under the age of 40 account for about 64%, and the overall average age is 37.5 years old.

Number and Percentage of Employees

Type	Male		Female		Total	
	Number	Ratio	Number	Ratio	Number	Ratio
All Employees – By Employment Type						
Permanent Workers	497	50.6%	480	48.9%	977	99.5%
Non-Permanent Workers	1	0.1%	4	0.4%	5	0.5%
Contract Workers	0	0%	0	0%	0	0%
Permanent Workers – By Rank						
Senior Executives	14	1%	2	0%	16	2%
Middle Management	40	4%	9	1%	49	4%
Junior Management	66	7%	19	2%	85	8%
General Workers	341	35%	205	21%	546	54%
Direct Workers	36	4%	245	25%	281	32%

Type	Male		Female		Total	
	Number	Ratio	Number	Ratio	Number	Ratio
Permanent Workers – By Age Group						
<30	43	4%	133	14%	176	18%
30-40	256	26%	193	20%	449	46%
41-50	175	18%	121	12%	296	30%
>50	23	2%	33	3%	56	6%
Permanent Workers – By Education						
Master's Degree or above	258	26%	58	6%	316	32%
Bachelor's Degree	174	18%	136	14%	310	30%
Others	65	7%	286	29%	351	38%

Salary Comparison

	Male	Female
Senior Executives	1	0.93
Middle Management	1	1.10
Junior Management	1	0.78
General Workers	1	0.94
Direct Workers	1	0.78

6.2 Recruitment and Retention

6.2.1 Management Policy and Implementation Results

A. Management Policy and Commitment

1. Provide comprehensive welfare and employee care policies
2. Reduce employee turnover
3. Strengthen Individual Development Plan (IDP)

B. Management Policy Evaluation and Performance

1. Parental leave application and retention rate tracking
2. Less than 15% employee turnover rate in the past three years
3. IDP introduction and performance planning

C. Implementation

1. 100% retention rate based on parental leave from 2020 to 2021
2. Less than 15% employee turnover rate between 2019 and 2021
3. IDP Introduction since 2020 and implementation of one-to-one IDP communication in 2021 along with performance management system

6.2.2 Diversity and Inclusion Appointments



VIVOTEK echoes the UN SDG 5 - Gender Equality and recruits employees in accordance with the principle of gender equality. At present, the ratio of male to female permanent employees is nearly 1:1 (male 48.6%: female 51.4%).

A. Ratio of New Employees

VIVOTEK complies with government labor laws and regulations, including the Labor Standards Act of the Republic of China and the Act of Gender Equality in Employment. It formulates all systems based on the most basic principles to protect the rights and interests of all employees. It recruits outstanding talents through various channels according to Company operational and developmental requirements. In 2021, there were 190 new permanent employees and their gender and age distribution are as follows:

Year	2019		2020		2021	
Age \ Gender	Male	Female	Male	Female	Male	Female
<30	38	117	9	13	18	52
30-40	103	95	36	17	60	72
41-50	29	36	17	5	17	11
>50	2	5	2	1	2	2
Total	172	253	64	36	97	137
New Employment Rate	35%	54%	12%	7%	20%	29%

Note: New Employment Rate = Number of new employees / Monthly total number of employees

B. Employment Turnover Rate

When an employee submits a resignation application, the supervisor and human resources department conduct an interview to determine the reasons behind the employee's resignation and to use these as basis for improvement to avoid losing talents. Below is the resignation statistics in the past three years:

Year	2019		2020		2021	
Age \ Gender	Male	Female	Male	Female	Male	Female
<30	13	20	10	27	20	58
30-40	53	30	48	29	54	65
41-50	7	12	7	11	14	6
>50	0	2	1	0	1	2
Total	73	64	66	67	89	131
Employment Turnover Rate	15%	14%	13%	13%	18%	26%

Note: Employment Turnover Rate = Number of employee resignations / Monthly average of employees

C. Parental Leave

VIVOTEK respects the childcare needs of employees. It provides parental leave and assistance in applying for relevant subsidies. There were 13 applicants in 2021; the actual retention rate for that year was 100%, and the retention rate based on parental leave without pay from 2020 to 2021 was 100%. Interviews were conducted with employees who chose not to get reinstated, to determine their reasons for resigning. Supervisors were provided assistance in replacing manpower and a worry-free childcare mechanism was offered to employees to maintain a family-work balance.

Description	Male	Female	Total
Number of people eligible for parental leave without pay (Number of applications for maternity/paternity leave within three years)	56	35	91
Number of people who applied	1	12	13
Number of people who intend to get reinstated in the current year	1	6	7
Number of people reinstated in the current year	1	6	7
Number of people reinstated in the previous year	2	5	7
Number of people who continued to work for one year after reinstatement in the previous year	2	5	7
Parental leave application rate	2%	34%	14%
Parental leave reinstatement rate	100%	100%	100%
Parental leave retention rate	100%	100%	100%

Note: Parental leave application rate = Actual applications / Number of people eligible for parental leave
 Parental leave reinstatement rate = Number of people reinstated in the current year / Number of people who intend to get reinstated in the current year.
 Parental leave retention rate = Number of people who continued to work for one year after reinstatement in the previous year / Number of people reinstated in the previous year.

D. Individual Development Plan (IDP)

In 2020, VIVOTEK introduced the Individual Development Plan (IDP) with the help of professional consultants. As a way of respecting its employees, the Company encouraged all employees to integrate their organizational needs, put forward their personal goals with implementation method, and create career development plans. In 2021, the IDP was incorporated into the performance management program/system and regular one-on-one communication between supervisors and employees to improve employee competencies.



E. Salary Policy

Salary is determined based on academic and work experiences, professional knowledge and skills, and performance. It does not vary with gender, race, religion, marital status, etc. Employees are paid in compliance with all applicable relevant wage laws. The Company participates in salary market surveys every year, and takes market level salary and economic indicators as the basis for employee salary adjustments. The average salary increase in 2021 was about 5.8%. VIVOTEK considers its financial and operational performance as well as individual performance of employees to determine various incentives and remunerations, including year-end bonus, employee dividend, quarterly goal achievement bonus, performance bonus, patent bonus, production efficiency bonus, etc., to attract, retain and motivate outstanding colleagues. Employee dividends are based on the company's articles of association. If there is profit for the year, no less than 7% will be allocated as employee compensation, and this will be paid based on the employee's position, performance and contribution. In 2021, the wages of migrant and local workers were raised higher than industry standards to ensure that the Company's overall compensation system achieves the goal of attracting and retaining talents.

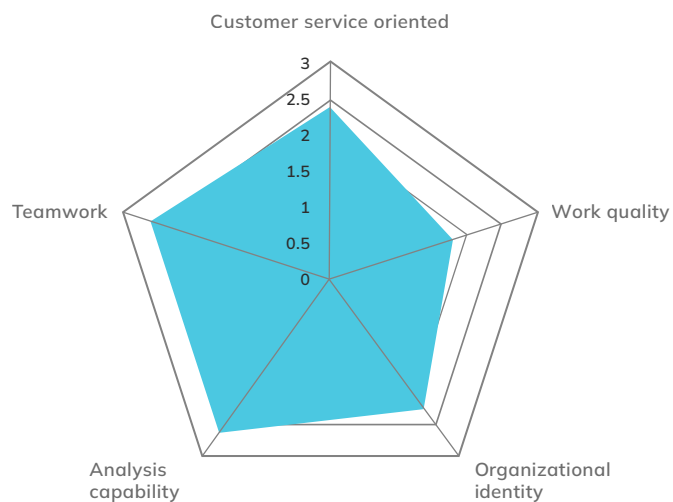
1. The Company provides a diversified and competitive remuneration system and employee benefits. Salary surveys are conducted every year to measure market level salary and economic indicators, along with performance appraisal and promotion systems as the basis for employee salary adjustments. In 2021, the average salary and benefits of employees was NTD 1,114,000.
2. The company issues quarterly and year-end bonuses based on its operating conditions and the employee's personal performance. In addition, there are performance bonuses, patent bonuses, R&D project bonuses, and long-term incentive programs to attract retention and motivate outstanding colleagues.
3. According to the company's articles of association, if there is profit for the year, no less than 7% should be allocated for employee compensation. In 2021, 12.45% was allocated as such.

6.3 Employee Development and Training

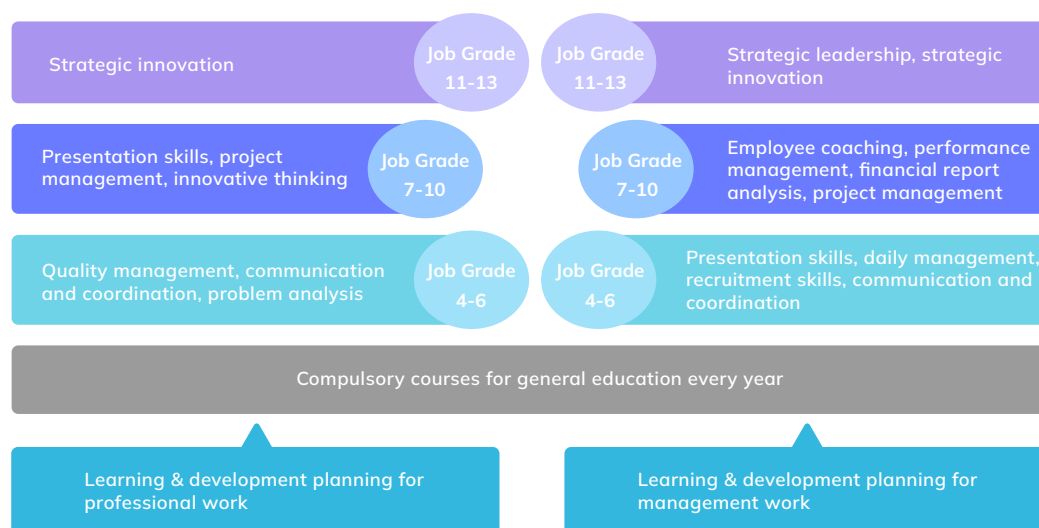
6.3.1 Management Policy and Implementation Results

A. Management Policy and Commitment

1. Create a learning organization.
2. On-the-job training strategy planning for each department.
3. Formulate an annual talent training strategy plan.



The image shows analysis of competency gap



The image shows professional and management learning and development path planning

B. Management Policy Evaluation and Performance

1. The employee training hours increased by 263% compared to the previous year.
2. Strengthen the Company's internal training.
3. Increase courses in line with talent cultivation strategies.

C. Implementation

1. The total number of employees in Taiwan in 2021 was 990. The total training hours of the Company were 21,464 hours (including face-to-face + online courses), with average training hours of 21.7 hours per person, an increase of 271.3% compared to the previous year.
2. In 2021, the Company launched an internal training program.
3. In 2021, a talent cultivation strategy course was held.

6.3.2 Talent Learning and Development

A. Learning Development System

VIVOTEK recruits the best talents in the industry and attaches great importance to the career development of each talent. To enable all employees to move towards their ideal position, the company provides a variety of learning channels to help them effectively improve their abilities and develop competencies required for their jobs. It established the New Heart Academy, Leadership Academy, Expert Academy and Value Academy in order to meet the learning needs of employees in various fields.

1. New Heart Academy:

Provides newcomers with courses on Company value establishment, physical and mental safety protection at work, certification management system, intellectual property rights, information security, and teamwork.

2. Leadership Academy:

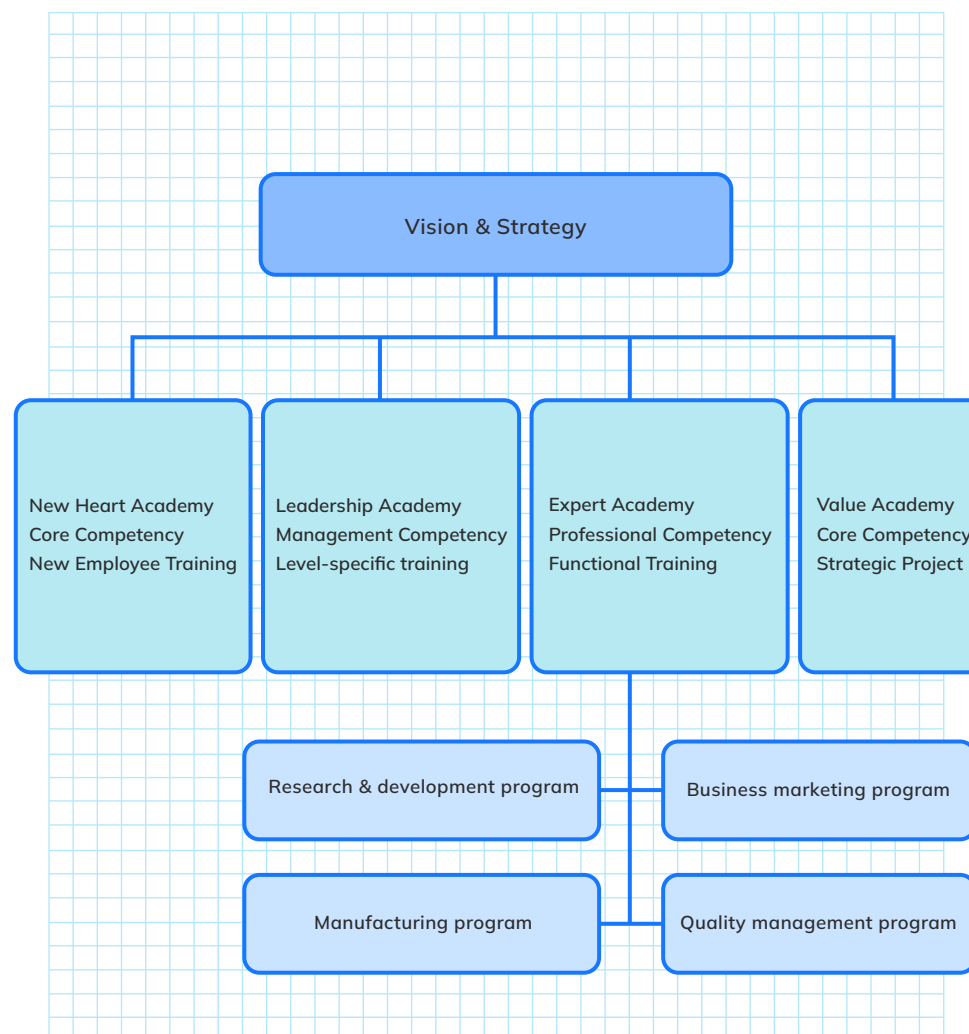
Designs different leadership management courses for high-level, middle-level, junior-level managers and management trainees, as well as performance management, employee counseling skills, situational leadership, strategic goals and other courses.

3. Expert Academy:

For research and development, business marketing, manufacturing, quality management, financial analysis, design courses that meet requirements for the year.

4. Value Academy:

Includes internal product sharing, successful marketing case sharing, annual communication conference, presentation skills, internal training, corporate sustainability, employee assistance program promotion and other courses.



2021 Training Overview (Note 1, Note 2)

Face-to-face course overview	Male Employees				Female Employees				Total (Company)			
	No. of people	No. of trainees	Training hours	Average training hours	No. of people	No. of trainees	Training hours	Average training hours	Total number of people	Total number of trainees	Total training hours	Average training hours
Senior Executives	14	75	305	22	3	21	126	42	17	96	431	25
Middle Management	42	241	1,090	26	8	46	149	19	50	287	1,239	25
Junior Management	46	280	1,646	36	18	102	549	31	64	382	2,195	34
General Workers	386	661	2,710	7	215	348	1,417	7	601	1,009	4,127	7
Direct Workers	38	38	114	3	270	272	828	3	308	310	942	3
Total	526	1,295	5,865	11	514	789	3,069	6	1,040	2,084	8,934	9

Online course overview	Male Employees				Female Employees				Total (Company)			
	No. of people	No. of trainees	Training hours	Average training hours	No. of people	No. of trainees	Training hours	Average training hours	Total number of people	Total number of trainees	Total training hours	Average training hours
Senior Executives	15	98	206	14	3	18	45	15	18	116	251	14
Middle Management	43	282	667	16	9	70	125	14	52	352	792	15
Junior Management	49	313	637	13	21	162	260	12	70	475	897	13
General Workers	513	3,026	5,672	11	591	4,114	4,918	8	1,104	7,320	10,590	10
Total	620	3,899	7,182	12	624	4,364	5,348	9	1,244	8,263	12,530	10

Note 1: The total number of employees in Taiwan is 990, with 694 indirect employees and 296 direct employees (as of December 31, 2021)

Note 2: The calculation standard of [average training hours per person] is [total training hours]/[total number of people]

Number of employees and total training hours in the past three years

There were a total of 990 employees in Taiwan in 2021.

The total training hours of the Company were 21,464 hours (including face-to-face and online courses), and the average training hours per person was 21.7 hours.

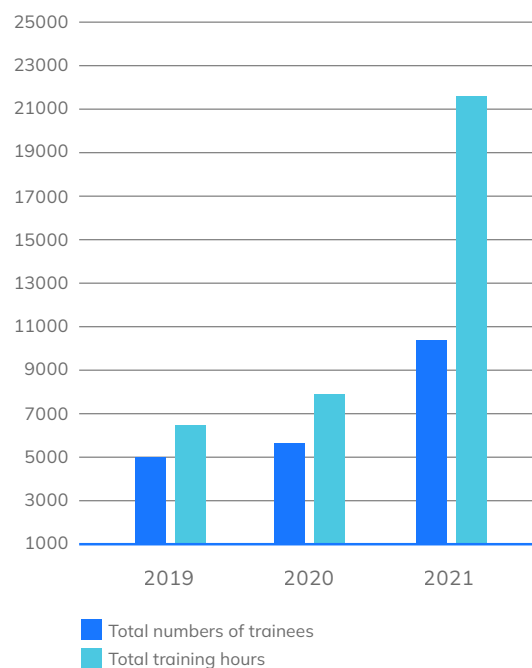
There were a total 1,023 employees in Taiwan in 2020.

The total training hours of the Company were 8,176 hours (including face-to-face and online courses), and the average training hours per person was 8.0 hours.

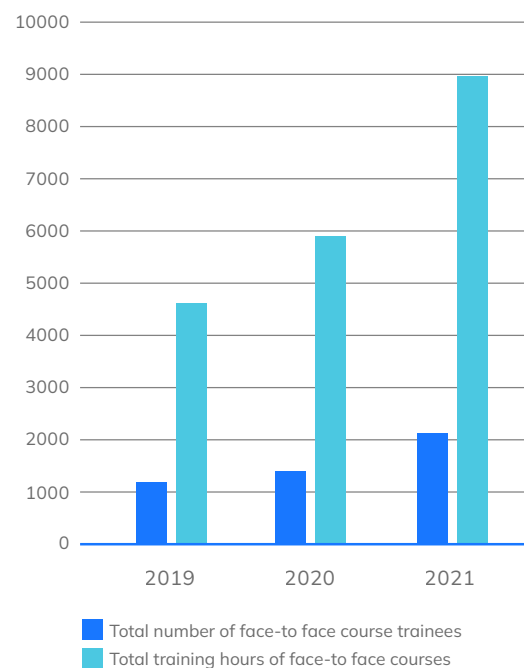
There were a total 1,067 employees in Taiwan in 2019.

The total training hours of the Company were 6,590 hours (including face-to-face and online courses), and the average training hours per person was 6.2 hours.

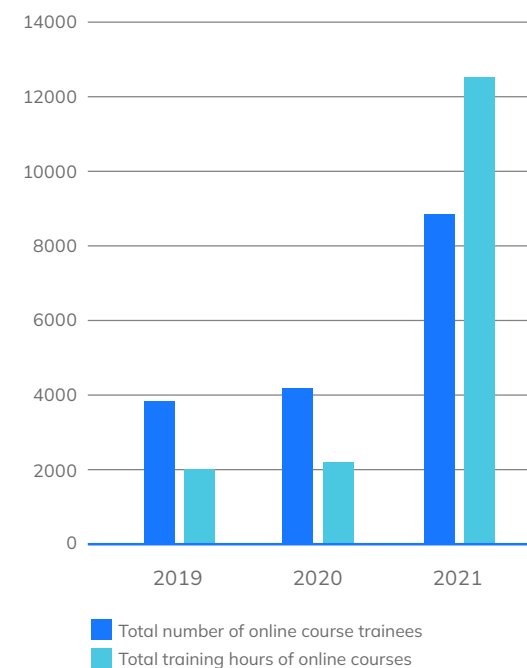
Total number of trainees and training hours



Total numbers of trainees and training hours of face-to-face courses



Total numbers of trainees and training hours of online courses



B. Comprehensive new recruit training system

In order to quickly understand the corporate culture, vision, and systems of VIVOTEK and implement labor safety and health education, new recruits must complete the training within the first three months of joining VIVOTEK.


- Each new recruit has to attend the following courses to be able to cooperate with colleagues and work with the team more smoothly and efficiently.
Brand training for new colleagues: complete Rebranding content, including brand positioning, main goals, core values, corporate culture, brand catalysts, vision, and VIVOTEK's expectations and plans for the brand.
- Online package courses include "Understanding VIVOTEK", "Various Management System Concepts", "Information Security," and other related content.
 - Core value experiential learning activities
 - VIVOTEK TED Forum: Product introduction and successful case sharing
 - Professional training
- Practical training: New recruits receive a complete training course after working in the department (i.e., professional, quality and practical training) to help them become familiar with their tasks and duties, as well as develop skills and abilities.

Course content	Course type	Completion time	Passing criteria
Vision, mission and strategy of VIVOTEK	Online courses	Orientation week	Complete the online course and pass the online quiz
Corporate governance and integrity management promotion		Orientation week	
Introduction of information system and resources available for use		Week 2	
Occupational safety and health		Week 3	
Concept of quality and environmental management system		Week 4	
Concept of intellectual property and patent		Week 5	
Introduction and promotion of Personal Data Protection Act		Week 6	
Introduction of core value experiential learning activity	Face-to-face courses	Week 12	Complete training sessions and share one's thoughts
VIVOTEK TED Forum: Product introduction and successful case sharing			

C. Competency development and career roadmap

1. Competency training framework

Competency type	Competency item		Training program
Management competency	Middle management	<ul style="list-style-type: none">● Performance management● Communication and coordination● Cost effectiveness● Problem discovery and solution● Team leadership● Talent selection and development	<ul style="list-style-type: none">● Annual training plan● Competency evaluation report● Individual Development Plan (IDP)
	Junior Management	<ul style="list-style-type: none">● Target acceptance● Communication skills● cost effectiveness● Guidance ability● Planning ability● Execution ability	
Core competency	<ul style="list-style-type: none">● Customer service oriented● Teamwork● Organizational identity● Analysis skills● Work quality		
Professional competency	<ul style="list-style-type: none">● Research and development program● Business marketing program● Manufacturing program● Quality management program		



2. R&D Career Development Blueprint

New employee training			
Management position		Technical position	
Career Development	Development Training	Career Development	Development Training
Engineer	Core competency <ul style="list-style-type: none"> Customer service oriented Teamwork Organizational identity Analysis skills Work quality professional competency (R&D program)		
Junior Management	As team leader, ensure completion of R&D project by coordinating with the team	Senior Engineer	Participate in new product projects and cultivate new technology development capabilities
Middle Management	As department supervisor, responsible for team leadership and cross-departmental communication	Technical Manager	Serve as technical consultant to solve cross-departmental technical problems and introduce new R&D technologies
Senior Management	As division head, lead the R&D team and achieve the Company's strategic goals	Chief Engineer	As chief technical consultant, solve the Company's R&D technical problems and promote R&D technology innovation

D. Develop into a learning organization

1. Internal training courses

In order to expand learning channels within the enterprise and facilitate knowledge sharing, VIVOTEK provides compulsory internal training courses for technical professionals to enable those with excellent skills to share their knowledge and to motivate employees to continuously improve their abilities through certification programs. It is hoped that the internal trainings would help employees to continuously improve their abilities and understand the latest technological developments. Through knowledge sharing and exchanges, colleagues can discuss professional technological applications with team partners in order to learn from each other and grow together.

2. Build a digital platform to integrate learning resources

Education and training are important in talent development, and the learning process of all employees is related to their future development. VIVOTEK integrates the learning records of each employee in the training platform, so that colleagues, supervisors, and trainers can check whether there is a need to strengthen certain skills and require more professional training. It is also important to manage the licenses of specific technicians and ensure that the number training hours per year complies with regulations. In addition, the effective integration of internal and external learning resources through the digital platform can effectively improve the learning efficiency of employees, manage the performance of each course, and select suitable courses for further study.

Quality Management
Professional Courses



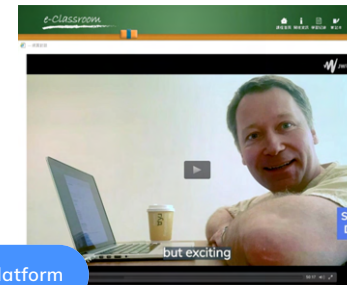


Middle and Senior Management Courses

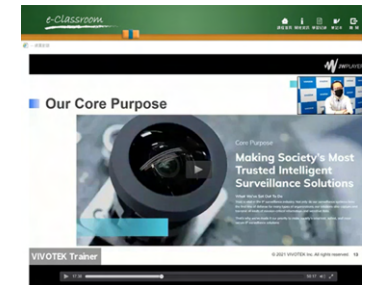


Management Course

VIVOTEK TED Forum



Digital Learning Platform



E. Echoing the UN SDG 4 - Quality Education



VIVOTEK is committed to talent cultivation and continues to improve its systems and methods. In 2021, it won the **TTQS (Talent Quality-management System)** bronze medal. The Company continues to provide employees with a good learning atmosphere and substantial training. It strengthens the relationship and management competencies of employees.

Management competencies include leadership and control, innovativeness, financial sensitivity, and business acumen. In recent years, various management trainings have been continuously organized to help leaders establish the vision and goals of team development. Through continuous and effective communication, motivation, guidance and cultivation of team members' capabilities, these leaders can inspire colleagues to propose innovative solutions that are valuable to existing and potential customers. In terms of financial and business acumen, the Company strengthens leaders' understanding and application of business logic and financial information, key factors of industry and competition, and insights into market development trends and growth opportunities. This enables the leaders to plan new products and services to meet market needs. The management is responsible for finding growth opportunities that can further develop the organization and for identifying potential risks and creating corresponding strategies.

In the past three years, through continuous investment in training resources and effective planning, the average training hours per person at VIVOTEK has grown rapidly. Since 2021, the Company has joined the Workforce Development Agency's "talent development plan", obtained more training resources and effectively invested in a development plan for employees. The total training hours in 2021 increased by 263% compared to 2019, and the number of average training hours per person increased by 271%.

The preparation for ISO 27001 information security management certification in 2021 involved arranging for information talents to participate in the information security expert certification course, and inviting professional consultants with years of experience to train managers at all levels, so that managers can better understand the regulations, evaluation standards and risks relevant to information security; further, they can take inventory of the risks and formulate policies. Likewise, general employees attend the course every year to learn about information security and to strengthen their knowledge of information security protection.

Aside from information security training, Company employees receive regular retraining on GDPR and personal information protection, workplace violence and sexual harassment prevention, occupational safety and health, corporate governance and integrity management, insider trading prevention, basic intellectual property rights, certification management system concepts, introduction on international environmental protection regulations and corresponding measures. Employees who operate equipment in the production line receive additional 5S and electrostatic protection retraining courses.

The corporate culture of VIVOTEK is characterized by speed, transparency, quality and teamwork. We attach great importance to quality innovation and improvement, and continue to conduct annual quality education courses. Through the annual Six Sigma Green Belt certification training, it helps colleagues understand how to analyze quality problems and apply appropriate tools and methods for optimization. In 2021, the Green Belt certification pass rate of the trainees was 100%, and colleagues who have completed the training will become the seed members of quality improvement, passing on the quality awareness to every corner of the Company and enhancing the overall awareness.

6.3.3 Performance Feedback and Development

Since its establishment, VIVOTEK has attached great importance to the performance management and development of employees, and has created a target management and competency development system to reflect VIVOTEK's core values of integrity, care and innovation. Every quarter, supervisors conduct performance development interviews with their subordinates to enable them to understand the Company's development goals and harmonize their efforts with the Company's. VIVOTEK continues to care about the development of employees and through the annual competency assessment, it lets employees understand their strengths and weaknesses, as well as discusses and formulates development plans to assist employees in their career development within the organization.

Production line supervisors treat local and migrant workers equally. They promote outstanding colleagues to take on management positions. In 2021, 3 migrant workers served as cadres.

Overview of performance appraisal (Note 1, Note 2)

Overview of performance appraisal	Male performance appraisal			Female performance appraisal			Total performance appraisals of the Company		
	Total number of people	Number of appraisees	Percentage	Total number of people	Number of appraisees	Percentage	Total number of people	Number of appraisees	Percentage
Senior Executives	15	15	100%	1	1	100%	16	16	100%
Middle Management	34	34	100%	6	6	100%	40	40	100%
Junior Management	44	44	100%	27	27	100%	71	71	100%
General Workers	328	321	98%	171	162	95%	499	559	97%
Direct Workers	35	32	91%	245	109	44%	280	141	50%
Total	456	446	98%	450	305	68%	906	827	91%

Note 1: The above statistics include employees who underwent systematic performance appraisals. The performance of migrant workers, working students, and cleaning personnel are checked and monitored using other non-systematic methods.

Note 2: Those who have been on the job for less than 3 months in the current year did not undergo performance evaluation.

6.4 Employee Rights and Communication

6.4.1 Management Policy and Implementation Results

A. Management Policy and Commitment

1. Comply with labor-related laws and regulations.
2. Create a good working environment and establish a safe workplace culture.
3. Regular labor-management meetings and welfare committee meetings.
4. Diversified communication, improve employee recognition.

B. Management Policy Evaluation and Performance

1. No violation of relevant laws and regulations; in the event of a violation, remedial action is taken within a given period of time.
2. The goal of zero accidents in the factory.
3. Quarterly labor-management meetings and welfare committee meetings.
4. Annual employee communication conference held at least twice a year.

C. Implementation

1. In 2020, the Board of Directors announced its Human Rights Policy.
2. In 2021, equipment and facility safety inspections and occupational safety training were carried out regularly to achieve zero occupational hazards (details found in chapter 5.7 Occupational Safety and Health).
3. In 2021, a total of 4 welfare committee meetings and 5 labor-management meetings were held, and employees raised 13 issues during the labor-management meetings, which the Company publicly addressed.

4. In 2021, online employee communication meetings were held every six months, and internal communication meetings were held regularly every month, with a total of 13 sessions.

6.4.2 Focus on Human Rights, Focus on Communication

VIVOTEK believes that human rights are basic rights inherent to everyone and serve as a standard of treatment and form of freedom. Human rights are deeply embedded values and apply to all areas of company operations. VIVOTEK supports and follows international labor and human rights standards such as The United Nations Global Compact, Universal Declaration of Human Rights, United Nations Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, Social Accountability as well as laws and regulations of the country where it operates. VIVOTEK shall treat all its partners with dignity and respect, including all employees, subsidiaries, business partners, suppliers, and contractors.



In order to establish a good employee relationship and working environment, VIVOTEK adheres to its core value of "Concern for Others". It commits to creating an effective two-way communication channel and listens to its employees. Through regular labor-management meetings and channels for employee complaints, the Company hopes to maintain a smooth and open communication, while protecting the rights and interests of each employee. It also has a Code of Conduct and Ethical Corporate Management Best Practice. Through orientations for newcomers and internal announcements, the Company upholds legal and ethical principles, and maintains the sustainable development of the company's assets, rights, and interests.

B. Employee Rights and Communication

1. simple two-way communication mechanism

To coordinate labor-management relations, enhance mutual understanding, promote labor-management cooperation, and improve work efficiency, VIVOTEK organizes labor-management meetings in accordance with the Regulations for Implementing Labor-Management Meetings. In 2021, a total of 13 president-employee communication meetings, 4 welfare committee meetings, and 5 labor-management meetings were held. Employees raised 13 questions during the labor-management meetings, which were all publicly addressed. In addition, welfare committee meetings are held regularly and committee representatives share their colleagues' suggestions and opinions on specific issues for discussion with the Company in order to reach a consensus.

To strengthen employee communication, VIVOTEK held the annual communication conference for the first time in August 2020, via simultaneous physical and online meetings. In 2021, a total of 6 communication meetings were held, 2 for Taiwan employees, 4 for overseas colleagues, as well as 7 group communication meetings. There were a total of 13 communication meetings throughout the year. In the communication meeting, a total of 769 employees from Taiwan joined the two sessions, and the attendance rate excluding production line operators was 70%. There were 736 participants in the four overseas meetings, and the attendance rate was 90%. More than 90% of colleagues were very satisfied with the event and found it helpful in learning more about the Company. The group communication meeting is for general employees from various units who are less likely to have contact with senior managers, such as new colleagues, junior managers from business, R&D, and management units, as well as members of quality improvement projects. This meeting allows senior executives to communicate with junior colleagues and establishes a corporate culture of transparency and direct communication. A total of 216 people participated in the seven group communication meetings, with attendees reaching 1,721 throughout the year.



2. [HR Portal] Employee Intranet "HR Portal"

VIVOTEK has created an HR Portal /internal website for employees in order to provide real-time information about the Company and Welfare Committee. The Company rules and regulations, important personnel announcements, as well as guidance for new employees, human resources Q&A and various welfare measures can be found in the HR Portal, which helps new and incumbent colleagues to quickly and clearly understand the Company's system and application process. In addition, the HR Portal features a "questionnaire" wherein employees can take opinion surveys. VIVOTEK provides a variety of internal communication channels to establish a good open relationship. The records of various employee communication meetings are also included in the Employee Communication Meeting, Welfare Committee Meeting, Labor-Management Meeting, and other related sections on the site. These enable employees to understand issues that affect them and the Company through an open and transparent approach, so as to promote cross-departmental communication and cooperation, and to let colleagues develop deeper identity recognition with the Company as well as enthusiasm for their work.

3. Employee Suggestion Mailbox 1999

The Company has set up a Communication Management Procedure and employee email address 1999@vivotek.com to provide a channel for employee comments or suggestions and to strengthen labor-employer cooperation and relationship.

Regulations on employee complaints:

1. If a worker makes an oral complaint, the receiver of the concerned department shall make a record and report it immediately.
2. If the rights and interests of workers are violated, or if there other issues, employees can file a complaint directly according to Company rules through the administrative system via a complaint form or in writing. The supervisor of each unit should immediately investigate and handle the matter, or report it to higher authorities, and write back to the complainant with the result or status of the case.

In 2021, employees sent a total of 4 mails to express their opinions through the employee 1999 mailbox and the president responded in person. There has been 0 complaints so far.

6.4.3 Code of Conduct for Employees

VIVOTEK has established a Code of Conduct, which includes the prevention of conflict of interest, avoidance of opportunities for personal gain, confidentiality obligations, fair dealing, protection and proper use of company assets, legal compliance, and report and punishment for violations. The Code of Conduct is implemented internally and made known to new employees when they report for duty.

In 2021, the Company had no significant fines related to legal and regulatory breaches, non-monetary sanctions and non-discrimination violations.

6.5 Diversity Welfare and Measures



6.5.1 Overall Physical & Mental Health and Diversified Welfare Development

Physical and Mental Health Care

Providing employees with a safe, hygienic and healthy working environment is the ultimate goal pursued by VIVOTEK. To protect the health of employees, the Company has an in-house nurse that provides health service, regular doctors who visit the factory to offer health consultation, and external professional psychological institutions that provide psychological consultation services for employees, so as to protect their overall physical and mental health.

Annual Health Check

Regular employee health checks are performed every year. There are also different inspection criteria for various occupations to help colleagues know their health status. The 2021 health check was carried out at Company premises by an entrusted professional medical institution in October. In 2021, a total of 749 colleagues underwent health check, with a check-up rate of 97%.

Lactation Room

There is a lactation room that offers a private and comfortable space for nursing mothers with a special refrigerator where they can conveniently store milk. There is also an on-site Occupational Health Consultation with a doctor who visits the factory every month so employees can consult health issues.

The Occupational Health Consultation Services by Doctor at the Factory

Each month, a hospital doctor would be invited to the factory for Occupational Health Consultation Services and colleagues can consult on-site regarding health issues.

Fitness Space

There is a fitness center with weight training equipment, treadmills, bicycles and basketball machines to allow employees to exercise and unwind after work.

Employee Assistance Program (EAP)

The Employee Assistance Program (EAP) was introduced in 2016, facilitated by an external consulting company that provides free, professional, diverse and highly confidential consulting services for employees (60 minutes per session, three sessions a year). The consultation covers three aspects: psychology, psychiatric medicine, and management. In 2021, 214 people availed the telephone consultation, while 24 people availed the personal consultation and assistance program. Based on the satisfaction survey, the employees' average satisfaction score for this program was 95.1 points.

In April 2021, the Guarding with Heart, Warm Home - EAP Promotion Meeting was held and the satisfaction rate was 5.46 points (out of 6 points). Employees are also provided with employee assistance cards. In case of emergency, they can contact EAP using the numbers on the card to receive timely and professional assistance. The EAP e-newsletter is also published to provide helpful information to colleagues. The Company hopes that through the EAP professional services, employees receive the necessary support they need.



The photos show the EAP promotion meeting (Good communication without hurting others)



Team and Club Activities

In order to promote employee relationships, expand social interaction and boost work morale, VIVOTEK supports the efforts of employees in creating leisure clubs of different nature. It subsidizes and provides venues for such activities, so that employees can enjoy a balanced, healthy and happy life.

(For more details on employee team branding activities, please refer to chapter 1.2 Rebranding)

The aerobic boxing club



The basketball club

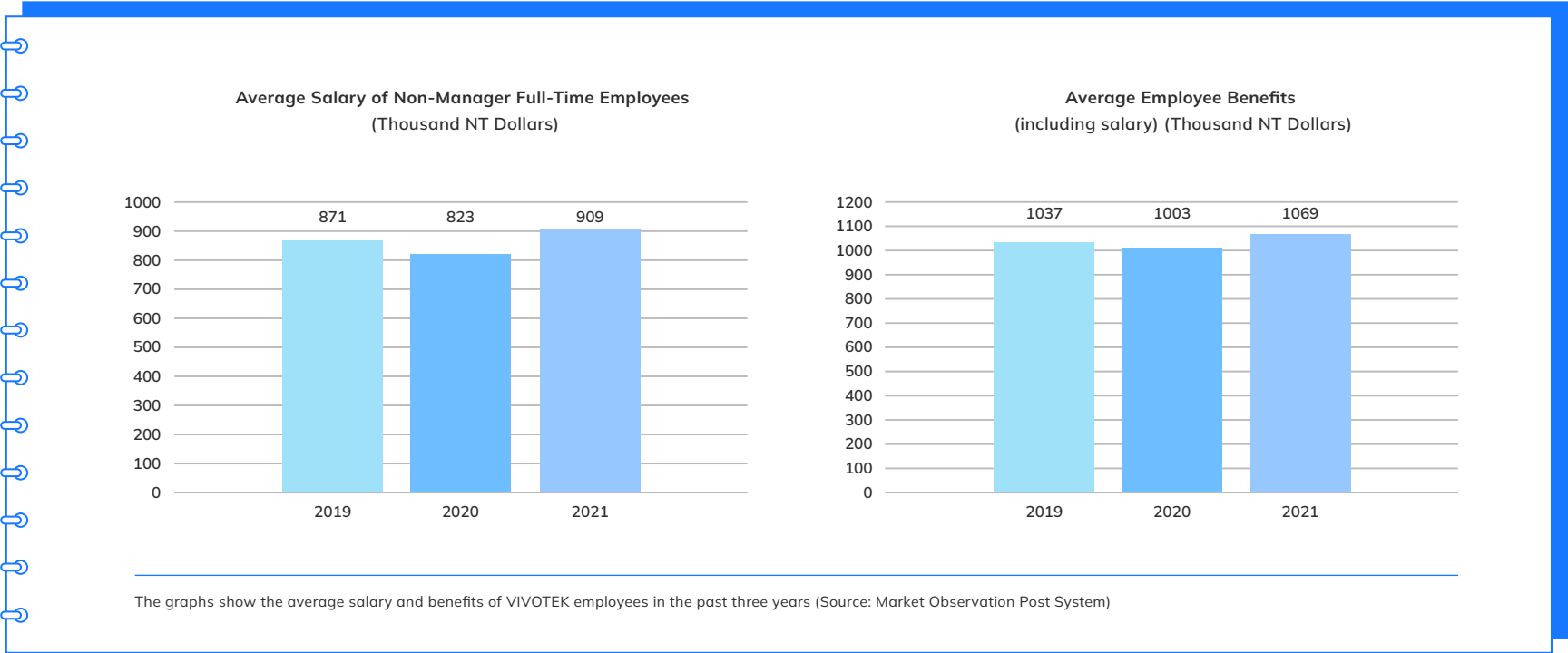
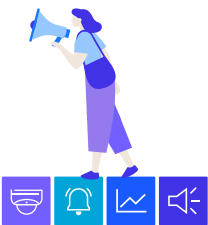
The badminton club



6.5.2 Employee Benefits and Insurance System

Employee benefit budget

A fixed amount (i.e., 0.5%) from the salary of employees, 0.15% of the total monthly operating income, and 40% from sale of production waste, comprise the employee welfare budget.



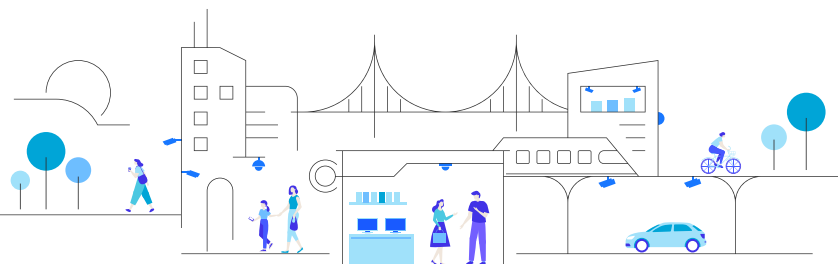
Statistics on the number and amount of welfare subsidies in 2021

Benefits	No. of subsidies	Subsidy amount
Marriage Grant	16	\$ 96,000
Maternity Benefit	24	\$ 144,000
Funeral Grant	21	\$ 105,000
Travel Grant	771	\$ 5,909,307
Birthday Incentive	971	\$ 1,456,500
Club Incentive	-	\$ 35,520
Dragon Boat Festival Benefit	993	\$ 1,641,800
Mid-Autumn Festival Benefit	961	\$ 1,305,500
Total	-	\$ 10,393,627

Insurance and Pension System

The Company provides employees with social insurance in compliance with laws and regulations to protect their basic rights and interests; in addition to employee labor insurance (including employment insurance) and national health insurance, employees are provided with group accident insurance and group medical insurance, as well as overseas travel insurance for business trips to ensure their safety.

The Company complies with retirement laws and regulations to protect employee retirement rights and interests. According to the Labor Standards Act and the Labor Pension Act, employees who joined the Company before June 30, 2005 (inclusive) are covered by the old pension system wherein the Labor Standards Act still applies. The Company allocates 2%-15% of the retirement reserve which goes to the old pension system account under the Central Trust of China on a monthly basis. The current reserve amount is about NTD17,581,000, and the full amount can meet the current retirement needs of relevant employees. The criterion for payment of pension is based on the job tenure, in which the worker gets 2 bases for every full year of work experience, and 1 base for every full year of work experience over 15 years, with a maximum total of 45 bases. The length of service is calculated as half year if it is less than six months and one year if it is more than six months. Those who joined the Company beginning July 1, 2005 or opted for the Labor Pension Act, shall have 6% allocated to their individual pension account in accordance with the law. In addition to the fixed monthly pension of 6% from the employer, employees can also choose to withdraw their pension ranging from 0% to 6% depending on their preference, and have it deposited to their individual pension accounts, so they can enjoy their retirement.



6.6 Occupational Safety and Health

The R&D, manufacturing, and administrative departments of VIVOTEK are all located in Taiwan, and comply with the PDCA occupational safety and health management system. In accordance with relevant regulations on occupational safety and health as well as fire protection, the Company has formulated occupational safety and health management plans, occupational safety and health management regulations, safety and health work codes, and fire protection plans.

2021 Key Issues for Discussion in Safety and Health Committee Meetings

Key Issues	1. COVID-19 Severe Acute Respiratory Infection Response Measures 2. Health Protection Program 3. Equipment and chemical safety management
Labor Representative Ratio	37.5%
Note	Labor representative: 3 Total committee members: 8

Work Safety Management and Disaster Prevention

To prevent occupational accidents, hazard identification is formulated according to the occupational safety and health management system. It identifies potential hazards, evaluates risks in operations, processes, activities, products and services and determines unacceptable risk levels. For unacceptable risks, priority is given to implementing engineering control measures. Safety assessments are also carried out before proceeding with new process operations to improve safety, detect abnormalities in advance, and prevent accidents. To ensure safe operation, the electrical equipment should be inspected once a year in accordance with the safety and hygiene work code.

Occupational Safety and Health Check

To ensure the safety of employees in the factory area and avoid injuries, inspections of air compressors and local exhaust machines are carried out once a year. Mechanical equipment is checked once a month according to the occupational safety and health management plan. According to the fire protection plan, self-inspection of fire-fighting equipment was carried out once a month, and 16 violations were found by the labor safety staff during regular on-site inspections. In response to the findings, a specific improvement plan was created within two weeks, including a case closing date and person-in-charge. A tracking date was established based on the improvement status to ensure continuous and effective improvement of plant safety.

Environmental Safety and Hygiene Management

To ensure and improve the quality of drinking water in the plant, the Company has employed the services of professional organizations to test water resources on a quarterly basis. The plant's new isopropyl alcohol organic solvent operations are regularly assessed by external monitoring agencies to prevent hazardous elements in the operating environment. In addition, the company independently manages carbon dioxide and TVOC to maintain a safe and hygienic environment in the factory.

Employee Health Management

In order to protect the safety of employees in accordance with labor health protection regulations, the Company has an in-house nurse to provide health service, and on-site health consultation with a doctor who conducts monthly visits to the factory. The Company provides health checks for all employees every year, which goes beyond the usual practice in the country, and considers the common causes of death among Taiwanese as the basis for health check criteria. In addition, a small number of employees in some factories who are at risk of radiation exposure undergo special health inspections to prevent potential problems.

On-the-job Education and Training

To improve the occupational safety knowledge of employees, there are on-the-job education and training courses (on hazardous chemicals, general safety and hygiene, fire evacuation drills, occupational safety and health, etc.) provided. Over 1,319 employees underwent training for more than 3,605.8 hours. Each employee received an average of 3.7 hours of training, and tests were conducted after the training to evaluate course effectiveness.

Contract Safety Management

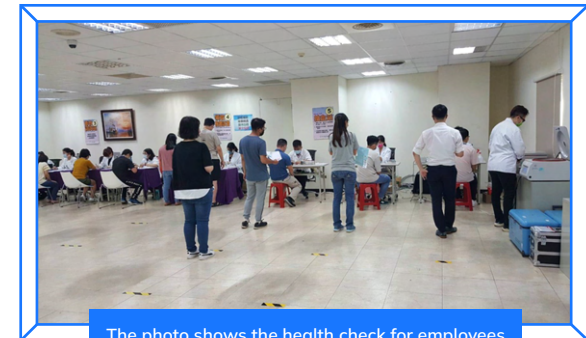
To strengthen safety management, contractors need to apply for permits and provide training materials before gaining access to the site for construction work. It is necessary to inform and disclose any operational hazards. In 2021, there were no occupational accidents involving contractors.

Measures in Response to COVID-19

In response to the COVID-19 outbreak, the factory has established temperature screening related operations, implemented enhanced access control management during the pandemic prevention period, monitored and recorded relevant information of outsiders, implemented temperature check and hand sanitizing, etc. All personnel also need to undergo body temperature screening before entering the factory area. If the body temperature exceeds the control value (37.5 degrees), the employee is prohibited from entering and mask is provided. Relevant information is also recorded and the employee is required to seek medical treatment. During the peak of the pandemic in 2021, the factory implemented subdivision and diversion operations, as well as regular quick screening of workers in high-risk areas in accordance with Company measures. Fortunately, with proper management and control, no disasters occurred during factory operations. There were also no occupational safety and health violations.

Occupational Safety and Health Management Results and Prospects

In 2021, the disabling injury frequency rate (FR) as well as disabling injury severity rate and occupational disease rate were all 0. In 2022, the Company continues to pursue the goal of zero accidents in the factory, while strengthening professional capabilities in occupational safety and care, and ensuring the responsibilities of relevant full-time personnel in accordance with regulations. In 2021, there were no violations of occupational safety regulations.



The photo shows the health check for employees



Disclosure of Operational Hazards before Construction (schematic diagram)

6.7 Social Participation

6.7.1 Management Policy and Implementation Results

A. Management Policy and Commitment

1. Caring for disadvantaged groups in Taiwan.
2. Improving employee participation in social welfare.

B. Management Policy Evaluation and Performance

1. Annual sustainability event.
2. Creation and Implementation of Employee Volunteer Leave.

C. Implementation

1. Corporate sustainability event - "Community Safety Map" was held in December 2021.
2. In 2021, the Company donated goods to Jonah House of Cathwel Service, Chung Yi Social Welfare Foundation's Chung Yi Kindergarten, Bethany Children's Home, and the Taiwan Environmental Information Association.
3. The rules for volunteer leave were formulated and implemented in 2021.

6.7.2 Implement Social Participation and Care

Echoing the UN SDG1 - No poverty, SDG9 - Industry, innovation and infrastructure and SDG11 - Sustainable cities and communities



VIVOTEK has been deeply involved in the security control industry for many years and is the largest IP surveillance company in Taiwan. Its "Concern for Others" serves as the brand's driving force. This is VIVOTEK's advocacy, in addition to concentrating its R&D, design, and manufacturing in Taiwan as its contribution to the country. In 2021, the Company cooperated with public welfare groups and external partners to actively help the society and the environment from a corporate perspective, which also reflects the theme of this year's report - "Rebranding for Sustainable Care".

A. Caring for the Disadvantaged through Concrete Actions

During the 2021 Mid-Autumn Festival, VIVOTEK purchased festive foods such as mooncakes and pomelos to be donated to three childcare institutions, so that children could enjoy the warm celebratory atmosphere.

Donors: Jonah House of Cathwel Service, Chung Yi Kindergarten of the Chung Yi Social Welfare Foundation, and Bethany Children's Home. In addition, VIVOTEK continued to support Bethany Children's Home by donating filters for water dispensers, so that children can have access to clean drinking water.



B. Public Welfare Procurement and Response to Sustainability

VIVOTEK's food purchase for internal activities was from Sefun Bakery House where the preparation of refreshments reflected concern for social welfare. The refreshments were provided in simple packaging, using paper boxes instead of plastic bags, as a way of responding to environmental protection issues as well as supporting social welfare groups.

C. Increasing Employee Engagement by Implementing Volunteer Leave

To increase employee participation in public welfare activities, VIVOTEK offers volunteer leave and demonstrates its caring entrepreneurial spirit. Anyone who participates in public welfare activities organized by the Company on holidays or participates in social public welfare activities organized by other government-registered public welfare organizations on weekdays and holidays can have these hours exchanged for volunteer leave. This allows employees to use their spare time taking care of others and contributing to society as a whole.

6.7.3 Corporate Sustainability Event - "Community Safety Map"

In recent years, VIVOTEK has successively promoted social feedback activities. In December 2021, it launched a local care plan (i.e., Community Safety Map) and cooperated with Nar Studio a local studio that has been active in social issues for a long time, using creativity to integrate real-world games and missions, and guiding employees to join the community through real life interaction. Capitalizing on its know-how, VIVOTEK integrated professional security solutions into neighborhood patrols and helped build a safe and secure living environment.

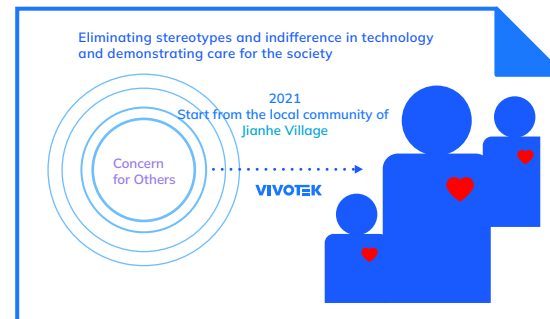
A. Event Background

The global epidemic has led some people to suffer from social isolation and indifference. VIVOTEK hopes to promote social participation and advocate “Concern for Others” as the starting point in bringing technology to communities, making residents aware of environmental and human safety, thus improving their sense of security. VIVOTEK supports neighborhoods, ensures the safety of communities, protects homes, improves public safety and security, and cares for the people.

B. Local Community Care Issues

Jianhe Village in Zhonghe District, New Taipei City is located in the same neighborhood as the VIVOTEK headquarters. It is where employees spend their daily lives. In creating a culture of care, this neighborhood was selected to receive help and support from employees who have been interacting with the residents and are most familiar with them. During the early stage of planning, the Company visited and surveyed the community, as well as conducted on-the-spot interviews with the Village Chief and residents to find out the status of the community, and tackle existing social issues and plan corresponding activities. The topics included the following:

1. Aging communities: The elderly, including those living alone, in need of care and companionship.
2. New residents: Population composed of Vietnamese and other nationalities that form a new component of the market and community structure.
3. People with chronic mental disorders: The more recessive groups in the community with specific behavioral patterns (e.g., smashing flowerpots on the street) that affect other residents from time to time.
4. Clean and tidy environment: A cluttered market area and random littering are some problems that residents deal with in order to maintain a clean and tidy environment.
5. Community road safety: The chaotic traffic flow caused by the MRT construction and occasional traffic accidents need to be addressed to improve road safety.
6. Obsolete security system: Although the community has volunteer patrol teams and patrol centers, its equipment is an old closed-circuit monitor that has been used for so many years. There is an opportunity to raise the quality of life in the community if the system undergoes a digital upgrade and transformation.



C. Event Goal and Content

1. Event Goal

In 2021, VIVOTEK's corporate sustainability programs veered away from the previous framework and used interesting, meaningful, and story-rich activities to encourage employees to personally participate. The immersive experience allowed participants to develop more empathy, ensure proper follow-up, change their mindset and behavior, and take physical actions.

Taking the community as a basis for careful arrangement and planning, the game is a part of community participation. During the puzzle-solving process, participants joined the discussion of community issues on the ground, contributing their ideas and taking concrete actions. VIVOTEK introduced the concept of real-world games, encouraged its employees to participate, and advocated the spirit of community care, so as to deepen the employees' perception of the brand's driving force as well as involvement in the activities.

2. Story line

"A boy got lost in the Jianhe village market and his mother, who was working as a caregiver, went to ask the village chief for help. But the village chief, who was familiar with the community, was also at a loss. The mother heard about VIVOTEK's secret unit that serves as the guardian of the community. There must be a way to find out the whereabouts of the boy from the existing clues."

The team carefully planned the story line for the event, filmed a video for the introduction and invited the president of VIVOTEK to be the event spokesperson or "captain of the special VIVOTEK search team". The internal promotion and recruitment slogan encouraged employees to actively participate.

3. Event content

The participating employees served as members of the VIVOTEK search team. As detectives, they went to the scene to find clues and put the pieces together to get the whole picture. While looking for clues, they made a lot of discoveries in the community, such as seniors living alone, new Vietnam immigrants, mobile street vendors, people with mental disorders, tenants, community safety issues, and other social issues. The activity began with an orientation, which guided participants regarding the purpose of the activity and understanding their roles; after which, they went to the community to explore. At the end of the activity, the participants returned to the VIVOTEK headquarters to discuss the issues and figure out how to improve the neighborhood environment and create a community safety map.

Changes from the inside out

Recognition

Understand social issues in the community

Emotion

Develop empathy through activities and trigger emotions

Action

Show care for the community, the disadvantaged, and the environment



Event poster

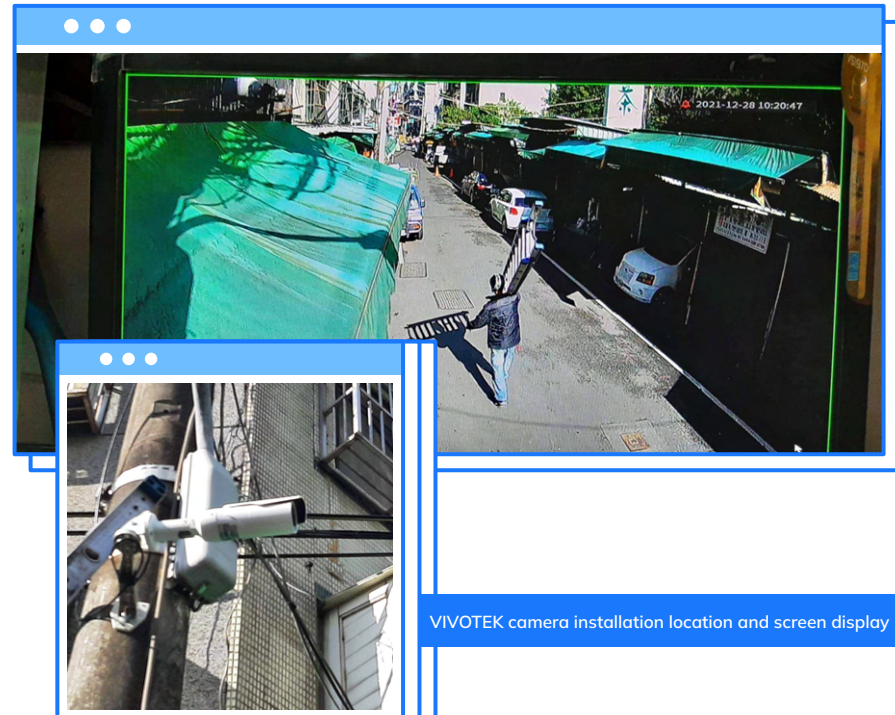
Community Safety Map



Community Safety Map Outcomes

D. Event outcome

The sustainability activity successfully enabled the employees to visit the neighborhood and to be concerned about local community issues. The participants were able to create a community safety map based on the information from the field search. The results were shared with the village chief for follow-up improvement and corresponding measures. Based on the information collected by the members, VIVOTEK selected the intersections with high traffic flow and surveillance requirement, and donated several of its network cameras. This was a tremendous help for the community patrol team, which improved the area's overall road safety as well as the community's security thanks to VIVOTEK's product and technical advantages.



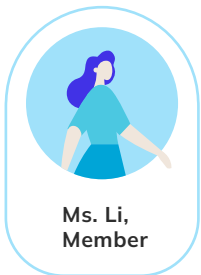
VIVOTEK camera installation location and screen display



Event photos

Mr. Huo,
Member

It is hard to strike a balance between being informative and enjoyable, but this year's ESG event did just that! Above all, it was insightful and memorable. You can tell the organizers cared about the topic and encouraged the attendees to help.

Ms. Li,
Member

After participating in this activity, I feel more strongly for the community. During the activity, it was found that there are many dead-ends and dark corners in the neighborhood, which may be considered as loopholes in community security. The locations were clearly marked on the security map, so improvements can be made for the village. In addition, there are many elderly people in the community. Those who live alone require regular visits and care.

7 Appendix



7.1 List of GRI Indicators

GRI Standard	Standard Index	Disclosure title	Chapter	Page
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	102-2	Activities, brands, products, and services	1.1 Operating Philosophy and Overview	7
			1.6 Product Overview	28
	102-3	Location of headquarters	1.1 Operating Philosophy and Overview	7
	102-4	Location of operations	1.1 Operating Philosophy and Overview	7
	102-5	Ownership and legal form	1.1 Operating Philosophy and Overview	7
	102-6	Markets served	1.1 Operating Philosophy and Overview	7
	102-7	Scale of the organization	1.1 Operating Philosophy and Overview	7
			6.1 Employment Overview	111
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	102-9	Supply chain	3.6 Supply Chain Sustainability Management	70
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GRI Standard	Standard Index	Disclosure title	Chapter	Page
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	102-14	Statement from senior decision-maker	Message from the President	4
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	102-16	Values, principles, standards, and norms of behavior	1.1 Operating Philosophy and Overview	7
			6.4 Employee Rights and Communication	125
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	102-19	Delegating authority	3.2 Board Functions and Shareholder Communications	47
	102-20	Executive-level responsibility for economic, environmental and social topics	2.1 Sustainable Mission and Promotion	34
	102-21	Consulting and Discussing with the Stakeholders regarding topics of economy, environment and society	2.4 Materiality Analysis	38
	102-22	Composition of the highest governance body	3.2 Board Functions and Shareholder Communications	47
			Please refer to 2021 VIVOTEK annual report for details	
	102-23	Chair of the highest governance body	3.2 Board Functions and Shareholder Communications	47
			Please refer to 2021 VIVOTEK annual report for details	
	102-24	The nomination and election of the highest governance body	3.2 Board Functions and Shareholder Communications	47
			Please refer to 2021 VIVOTEK annual report for details	

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General disclosures	102-25	Conflicts of interest	3.2 Board Functions and Shareholder Communications	47
			Please refer to 2021 VIVOTEK annual report for details	
	102-26	Role of highest governance body in setting purpose, values, and strategy	3.2 Board Functions and Shareholder Communications	47
	102-27	Collective knowledge of highest governance body	3.2 Board Functions and Shareholder Communications	47
	102-28	Evaluating the highest governance body's performance	3.2 Board Functions and Shareholder Communications	47
			Please refer to 2021 VIVOTEK annual report for details	
	102-29	Identifying and managing economic, environmental, and social impacts	3.3 Risk Management	58
	102-30	Effectiveness of risk management processes	3.3 Risk Management	58
	102-31	Review of economic, environmental, and social topics	2.1 Sustainable Mission and Promotion	34
	102-32	Highest governance body's role in sustainability reporting	2.1 Sustainable Mission and Promotion	34
	102-33	Communicating critical concerns	2.1 Sustainable Mission and Promotion	34
	102-34	Nature and total number of critical concerns	No major communication events in 2021	
	102-35	Remuneration policies	3.2 Board Functions and Shareholder Communications	47
			6.2 Recruitment and Retention	112
			Please refer to 2021 VIVOTEK annual report for details	
	102-36	Process for determining remuneration	3.2 Board Functions and Shareholder Communications	47
			6.2 Recruitment and Retention	112
			Please refer to 2021 VIVOTEK annual report for details	

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	102-38	Annual total compensation ratio	Unnecessary disclosure items	
	102-39	Percentage increase in annual total compensation ratio	Unnecessary disclosure items	
	102-40	Stakeholder groups	2.3 Stakeholder Identification	37
	102-41	Collective bargaining agreements	6.1 Employment Overview	111
	102-42	Identifying and selecting stakeholders	2.3 Stakeholder Identification	37
	102-43	Approach to stakeholder engagement	2.3 Stakeholder Identification	37
	102-44	Key topics and concerns raised	2.4 Materiality Analysis	38
	102-45	Entities included in the consolidated financial statements	3.1 Operational Performance	42
	102-46	Defining report content and topic Boundaries	2.4 Materiality Analysis	38
			2.5 Stakeholders Dialogue	39
	102-47	List of material topics	2.4 Materiality Analysis	38
	102-48	Restatements of information	No major changes	
	102-49	Changes in reporting	0-1 About this report	3
	102-50	Reporting period	0-1 About this report	3
	102-51	Date of most recent report	0-1 About this report	3
	102-52	Reporting cycle	0-1 About this report	3
	102-53	Contact point for questions regarding the report	0-1 About this report	3

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	102-55	GRI content index	7.1 Index of GRI Indicators	142
	102-56	External assurance	Include future plans	
Management Approach	103-1	Explanation of the material topic and its Boundary	2.4 Materiality Analysis	38
	103-2	The management approach and its components	3.1 Operational Performance	42
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	103-3	Evaluation of the management approach	3.1 Operational Performance	42
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Management Approach	103-3	Evaluation of the management approach	3.6 Supply Chain Sustainability Management	70
			4.1 Innovative R&D and Collaborative Resources	77
			6.2 Recruitment and Retention	112
			6.3 Employee Development and Training	115
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			6.7 Social participation	135
Economic Performance	201-1	Direct economic value generated and distributed	3.1 Operational Performance	42
	201-2	Financial implications and other risks and opportunities due to climate change	5.4 Risks and Opportunities of Climate Change	105
	201-3	Defined benefit plan obligations and other retirement plans	6.2 Recruitment and Retention	112
	201-4	Financial assistance received from government	3.1 Operational Performance	42
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Not Applicable (Non Major topic)	
	202-2	Proportion of senior management hired from the local community	Not Applicable (Non Major topic)	
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Not Applicable (Non Major topic)	
	203-2	Significant indirect economic impacts	Not Applicable (Non Major topic)	
Procurement Practices	204-1	Proportion of spending on local suppliers	3.6 Supply Chain Sustainability Management	70
Anti-corruption	205-1	Operations assessed for risks related to corruption	1.1 Operating Philosophy and Overview	7
	205-2	Communication and training about anti-corruption policies and procedures	3.3 Risk Management	58
	205-3	Confirmed incidents of corruption and actions taken	No relevant event in 2021	

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Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No relevant event in 2021	
Materials	301-1	Materials used by weight or volume	5.3 GHG Emission, Water, and Waste management	100
	301-2	Recycled input materials used	5.3 GHG Emission, Water, and Waste management	100
	301-3	Reclaimed products and their packaging materials	5.3 GHG Emission, Water, and Waste management	100
Energy	302-1	Energy consumption within the organization	5.3 GHG Emission, Water, and Waste management	100
	302-2	Energy consumption outside the organization	5.3 GHG Emission, Water, and Waste management	100
	302-3	Energy intensity	Not Applicable (Non Major topic)	
	302-4	Reduction of energy consumption	5.3 GHG Emission, Water, and Waste management	100
	302-5	Reductions in energy requirements of products and services	5.3 GHG Emission, Water, and Waste management	100
Water and Effluent	303-1	Interactions with water as a shared resource	Not Applicable (Non Major topic)	
	303-2	Management of water discharge-related impacts	Not Applicable (Non Major topic)	
	303-3	Water withdrawal	Not Applicable (Non Major topic)	
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Both the factory and operation sites are not in the protectio	
	304-2	Significant impacts of activities, products, and services on biodiversity	Both the factory and operation sites are not in the protectio	
	304-3	Habitats protected or restored	Both the factory and operation sites are not in the protectio	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Both the factory and operation sites are not in the protectio	

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Emissions	305-1	Direct (Scope 1) GHG emissions	5.3 GHG Emission, Water, and Waste management	100
	305-2	Energy indirect (Scope 2) GHG emissions	5.3 GHG Emission, Water, and Waste management	100
	305-3	Other indirect (Scope 3) GHG emissions	Not Applicable (Non Major topic)	
	305-4	GHG emissions intensity	5.3 GHG Emission, Water, and Waste management	100
	305-5	Reduction of GHG emissions	5.3 GHG Emission, Water, and Waste management	100
	305-6	Emissions of ozone-depleting substances (ODS)	Processes and products do not use ozone-depleting substances (ODS)	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	No significant air pollutant emissions	
Effluents and Waste	306-1	Waste generation and significant waste-related impacts	5.3 GHG Emission, Water, and Waste management	100
	306-2	Management of significant waste-related impacts	5.3 GHG Emission, Water, and Waste management	100
	306-3	Waste generated	5.3 GHG Emission, Water, and Waste management	100
	306-4	Waste diverted from disposal	5.3 GHG Emission, Water, and Waste management	100
	306-5	Waste directed to disposal	5.3 GHG Emission, Water, and Waste management	100
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	No major violations of environmental regulations in 2021	
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	3.6 Supply Chain Sustainability Management	70
	308-2	Negative environmental impacts in the supply chain and actions taken	3.6 Supply Chain Sustainability Management	70
Employment	401-1	New employee hires and employee turnover	6.2 Recruitment and Retention	112
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.5 Diversity, Welfare, and Measures	128
	401-3	Parental leave	6.2 Recruitment and Retention	112

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Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	In accordance with the relevant provisions of the Labor Standards Act	
Occupational Health and Safety	403-1	Occupational health and safety management system	6.6 Occupational Safety and Health	133
	403-2	Hazard identification, risk assessment, and incident investigation	No relevant case in 2021	
	403-3	Occupational health services	6.6 Occupational Safety and Health	133
	403-4	Worker participation, consultation, and communication on occupational health and safety	6.6 Occupational Safety and Health	133
	403-5	Worker training on occupational health and safety	6.6 Occupational Safety and Health	133
	403-6	Promotion of worker health	6.6 Occupational Safety and Health	133
			6.5 Diversity, Welfare, and Measures	128
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	1.2 Rebrand	9
Training and Education	404-1	Average hours of training per year per employee	6.3 Employee Development and Training	115
	404-3	Percentage of employees receiving regular performance and career development reviews	6.2 Recruitment and Retention	112
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	3.2 Board Functions and Shareholder Communications Please refer to 2021 VIVOTEK annual report for details	47
			6.1 Employment Overview	111
	405-2	Ratio of basic salary and remuneration of women to men	6.1 Employment Overview	111
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	No discrimination case in 2021	
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No such matter in 2021	
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	3.6 Supply Chain Sustainability Management	70

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Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	3.6 Supply Chain Sustainability Management	70
Security practices	410-1	Security personnel trained in human rights policies or procedures	No security personnel set up	
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	No relevant incident in 2021	
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	No relevant incident in 2021	
	412-2	Employee training on human rights policies or procedures	6.4 Employee Rights and Communication	125
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	6.4 Employee Rights and Communication	125
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	No relevant activity in 2021	
	413-2	Operations with significant actual and potential negative impacts on local communities	No relevant activity in 2021	
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	3.6 Supply Chain Sustainability Management	70
	414-2	Negative social impacts in the supply chain and actions taken	No such matter in 2021	
Public policy	415-1	Political contributions	No such matter in 2021	
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	4.3 Quality Management System	90
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No relevant event in 2021	
Marketing and Labeling	417-1	Requirements for product and service information and labeling	4.3 Quality Management System	90
	417-2	Incidents of non-compliance concerning product and service information and labeling	No relevant event in 2021	
	417-3	Incidents of non-compliance concerning marketing communications	No relevant event in 2021	
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No relevant event in 2021	
Socioeconomic	419-1	Non-compliance with laws and regulations in the social and economic area	No relevant event in 2021	



VIVOTEK

A Delta Group Company

Speed



Transparency



Quality



Teamwork

