



2022

Micro-Star International Co., Ltd.
SUSTAINABILITY REPORT



About this Report

Report boundaries

Reporting period: January 1-December 31, 2021

Financial data disclosed in this report covers the operational performance of both the parent company and subsidiaries of MSI (see MSI Annual Report 2021 (AR2021) for details at <https://tw.msi.com/about/investor>). Non-financial performance indicators are subject to the Micro-Star INT'L Co., Ltd. (MSIT), Micro-Star INT'L Taoyuan Plant (MSIT1), MSI Computer (Shenzhen) Co., Ltd. (MSIS), and MSI Electronics (Kunshan) Co., Ltd. (MSIK) (these four facilities are hereinafter collectively referred to as "MSI Group" or "MSI" or "we/us/our" in this report), If there are exceptions to the disclosure of non-financial information, special explanations will be made. Due to the non-disclosure agreements (NDAs) with customers, the information regarding the number of employees of MSIS and MSIK is not disclosed. Compared to the Report last year, this report has no scope changes; MSI's organization and supply chain had no significantly change.

Report Outline

MSI's CSR report addresses core indicators from the Global Reporting Initiative (GRI) GRI Standards Guidelines-Core Options and the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Sustainability Reports by TWSE Listed Companies. This report discloses our business activities, strategies and management performance addressing the most significant corporate social responsibility (CSR) issues. The reference table of GRI Standards has been attached as an appendix to this report.

Report Assurance

Internal review:

- The Sustainable Development Office shall assess and be responsible for administering the planning, data gathering, internal communication, content compilation, and verification of reporting.

- The EP & CSR Committee working group team and the function heads shall review the content and the information contained in relevant chapters and sections for accuracy.
- The President is authorized by the Board to command respective designated (adjunct) bodies to review the strategic objectives and the ESG (Environment, Social, Governance) performance.
- To be reviewed and confirmed by the President by signing before release for publishing.

External assurance

- This report has been verified by the Taiwan Branch of BSI Pacific Limited to comply with the GRI Standards: Core option and requirements for the moderate assurance level of Type 1 of the Accountability 1000 Assurance Standard v3 (AA1000ASv3) to ensure the reliability of information disclosed in this report. See details regarding the assurance statement in the appendix.

Data verification

The data regarding the quality, environmental and energy management systems under ISO, financial data and GHG emission data have been certified, verified or audited by independent third parties, and long-term effective management and continuous have certification or verification.

Certified, Verified, or Audited Item	Independent Third Party	Valid date of each site			
		MSIT	MSIT1	MSIS	MSIK
Financial Data	PwC	Subject to MIST, see AR2021 for details.			
Quality management ISO 9001 ; CNS12681	BVC	2022/11/13	2022/11/13	2022/11/01	2022/11/03
Environmental management ISO 14001	BVC	2022/10/27	2022/10/27	2022/11/01	2022/11/03
OH and S management ISO 45001	BVC	2022/11/04	2022/11/04	2022/10/31	2022/11/02
Hazardous Substance Process Management IECQ/QC 080000	BVC	2022/10/01	2023/03/17	2022/10/01	2022/09/24



Certified, Verified, or Audited Item	Independent Third Party	Valid date of each site			
		MSIT	MSIT1	MSIS	MSIK
Information security management ISO 27001	BVC	2024/04/11	-	-	-
GHG inventory for Organization ISO 14064-1	BVC	Non-management system, currently continuously verified and announced every year			
Telecommunications quality management TL 9000	BVC	2023/04/25	2023/04/25	-	-
RBA VAP ¹	TÜV SÜD	-	2022/3/22	2023/10/21	2022/12/18
Energy management ISO 50001 ; GB/T 23331	CQC	-	-	2022/12/07	N/A
	BVC			N/A	2025/02/13
Laboratory quality management ISO/IEC 17025	CNAS	N/A	-	2024/12/25	-
		2022/10/17		N/A	-

Note: "-" means that the management system has not been imported into the site; "N/A" means that the independent third party is not applicable to the site.
1.RBA VAP means Responsible Business Alliance Validated Audit Process.

Publication

We published the first CSR report (renamed as Sustainability Report from 2022) in 2008 and has since been publishing it in both Chinese and English annually over the MSI corporate website and the Market Observation Post System (MOPS) to disclose information to stakeholders.

	Stock code: 2377 http://mops.twse.com.tw/mops/web/t100sb11 http://tw.msi.com/html/popup/csr_tw/index.html
Current issue	June 2022
Previous issue	June 2021
Next issue	June 2023 (projected)

Contact information

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MSI Sustainability Performance Highlights in 2021



Ranked 18th at the Interbrand of the Best Taiwan Global Brands 2021. Value growth rate of 31%

MSCI  Licensed Indexes:
MSCI Taiwan
MSCI Taiwan Index component



Ranked the top 6-20% enterprises at the Corporate Governance Evaluation organized by the Taiwan Stock Exchange.

- TWSE CG 100 Index component
- Taiwan HC 100 Index component
- RAFI EMP 99 Index component



Charity donation: NT\$78 millions
Supported vulnerable students: 18,417 persons
Employees participated in social inclusion: 2,890 persons





Letter from the Chairman and President

Message from the Chairman and President

Quick response to post-pandemic changes for better opportunity

COVID-19 continued to influence the whole world with its new variants in 2021. Yet, the incremental rate of vaccination yielded results, as demonstrated by the significant recovery of the global economy. The mode of work and daily lives changed in the regions affected by the pandemic such that working at home and the demand for home entertainment still prevail. It was echoed with the launch of new products at high price/performance ratio that triggered a new wave of switching for new devices. Accordingly, the demand for computer and gaming related devices continued to thrive. The surge in demand also resulted in a supply gap of a variety of electronic parts and components in the upstream industries that global logistics became strained. As a result, the bottleneck effect of the supply chain intensified, and the shipment of computers was obviously behind demand. For a long time MSI has cultivated and maintained positive relation with the supply chain and channel marketer customers, and gets to grips with the demand of the end users, and can properly respond to the changes with smooth supply. With the effort and bonding of all, and the full support of the suppliers and shareholders, MSI has performed with unprecedented results in 2021 in revenue and profit.

Intelligent and Green Production for Innovation in Low-Carbon Economy

The whole world is critically affected by COVID-19, climate change, and pollution of the environment, to the extent that the market and our ways of lives are under drastic change. MSI adopted the adaptive/incremental approach to map out its objectives for GHG emission, energy management, water resources and reduction of wastes. In 2021, MSI even started to install photovoltaic



President
Huang, Chin-Ching

Chairman
Hsu, Hsiang



boards at the plant sites to create even better products under the mode of low-carbon production. In the course of product development, MSI seeks to control and reduce the use of hazardous substances, and control the energy efficiency of products for assurance of being friendly to the environment with the best of effort, and improvement of the environmental character of product life cycle. Furthermore, MSI communicates with suppliers to reduce using high energy consumption and environmentally unfriendly hazardous materials for assurance of compliance with applicable legal rules at home and overseas, and to be congruent with the objectives of international organizations. Together, MSI will move forward to a new era of a sustainable value chain. Nonetheless, MSI will also launch intelligent services and AI disinfectant products with its advantages in know-how as feedback to society and well-being for the socially vulnerable. Indeed, it will be the direction for leading us to the trend of a new life.

Balanced Development with MSI Influence

We spare no effort in steadily practicing sustainable development. Based on the Sustainable Development Goals (SDGs) of the United Nations and with respect to the initiatives including the Responsible Minerals Initiative (RMI) and Responsible Business Alliance (RBA), we ensure compliance with human rights protocols and implement worker assessment and management to make every worker an essential MSI partner to create high social value for MSI. In addition, we constantly engage in social participation to demonstrate our social influence, contribute to society and balance ethnic development through business integration, industry-academe collaboration, and employee direct participation, hoping to exert greater influence on education, poverty alleviation, environmental protection, and local protection and thereby fulfill corporate social responsibility.



Tech meets Aesthetic



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1. Corporate Sustainability Development



1. Corporate Sustainability Development

1.1 Commitment of MSI in Sustainable Development

"Sound Sustainable Governance, Environmental Sustainability and Sociality Common Good" form the core of MSI's CSR vision; they are the motivation that drives the company towards seeking balance between business, society and the environment, further setting model example for the good corporate citizen. Conceived with the corporate social responsibility vision of "vitalization of sustainable governance, development of environmental sustainability, preservation of common good in society", MSI seeks to achieve economic, social, and ecological equilibrium and sustainable development so as to set an example as a good corporate citizen. MSI adopted the internationally recognized standards in performing its social and environmental responsibilities such as the Responsible Business Alliance (RBA), UN Guiding Principles on Business and Human Rights for the performance of corporate social responsibility. Accordingly, all activities in business operation must be in compliance with the applicable legal rules effective in the countries/ area of operation. In addition, MSI has also instituted the "Corporate Social Responsibility Best Practice Principles" as the guide for performing the obligation as a corporate citizen. MSI spares no effort in seeking solutions for the improvement of energy and resources consumption and has set the objectives for environmental protection and energy saving to demonstrate its concern over climate change as a responsible enterprise. MSI manages the use, emission, and reduction of energy and resources through the environment management system, the guide for the pursuit of environmental policy and management. MSI will continue to conduct proper inspections and make improvements and mingle the issues pertinent to climate as an integral part of business decision-making so as to withstand the impact from climate change in concerted effort.

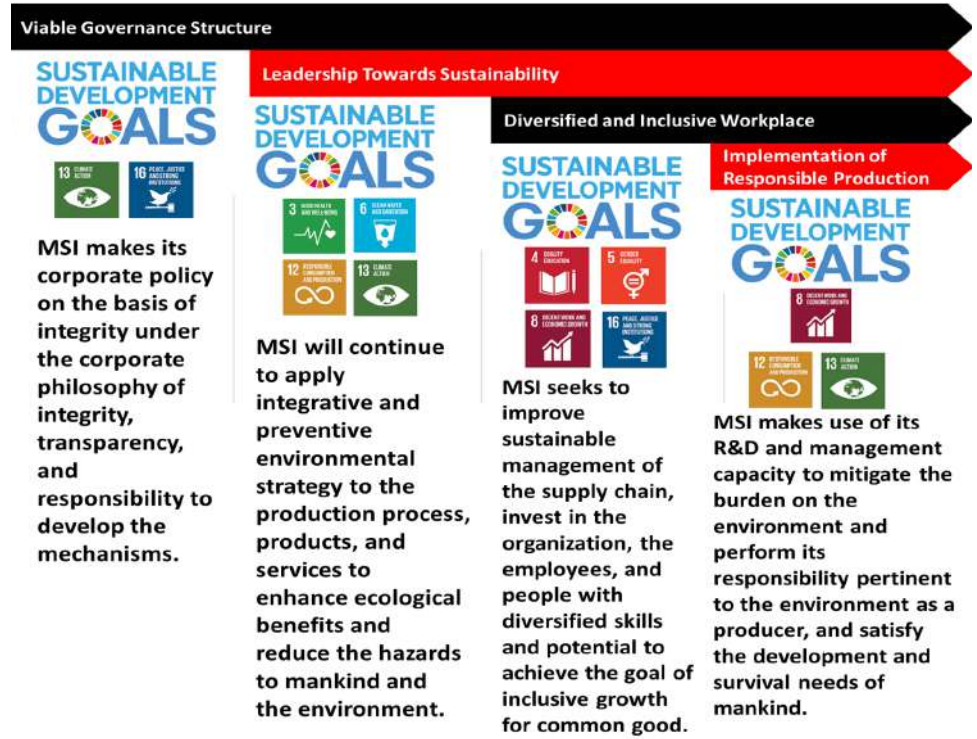
1.2 MSI Sustainable Development Strategy

Conceived with the corporate philosophy of "innovation of smart technologies", "pursuit of corporate citizenship", "common growth for win-win situation". MSI seeks to properly launch the ESG strategy (Environment, Social, Governance) of sustainable development, and respond to the ten goals of the UN SDGs incrementally through the strategic moves of a "viable governance structure", "leadership towards sustainability", "diversified and inclusive workplace" and "implementation of responsible production". The performance result in the reporting period is presented in the CSR Report.

Sustainability Strategy and Blueprint








- 「 Innovation of Smart Technologies 」
- 「 Pursuit of Corporate Citizenship 」
- 「 Common Growth for Win-Win Situation 」



MSI' s Response to the UN SDGs

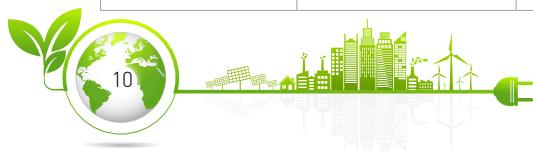
We constantly keep up with the global issues, review and respond to the feasible targets in the SDGs and implement periodic reviews to meet with the status of operations.

UN SDGs Goal	UN SDGs Target	MSI' s response	Related Reports sections	page
 <p>1 NO POVERTY</p>	<p>No Poverty</p> <p>1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.</p>	<p>To continue the supply of appropriate resources to the underprivileged:</p> <ul style="list-style-type: none"> ● Goal: To allocate resources for social charity annually. ● Goal: To continue local purchase of raw materials. 	<p>3.2 Remuneration and Benefits</p> <p>6. Love in MSI</p>	<p>38</p> <p>78</p>
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>Good Health And Well-Begin</p> <p>3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.</p>	<p>The mechanisms of the reduced use of substances hazardous to the environment and proper management of the products at the final stage of the product life cycle for assurance of the safety and health of the environment.</p> <ul style="list-style-type: none"> ● Goal: To target using halogen-free parts and components in BOM by more than 85% by 2030. 	<p>4.1 Product Sustainability</p> <p>4.2 Hazardous Substances Management</p>	<p>56</p> <p>59</p>
 <p>4 QUALITY EDUCATION</p>	<p>Quality Education</p> <p>4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.</p>	<p>Assurance of education and training for all with equal opportunity, and advocacy of lifetime learning for improvement of contribution to sustainable development.</p> <ul style="list-style-type: none"> ● Goal: To express concern for education in remote rural areas with commitment of resources to narrow the learning gap for students in remote locations. ● Goal: To advocate the on-the-job continuing education program with the availability of opportunity for overseas assignment to provide incentive for employees to stay. 	<p>3.3 Employee Development</p> <p>6. Love in MSI</p>	<p>40</p> <p>82</p>
 <p>5 GENDER EQUALITY</p>	<p>Equality</p> <p>5.1 End all forms of discrimination against all women and girls everywhere.</p> <p>5.c. Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.</p>	<p>Eradication of discrimination in all forms and realization of gender equality.</p> <ul style="list-style-type: none"> ● Goal: To comply with MSI CSR policies and code of conduct for assurance of no sexual discrimination. ● Goal: To assure equal opportunity at the workplace through ESG questionnaire survey and RBA evaluation and analysis. 	<p>2.4.3 Scope and Policies of Early Warning of Risks</p> <p>3.3 Employee Development</p> <p>3.5 Healthy Workplace</p>	<p>26</p> <p>40</p> <p>45</p>
 <p>6 CLEAN WATER AND SANITATION</p>	<p>Clean Water and Sanitation</p> <p>6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.</p> <p>6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.</p>	<p>Continuation in the management of efficient use of water resources to avoid waste and pollution.</p> <ul style="list-style-type: none"> ● Goal: To set the objective of reduced use of water unfolded by substantive action plans. ● Goal: To improve the quality of water pollutants in draining for assurance of conformity to applicable standards. 	<p>5.5 Pollution Prevention</p> <p>5.6 Water Management</p>	<p>73</p> <p>74</p>





UN SDGs Goal	UN SDGs Target	MSI' s response	Related Reports sections	page
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Decent Work and Economic Growth</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. 8.7 Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms. 8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p>	<p>To allow all male and female employees to be accessible to a decent job with the prohibition and eradication of the illicit employment of juvenile workers, eradication of forced labor, protection of labor rights, and improvement of safety at the workplace.</p> <ul style="list-style-type: none"> ◉ Goal: To target a zero frequency of disability and injury, and zero occupational hazards at the workplace. ◉ Goal: To offer incentives in remuneration and keep the overall salary level of employees at the top 35% of industry level. ◉ Goal: To comply with applicable laws effective in all production sites for the protection of the right of employment of the employees. 	<p>3.1.2 Employment 3.2 Remuneration and Benefits 3.6.5 Result of Occupational Safety and Health Management</p>	<p>35 38 52</p>
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>Sustainable Cities and Communities</p> <p>11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.</p>	<p>Mitigate the impact on the environment, and prompt for inclusiveness, safety and sustainable development of the accommodation environment.</p> <ul style="list-style-type: none"> ◉ Goal: To monitor the quality of ambient air annually for assurance of the effectiveness of the air pollution control measures. ◉ Goal: Mitigate the mutual influence of sharing water resources for assurance of water pollution prevention and related works are in conformity to applicable rules and regulations. ◉ Goal: Management of wastes-complete the labeling of products and equipment and the registration of recycling wastes, with product recycling rate higher than 90%. 	<p>4.1 Product Sustainability 5.5 Pollution Prevention 5.6 Water Management</p>	<p>56 73 74</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Responsible Consumption and Production</p> <p>12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment. 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p>	<p>Reduce the use of chemicals through prevention, reduction, recycling, and reuse and reduce the output of wastes to mitigate negative influences on human health and the environment.</p> <ul style="list-style-type: none"> ◉ Goal: To establish a green product management system platform for the management of suppliers and to ensure products and materials conform to applicable rules and regulations. ◉ Goal: To launch the reduced use of packing materials, efficacy management, and the reduction of the ratio of hazardous wastes. 	<p>4.1 Product Sustainability</p>	<p>56</p>
 <p>13 CLIMATE ACTION</p>	<p>Climate Action</p> <p>13.1 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity. 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>	<p>To make efforts to save energy and reduce carbon emissions for stronger adaptability to the impacts resulting from climate change.</p> <ul style="list-style-type: none"> ◉ Goal: To reduce the total emission of greenhouse gas by 60% by 2030 (as compared with 2007). ◉ Goal: Zero day of production interruption under the impact of climate change. ◉ Goal: To establish the Business Continuity Plan (BCP) as a means of management for assurance of the continuation of operation. 	<p>2.4.3 Scope and Policies of Early Warning of Risks 5. Environmental value</p>	<p>26 68</p>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>Peace, Justice and Strong Institutions</p> <p>16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children. 16.6 Develop effective, accountable and transparent institutions at all levels. 16.b Promote and enforce non-discriminatory laws and policies for sustainable development.</p>	<p>Establish partnership with upstream and downstream enterprises for proper governance and peace resolution in concerted effort.</p> <ul style="list-style-type: none"> ◉ Goal: To advocate the management of responsible minerals for equality of human rights. ◉ Goal: To call for international advocacy in anti-corruption, ethics and integrity, and unfair competition in enterprises and supply chain. 	<p>2.5 Business Ethics 4.3 Supplier Management</p>	<p>28 61</p>



1.3 Stakeholder Engagement and Analysis of Material Issues

Stakeholder Engagement

With respect to the five stakeholder attributes: influence, tension, responsibility, dependency and diverse perspectives of AA1000 Stakeholder Engagement Standard (AA1000SES) and in consideration of the international trend of sustainable development and business needs, we identified seven stakeholder groups: including investors/shareholders, customers, suppliers, employees, the media, government authorities and non-governmental organizations (NGO). By engaging with these seven stakeholder groups through regular and irregular communication, we discern their opinions, needs and expectations to stimulate corporate sustainable value and undertake social responsibilities as disclosed in respective sections of the report.

The result of stakeholder engagement in the reporting period

Stakeholder	Communication Channel	Frequency	Issues	Response	Engagement Results
Shareholder Investor	<ul style="list-style-type: none"> ■ Shareholder meetings ■ Investor conferences ■ Annual report ■ MSI website ■ Market Observation post system ■ CSR report 	<ul style="list-style-type: none"> ■ Annually ■ Irregular ■ Annually ■ Irregular ■ Irregular ■ Annually 	Company vision and governance Business operation overview Business performance Risk management	<ul style="list-style-type: none"> ■ The executive management team meets regularly every year ■ Material information briefings ■ Investor mail ■ Investor service line 	<ul style="list-style-type: none"> ■ Meetings at the management level: Shareholder meetings: 1 / Investor conferences: 1 ■ 2021 cash dividend of NT\$10.5 per common share ■ Participation in Corporate Governance Evaluation (Evaluation Result in the reporting period: among the top 6%-20% enterprises) ■ The annual reports, financial statements, and business reports will be disclosed at the official website of MSI promptly-on the page of information for investors. ■ Contact: Jade Hang / +886-2-3234-5599
Customer	<ul style="list-style-type: none"> ■ Customer service website ■ Customer satisfactory survey ■ Internal contact person ■ Service Center ■ Social media ■ 0800 Phone call service ■ MSI CSR website 	<ul style="list-style-type: none"> ■ Immediate ■ Irregular ■ Office hours ■ Office hours ■ Immediate ■ Daily(specific time) ■ Immediate 	Product liability and safety Customer service management Compliance Supply chain management	<ul style="list-style-type: none"> ■ Customer audit ■ Supplier conference ■ Project meeting and consultation ■ RBA online ■ Community activities ■ Physical store activities ■ Specific issue questionnaire 	<ul style="list-style-type: none"> ■ Operation-related audit certification ■ Irregular conference with communication ■ RBA online information disclosure for customer query ■ Community instant activities ■ The questionnaire and issue reply ■ Contact: Hotline: +886-800018880
Supplier	<ul style="list-style-type: none"> ■ Green product management ■ Supplier conference ■ Supplier questionnaire ■ Onsite audit supplier/Supplier assessment 	<ul style="list-style-type: none"> ■ Immediate ■ Irregular ■ Annually ■ Annually 	Business operation overview Business performance Product liability and safety	<ul style="list-style-type: none"> ■ Supplier audit ■ Supplier conference ■ Specific issue questionnaire ■ Project meeting 	<ul style="list-style-type: none"> ■ Irregularly audit suppliers and organize supplier meetings (as needed) ■ Issue reply and information collection ■ Project meeting with communication ■ Contact: Maggie Chen / +886-2-3234-5599
Employee	<ul style="list-style-type: none"> ■ Employee opinion box ■ Employee EAP ■ Mobile APP ■ Enterprise information portal (EIP) ■ Employee satisfactory survey 	<ul style="list-style-type: none"> ■ Immediate ■ Immediate ■ Immediate ■ Immediate ■ Irregular 	Business performance Employee benefits Employee development Occupational safety	<ul style="list-style-type: none"> ■ EAP hotline and mail ■ ESH committee ■ LOB/BU internal meeting ■ Internal mail ■ Employee satisfactory Survey 	<ul style="list-style-type: none"> ■ Feel free to give the opinion and make strategic adjustments and response ■ To review the safety of employees' work environment ■ To study employee activity satisfaction survey and develop employee requirements ■ Contact: Wayne Chien / +886-2-3234-5599
Media	<ul style="list-style-type: none"> ■ Press conference ■ Press release 	<ul style="list-style-type: none"> ■ Irregular ■ Irregular 	Business operation overview Business performance Compliance	<ul style="list-style-type: none"> ■ Media interviews ■ Press releases ■ Spokesperson public relations hotline and mail 	<ul style="list-style-type: none"> ■ Media interviews, inquiries and press releases ■ Contact: Jade Hang / +886-2-3234-5599

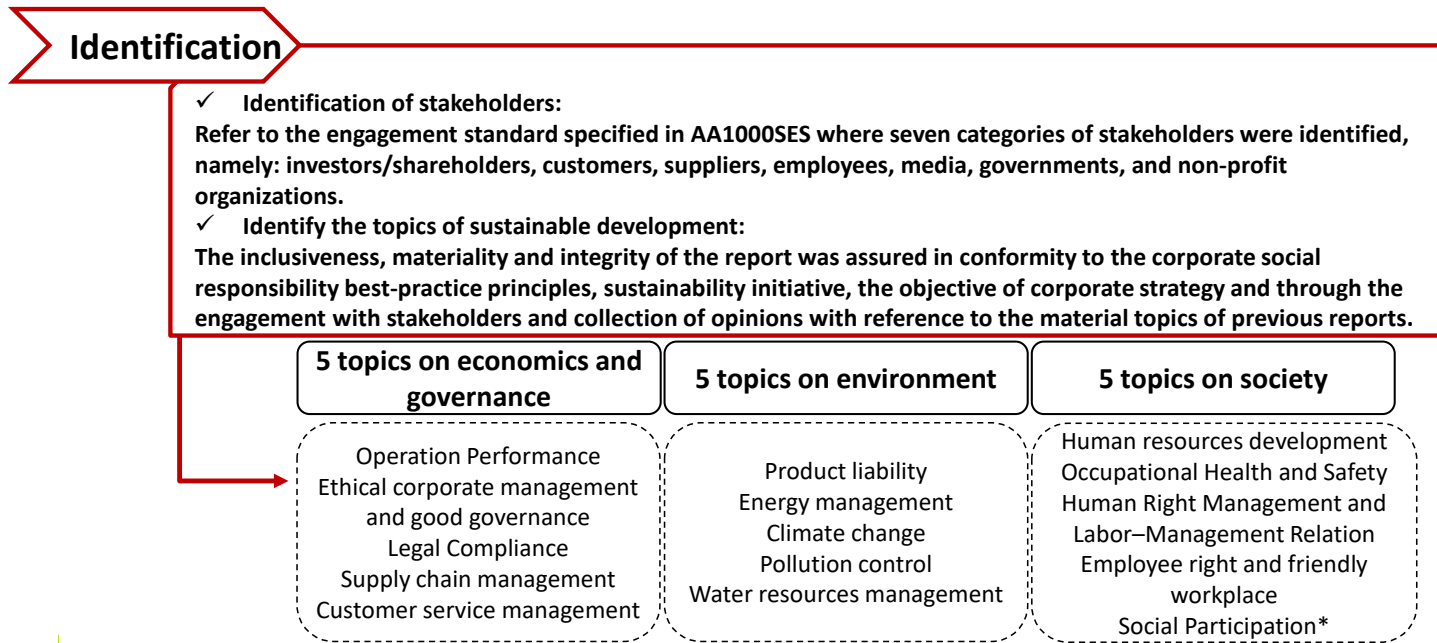




Government	<ul style="list-style-type: none"> Government regulation requirements CSR report Market observation post system MSI investor information website 	<ul style="list-style-type: none"> Immediate Annually Annually Immediate 	Corporate governance Compliance Labor rights	<ul style="list-style-type: none"> Regular press releases to publish monthly revenues Questionnaire and interview 	<ul style="list-style-type: none"> The company works with government agencies regularly and as needed in implementing and coordinating related programs. Press releases The company plays an active role in trade associations to facilitate frequent interaction among members of the industry. Contact: Jade Hang / +886-2-3234-5599
Non-Profit Organization	<ul style="list-style-type: none"> Stakeholder questionnaire CSR Website/email Market observation post system MSI investor information website 	<ul style="list-style-type: none"> Annually Annually Annually Immediate 	Corporate governance Environmental management Compliance Labor rights	<ul style="list-style-type: none"> Questionnaire and interview Project meeting Relations with Associations Project collaboration 	<ul style="list-style-type: none"> By applying for government subsidies or earmarked grants, the company forms academia-industry partnerships in specific fields with research institutions. Contact: Wayne Chien / +886-2-3234-5599

Material topics issues analysis

MSI compiled its Sustainability Report in accordance with the AA1000 Accountability Principles (AA1000AP), and the Global Reporting Initiative (GRI) Standards, which were served as references to identify major issues of CSR and major issues necessary for disclosure. MSI conducted an analysis of the major issues through the process of identification, sequential ordering, confirmation and review in order to determine the scope of disclosure in the CSR report, and reviewed the content of the issues specified in reports in the past and the external challenges to sustainable development in confirming the major issues to be covered by the report.



*Additional topics after 2021

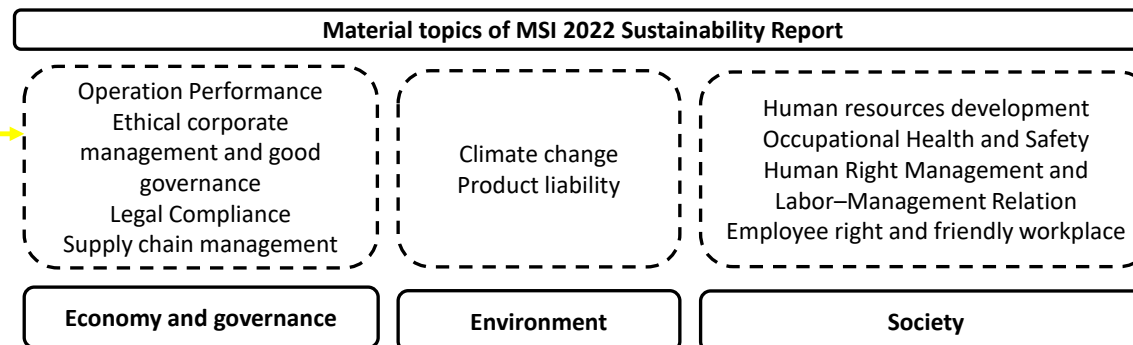


Sequential order

- ✓ **Channels for communications with stakeholders:**
Establishment of channels for stakeholder engagement, including online questionnaire at website, and CSR mailbox. Data on the degree of impacts and level of concerned collected in the year will be subject to assessment.
- ✓ **Result of online questionnaire:**
A questionnaire designed on the basis of the degree of impacts and level of concern between the stakeholders and MSI was posted on the website for online inquiry of the degree of concern on the topics of sustainability. There were **421 respondents** in the reporting period.
- ✓ **Assessment of material topics**
The impact and conformity of each topic will be assessed in the aspects of operation, governance, risk, and society in accordance with GRI requirements, corporate development, and internal control. The influence and degree of impacts of each topic will be identified after internal discussion and analysis to generate material topics.

Determination

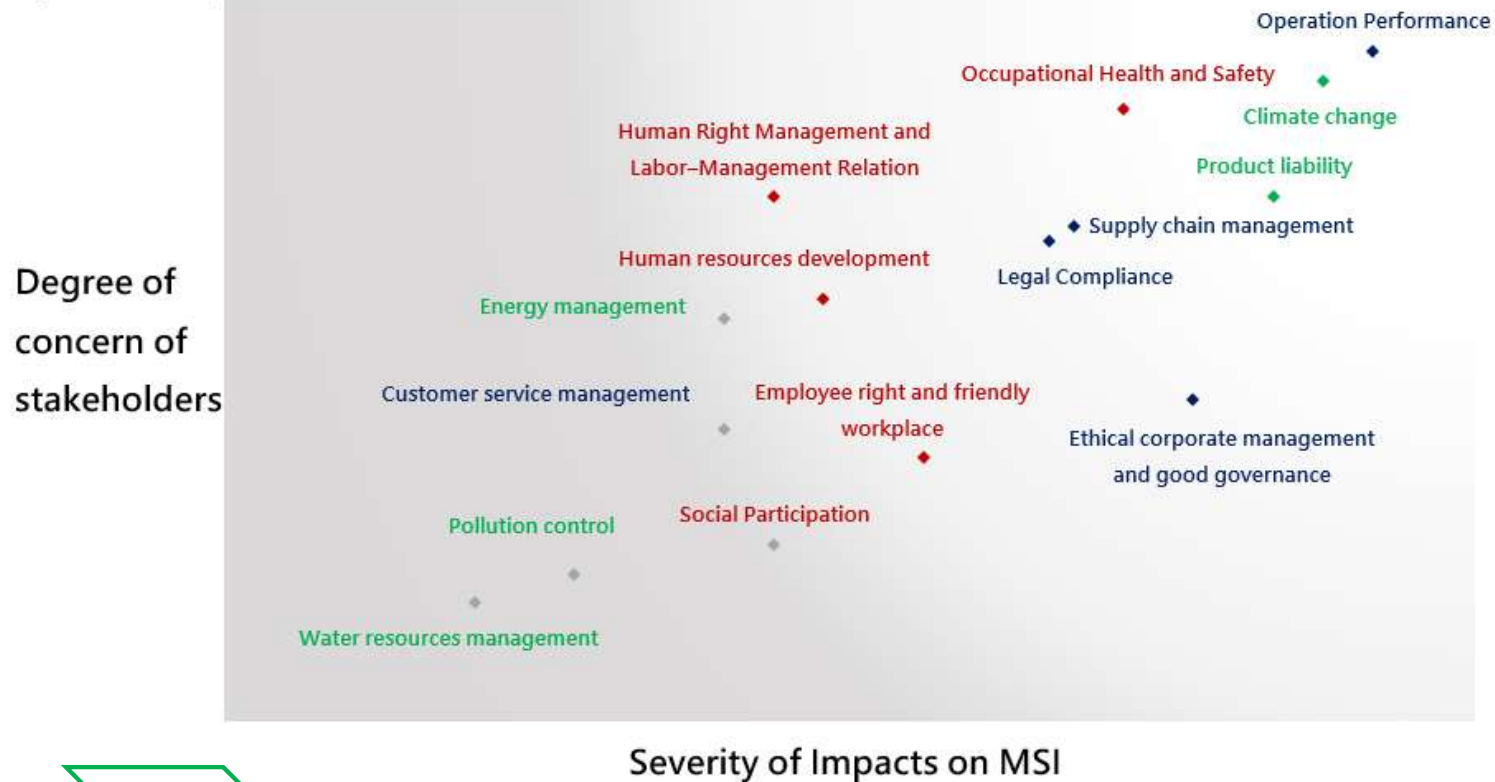
- ✓ **Determination of material topics**
The members of the CSR team discussed and proceed with the matrix drawing on MSI sustainable development topics, and report to the senior management for confirmation to determine the material topics corresponding to the GRI standards, and disclose in the corporate sustainability report. There are 10 material topics contained in the 2022 Sustainability Report.





- ◆ Economic and Governance
- ◆ Environment
- ◆ Society
- ◆ Others beyond material topics

Matrix of MSI Sustainable Development Topics



Review

✓ Other topics of concern:
 There are still many topics of concern deserving the attention of MSI in the course of sustainable development. To satisfy the specific stakeholders or the material topics of their indirect impacts, MSI appropriately disclosed the impacts with SDGs in the report. MSI reviews the effort they made in sustainable development through the publication of the Sustainability Report, and establishes a diversity of channels for communication with the stakeholders and responds to topics of their concern to fulfill the expectation and concern of the stakeholders on MSI. MSI will review the matrix of the topics on sustainable development in each reporting period depending on the design of the content of the topics and communication with the stakeholders, and confirming the needs of adjustment of the topics.



Boundary of the impacts of MSI sustainable development topics

● Direct Impact ○ Indirect Impact ⊙ Impacts directly associated with business activities

Category	Topics of sustainable development	2021 material topics	Mapping to GRI standards	Stakeholders						
				Investors/ shareholders	Customers	Suppliers	Employees	Media	Governments	Non-profit organizations
Economic and Governance Aspects	Operation Performance	V	Economic performance (201)	⊙	⊙		●	○	○	
	Ethical corporate management and good governance	V	Diversity of employee and equal opportunity (405)	⊙	⊙		●	○	○	
	Legal Compliance	V	Anti-corruption (205), legal compliance pertinent to environmental protection (307), compliance with social and economic laws (419)	⊙	●	⊙	●	○		
	Supply chain management	V	Environmental assessment of the suppliers (308), societal assessment of the suppliers (414)		⊙	●	●			
	Customer service management		Marketing and labeling (417), Customer privacy (418)		⊙		●	○	○	
Environmental aspect	Product liability	V	Energy (302), customer health and safety (416)		●	⊙			○	
	Energy management		Energy (302)		⊙	⊙	●	○	○	○
	Climate change	V	Emission (305)		⊙	⊙	●	○	○	○
	Pollution control		Effluent and wastes (306)			⊙	●	○	○	○
	Water resources management		Water and effluent (303)		⊙		●		○	
Social Aspect	Human resources development	V	Training and education (404)				●			
	Employee right and friendly workplace	V	Market presence (202), Employers-employee Relations (401), Employee Diversity and Equal Opportunity (405)		⊙	⊙	●		○	
	Occupational Health and Safety	V	Occupational Health and Safety (403)		⊙	⊙	●		○	
	Human Right Management and Labor-Management Relation	V	Labor-Management Relation (402), Non-Discrimination (406), Freedom of Association and Collective Bargaining (407), Child Labor (408), Forced or Compulsory Labor (409)		⊙	⊙	●	○	○	○
	Social Participation		None				○	○	○	●

Explanation: For additional topic-specific information refer to 1. GRI Index



Tech meets Aesthetic



The MSI logo is a stylized, yellow-green emblem consisting of a central 'M' shape with a grid-like pattern inside, surrounded by a circular border. It is positioned in the upper left quadrant of the image, partially overlapping the glowing green circular patterns.

msi[®]

2. About MSI



2. About MSI

Material topics	Operation performance, Legal Compliance, Ethical Corporate Management and Good Governance		
The meaning of the major topics to MSI	MSI has established sound mechanisms for corporate governance under good faith, integrity, transparency and responsibility. MSI also seeks to pursue corporate social responsibility in its entirety, and believes that corporate management in such manner will yield sound economic performance. Therefore, MSI never ceases to materialize ethical corporate management, supervision, and management of the risks in defiance of corporate ethics and integrity in every detail of its operation. The Board and related designated (adjunct) bodies of MSI review and supervise all aspects of operation to create higher value and benefits for the shareholders and the stakeholders.		
Material Topics	Operation Performance	Ethical corporate management and good governance	Legal Compliance
The purpose of the material topics	Disclosures of the creation of economic performance to stakeholders by MSI.	Assess the internal governance risk for assuring no corruption, also institute the policies or procedures for combating corruption, protection of the informants and legal compliance.	Assess the legal risk inherent to the operations and products of MSI, and the feedback of stakeholders on issues of concern, and institute related policies and procedures for legal compliance.
Management of the material topics	Policy	Corporate Governance Best-Practice Principles	Ethic code of conduct, corporate governance management procedure, Ethical Corporate Management Best-Practice Principles, Corporate Social Responsibility Best-Practice Principles.
	Commitment	MSI will continue to optimize its management system under meticulous governance standards to vitalize and strengthen the function of its Board, and will coordinate the interest of the investors and stakeholders through its internal systems. MSI will move towards the goals of sustainability and common prosperity of all stakeholders.	Business integrity and people are the fundamentals of MSI in governance; MSI therefore instituted different forms of ethic code of conducts and promises to uphold the legal and moral principles to earn the trust of the stakeholders.
	Goals and targets	MSI was ranked among the top 6%–20% of the listed companies in corporate governance evaluation.	Nothing in connection with corruption, bribery, undue operation and defiance of social norms and ethics has ever happened. MSI manages its internal risk and audit at regular intervals.
	Management Approach	<ul style="list-style-type: none"> Dividend policy is inscribed in the Articles of Incorporation under the law Control the direction of development and cost of operation through business strategy and financial planning for assuring the best interest of the employees and the shareholders. 	<ul style="list-style-type: none"> Conduct risk assessment and audit at regular intervals to reduce the risk of corruption. Institute the due diligence inspection and management system for the continued review of its management policies.
			<ul style="list-style-type: none"> Green Products Control Regulations, IECQ/QC 080000 standard, directives regulating the management of hazardous substances, Ethical Corporate Management Best-Practice Principles.
			<ul style="list-style-type: none"> Business integrity and people are the prerequisites of MSI in operation, and therefore MSI instituted regulations governing environmental protection and product safety, and assures compliance with applicable laws and the safety and health of the customers for upgrading the value of corporate sustainability.
			<ul style="list-style-type: none"> Nothing in connection of monopoly or undue business practice has ever happened. Assuring environmental, social and economic compliance with the legal requirements of MSI's places of operations.
			<ul style="list-style-type: none"> Conduct routine law review and self-assessment to reduce legal risk. Institute the due diligence inspection and risk management system for responding to the issues of concern of the stakeholders.

Responsibility and Resources	The corporate governance body of MSI continues to spend on corporate governance and risk management.	Audit Office, Administration Division, and Finance Center continue to educate the employees and suppliers on business ethics and integrity, and commit human and capital resources to the internal control system.	Administration Division, Legal Affairs Office continue to educate the employees and suppliers on business ethics and integrity, green products management, and commit human and capital resources to the internal control system.
Grievances Mechanisms	Investors e-mail: 080419861@msi.com	<ul style="list-style-type: none"> Stakeholders e-mail: 080419864@msi.com Informants e-mail: audit@msi.com 2.5.3 Complaint Reporting Mechanisms 	
Outcome of the Reporting Period	<ul style="list-style-type: none"> Attainment at 6%–20% in corporate governance evaluation Disclosures of audited Annual Report and Financial Statements at regular intervals For additional information on product sale in the reporting period, refer to the Annual Report. 	<ul style="list-style-type: none"> Routine education for the suppliers on business ethics and integrity with 100% attainment to the goal in the reporting period. Internal audit on business locations of MSI and subsidiaries has been conducted. The findings indicated no major risk of corruption. For additional information, refer to the Declaration of Internal Control in the 2021 Annual Report. 	Refer to 2.6, Legal Compliance

2.1 Company Overview

MSI was founded in 1986 as a motherboard and graphics card manufacturer. Over the years, we have expanded to consumer electronics and commercial solutions with our own brand “MSI” while providing professional OEM/ODM services for IT products. In 2010, we transitioned to the e-sports market with gaming laptops and became a world-leading gaming laptop brand in 2014, without changing our insistence on professionalism and commitment to sustainable development. MSI has emerged as the leading brand in the domains of global gaming, inventors, commerce, and AIoT for the time being. With a well-established foundation of advanced research and development and driven by customer satisfaction, MSI does business with more than 120 countries in the world. The full product line of display cards, desktop computers, notebooks, monitors, computer peripherals, notebook PCs, servers, industrial computers, and automotive electronics are highly receptive to and acclaimed by consumers and customers. MSI will spare no effort in making fine digital devices with excellent quality, a humane design, and stylish character,

and will be a multilateral leading brand in technology. Under the worldwide spread of COVID-19 in 2021, the demand in the PC market flourished as working from home and distance learning emerged as a new mode of life. With the continued development of new technologies in the upstream semiconductor sector, the gaming sector launched so many games that it gave rise to significant growth of competitions and participants in podcasting. Customers like content creators are inclined to high-end PCs and related applications derive from AIoT. All these will create opportunities for the selling of related devices.

Company name	Micro-Star INT'L CO., LTD.	
Date of Establishment	1986/8/4	
Stock code	2377	
Industrial classification	Computer Manufacturing	
Headquarters	No.69, Lide St., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	
Market area	Global	
Capital (NT\$)	8,448,561,990	
Chairman	Hsu,Hsiang	
President	Huang, Chin-Ching	
Employee	Taiwan	2,932
	China	The China areas do not provide information on the number of employees due to the confidentiality of the customer contract.

2.1.1 List of Major Shareholders

The based statistics is according to 2022.04.12 to stop the transfer date of the shareholders' register.

Names of Dominant Shareholders	Quantity of shares held	Ratio of shares held
Hsiang Hsu	51,983,151	6.15%
Investment account of the Government of Singapore in custody of Citibank Taiwan	28,900,200	3.42%
Yuanta Taiwan High Dividend Fund Special Account	25,784,676	3.05%
Wen-Tung Lin	25,672,499	3.04%
Chin-Ching Huang	20,937,377	2.48%
Fubon Life Insurance Col., Ltd.	19,681,000	2.33%
Nan Shan Life Insurance Co., Ltd.	19,004,000	2.25%
Chi-Lung Lu	18,650,835	2.21%
Hsian-Neng You	17,892,824	2.12%
Fen-Lan Hsu	13,408,517	1.59%

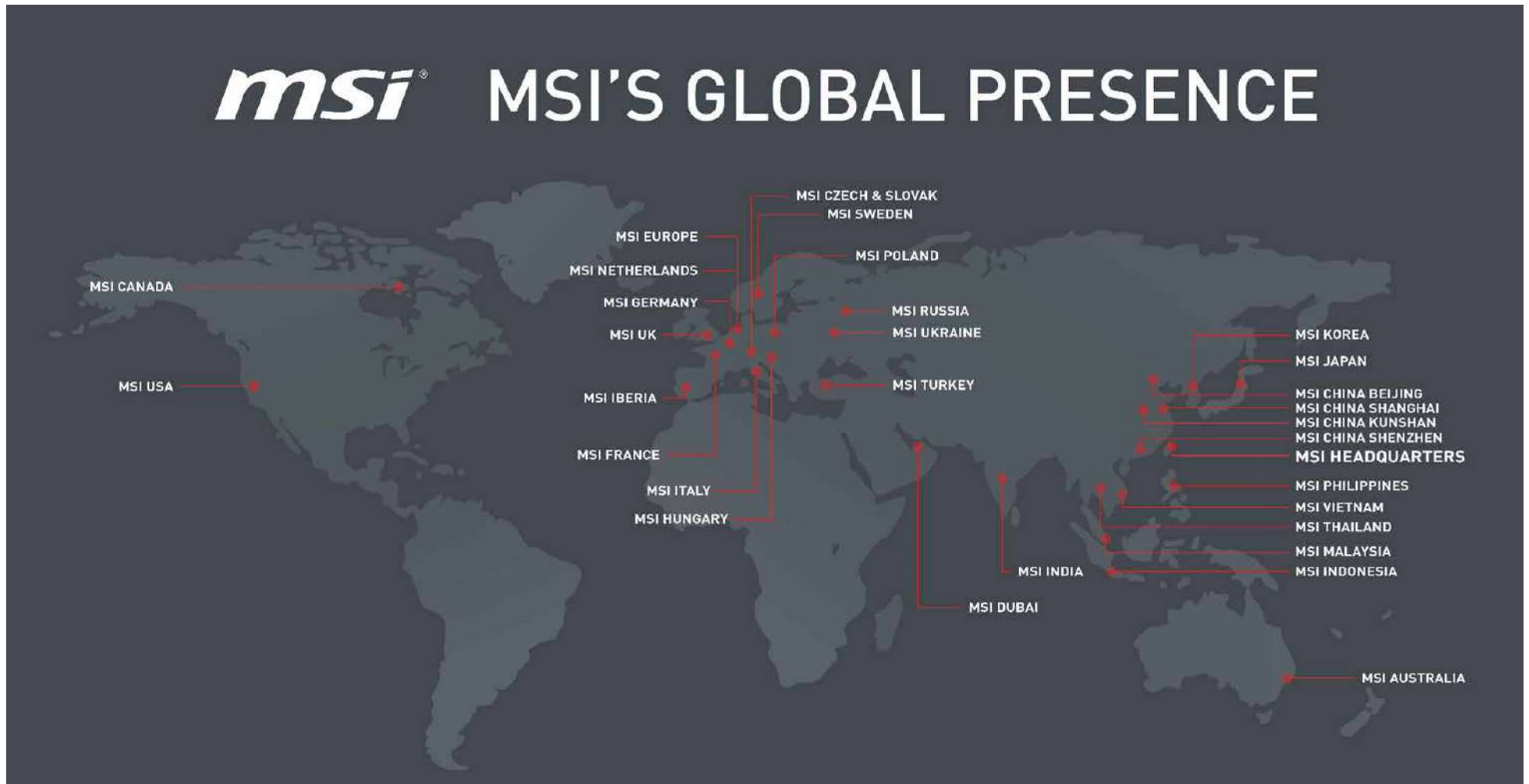
2.1.2 Relations with Associations

Association	Manufacturer	Title
Taiwan Automation Intelligence and Robotics Association (TAIROA)	MSIT	Member
North Electronic Human Resource Association (NeHR)		
Taipei Computer Association (TCA)		
Taiwan Stock Affairs Association (TWSAA)		
Taiwan Printed Circuit Association (TPCA)		
Corporate Green Competitiveness Alliance (CGCA)	MSIS	
Shenzhen Integrity Alliance Association		
Taiwan Merchant Association Shenzhen (TMAS) of Shihyan Association		
Shenzhen Hi-Tech Industry Association	MSIK	
Kunshan Human Resource Association (KSHRA)		
Taiwan Compatriot Investment Enterprises Association of Kunshan (KSTBA)		
Kunshan Economic and Technological Development Zone Association of Work Safety and Environmental Protection (KETDAWSEP)		

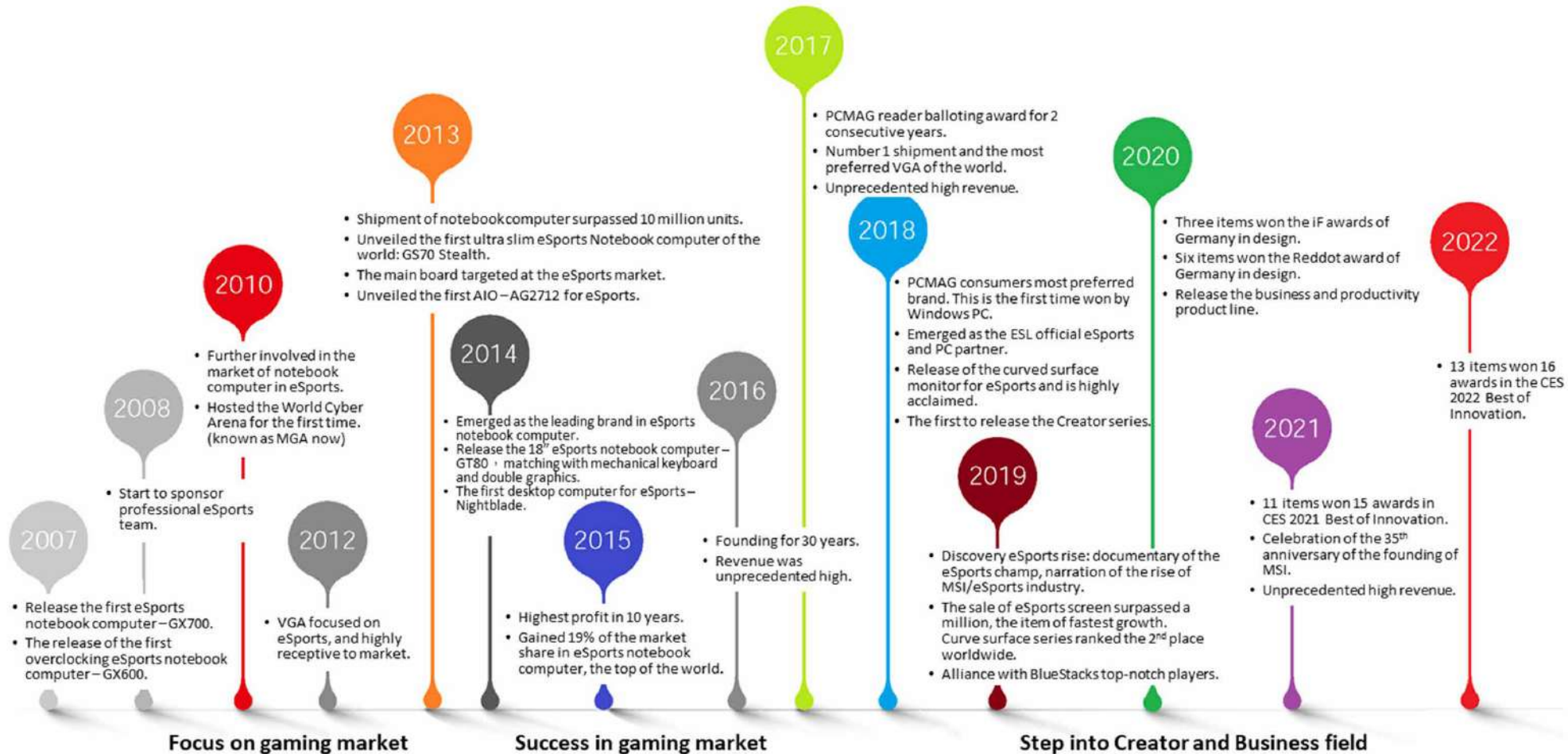




2.1.3 全球營運據點



2.1.4 MSI Recent Milestones





2.1.5 Worldwide Awards

MSI never stops engagement in innovation and R&D and the outstanding performance of our products has earned us positive recognition from worldwide media. With such citations, apart from effectively promoting brand awareness, we can distribute products worldwide through comprehensive integrated publicity methods, such as event marketing, customer engagement marketing, exhibition marketing and digital marketing. Ranked the 18th of the Interbrand of the Best Taiwan Global Brands 2021.



Earned the "Taiwan Excellence Award" for 23 consecutive years.



Won 15 awards at the CES Innovation Awards 2021



The Prestige P100 of the Content Creation Series was awarded the "Silver Award" at the Taiwan Excellence Awards for consecutive years.



Ranked the 18th of the Interbrand of the Best Taiwan Global Brands 2021.

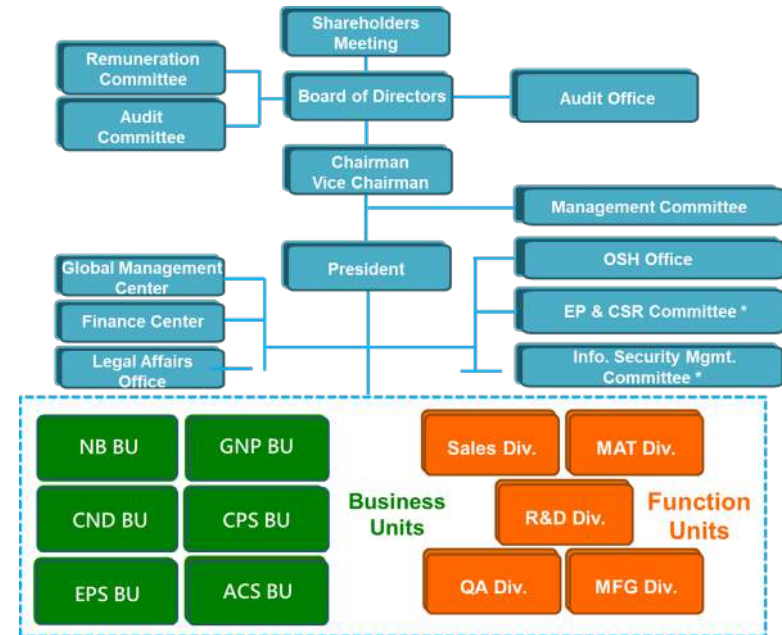


MSI MAG Trident S desktop case won the iF Design Award 2021.

2.2 The Framework of Corporate Governance

MSI values business integrity and sound corporate governance, and considers prudent and transparent Board of Director to be the foundation of sound corporate governance. Functional committees including the Audit Committee and the Remuneration Committee have been empowered by the Board of Directors to assist the Board in various duties. The committees report work progress to the Board of Directors on a regular basis. The Board of Directors is also involved in the routine supervision of corporate social responsibility affairs.

2.2.1 Organization of Corporate Governance



The following information on corporate governance, including organizational structure, relevant education and experience of corporate governance members, as well as concurrent positions in other companies, board of directors, training and education on corporate governance, and

functional committee operations, have been published in the annual report this year; relevant corporate governance information is available in the following channels:

Information Disclosure
Market Observation Post System http://mops.twse.com.tw (Company Code : 2377)
MSI Investor Information : https://www.msi.com/about/investor/
MSI CSR : https://www.msi.com/html/popup/csr/index.html

2.2.1.1 The Board of Directors

The Board of Directors serves as the ultimate governance body and decision-making unit within MSI. Board members are elected from persons with adequate capacity during shareholder meetings; the eligibility of relevant personnel is subject to the Company Act and relevant laws. The Board of Directors currently comprises 11 directors, including 3 independent directors; a new female board member in 2021. The Board comprises members with diverse background and experience; collectively, they are capable of operational decision-making, business administration, crisis management, and possess the proper industry knowledge, global vision, leadership and finance/accounting/legal skills needed to enforce corporate governance. Joseph Hsu currently serves as Chairman whereas Jeans Huang serves as Vice Chairman of the Board.

The Board and its members perform duties in the utmost discretion, discipline and accountability. The Company has a set of "Rules of Procedure for Board of Directors Meeting" in place that requires directors to disassociate from decisions that present a conflict between their interests and interests of the Company when dealing with corporate business. The Board of Directors meets at least once a quarter in accordance with the Company's "Rules and Procedure of Board of Directors Meeting". The Board of Directors held 8 meetings during the reporting period, the director's average attendance rate is 100%, and independent director's average attendance rate is 100%.

● Staffing structure of the corporate governance body in the reporting period (%)

Age\Gender	Board members	
	Male	Female
Age 30 and under	-	-
Age 30-50	-	9%
Over 50	91%	-

2.2.1.2 Audit Committee

MSI's audit committee is consisted of 3 independent directors, whose responsibilities are to assist the Board of Directors in decisions involving finance, auditing, accounting and material asset transactions, while making sure that MSI's operations comply with legal requirements. The Audit Committee meets at least once a quarter in accordance with the Company's "Audit Committee Organizational Rules". The Audit Committee held 4 meetings during the reporting period and the members' average attendance rate is 100%.

2.2.1.3 Compensation Committee

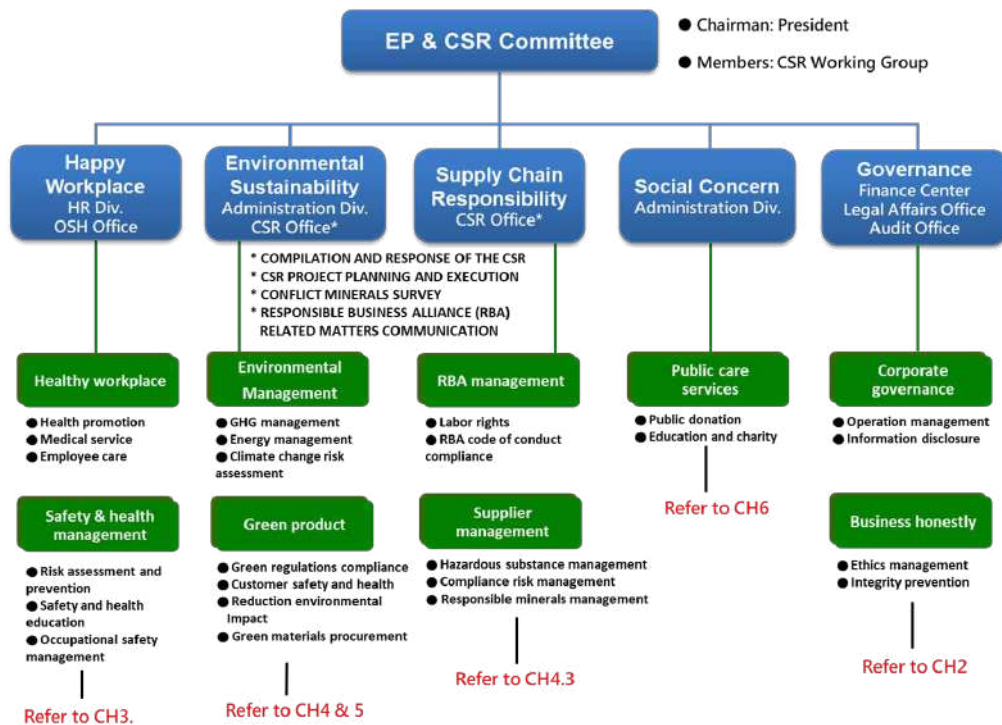
MSI assembled its Remuneration Committee in 2011 as a means to enhance corporate governance and improve directors' and managers' compensation system. The Committee has been authorized by the Board of Directors to assist the Board with the review of the Company's overall compensation policies and plans, thereby ensuring that compensations are reasonable and adequate for retaining talents. MSI's Remuneration Committee is consisted of 3 independent directors, whose responsibilities are to reduce risks of conflicting interest within the Company by exercising the duty of care of a prudent manager in the utmost professionalism and independence. The Compensation Committee meets at least twice a year in accordance with the Company's "Compensation Committee Organizational Rules". The Compensation Committee held 4 meetings during the reporting period, the members' average attendance rate is 100%.





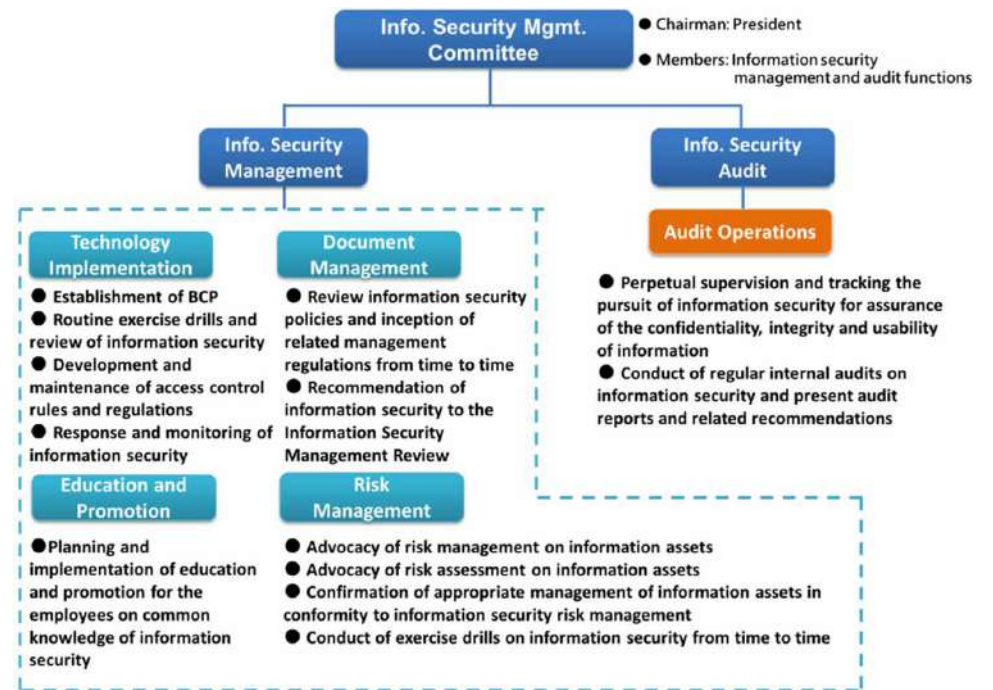
2.2.1.4 Environmental Protection and Corporate Social Responsibility Committee

MSI established the Environmental Protection and Corporate Social Responsibility Committee in 2020 for the pursuit of corporate social responsibility. This committee is a cross-functional body under the command of the committee head. Respective designated (adjunct) bodies will proceed to horizontal communication as instructed and align with international standards, and be responsible for environmental protection and mapping out the topics of sustainable development; reviewing the annual economic, environmental, and social goals; and supervising the attainment towards these goals at regular intervals.



2.2.1.5 Information Security Management Committee

To upgrade information security management; protect information against theft, tamper, loss or omission; and ensure the confidentiality, integrity, and availability of information, in 2020 we established the Information Security Committee to take charge of the management and supervision of information security operation. It is hoped that the management, supervision and promotion of information security can effectively help enhance MSI' s capacity and the employee' s awareness of information security protection. The corporate headquarters (MSI Taipei) will continue to adopt the ISO 27001:2013 information security management system for reviewing the confidentiality, integrity and availability of the information and technologies of the Company top-down.



Exercise Drill in Community Engineering

MSI has completed the training of community engineering for all employees in 2021, and arranged education and training on employees clicking phishing mails in classroom environment or online. The corporate headquarters has completed training by 96.6% while the plant sites have completed training by 93.3%. Education and training for the employees will continue.

Website Penetration Test

In light of the recent information security breaches that occurred in several big enterprises, MSI specifically conducted weakness scanning and penetration tests on its websites. Relevant weaknesses and risks have been rectified after the two stages of testing.

2.3 Operation Performance

MSI places great emphasis on building competitive advantage within its main area of expertise. Since it made the transition into e-sports, the Company has re-allocated resources to the growing niche and executed plans at greater intensity that resulted in actual improvements in terms of profit performance and financial position. Through well-defined business targets, investors/shareholders are given a better understanding of MSI's prospects and values, and our performance in recent years is evident of our ability to deliver strong return on equity as a sustainable business. Through continuous improvement in financial performance, MSI has been able to strengthen financial position and generate better financial results and values to the benefit of its stakeholders including investors.

2.3.1 Financial Performance

The following information is in accordance with Financial Reporting International Financial Reporting Standards (IFRS) summary and verified by the accountant. The data sources for the financial statements each year, details of the information available through the following channels:

Market Observation Post System <http://mops.twse.com.tw> (Company Code: 2377)

MSI Investor Information: <https://www.msi.com/about/investor/>

MSI Governance Webstite: <https://tw.msi.com/about/company/>

Item/Year	2019	2020	2021
Sales revenue (NT\$ million)	120,491	146,503	201,810
Profit before tax (NT\$ million)	6,518	9,597	20,631
Earnings per share (NT\$)	6.61	9.42	20.03
Return on Equity(ROE)%	18.33	23.92	40.96

2.3.2 Distribution of Economic Value to Stakeholders

MSI has business locations all over the world. Each location has duly observed applicable taxation laws in the respective regions where it runs the operation and made tax declarations at regular intervals. MSI adopts the overall risk management and control system for the effective control and assessment of risks by the management so that MSI can quickly assess and respond to the risks, and make different kinds of decisions in consideration of the overall situations for upgrading the tenacity in operation.





Currency unit: NT\$1,000

Item/Year	2019	2020	2021
Operating costs	104,629,261	125,199,949	163,565,876
Employee compensation and benefit	7,247,568	8,192,801	11,408,802
Cash dividend	3,548,396	5,153,623	8,870,990
Interest paid	23,559	29,945	19,392
Income tax expense	931,223	1,637,388	3,709,667
Social investments	19,531	19,326	77,999*

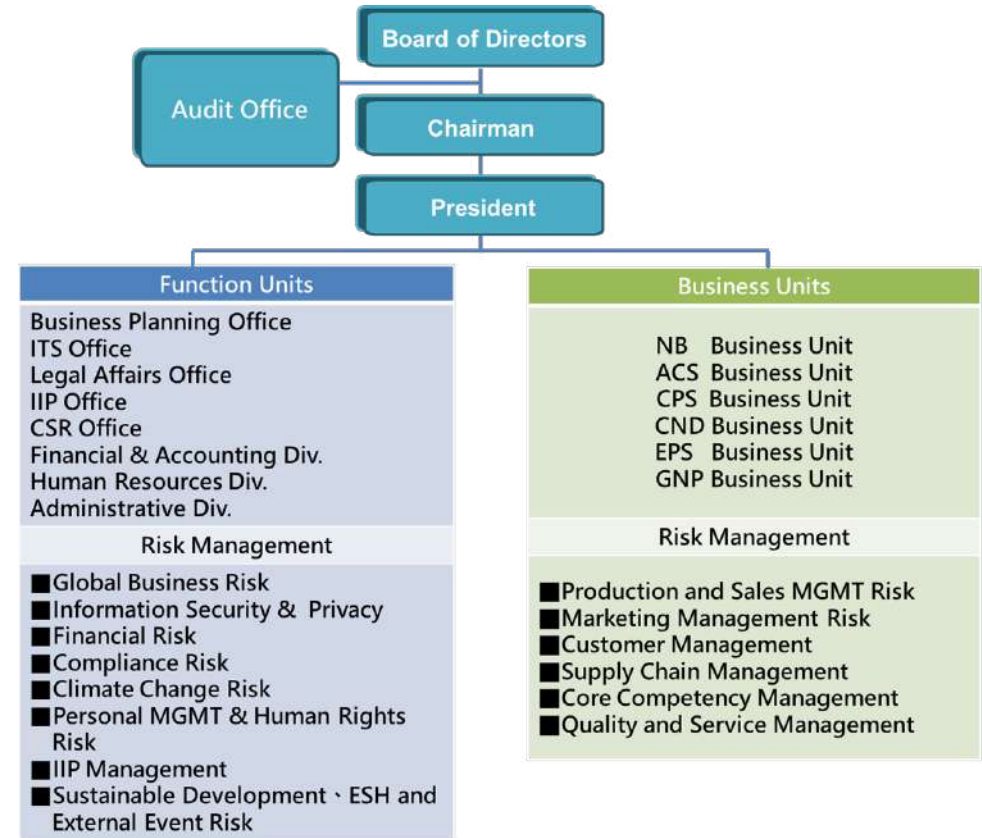
*Note: From 2021, the amount of Social investments will be disclosed by group consolidation.

2.4 Risk Management

With pragmatic approaches, MSI understands the significance of risk assessment. To achieve sustainable development and minimize the potential impacts and damages caused by uncertainties, we set up the "Procedures for Operation and Management Planning", aiming to minimize the potential risks, bolsters the capability for effective management of the key sustainability risks and create the best conditions for business and other opportunities.

2.4.1 Risk Management Organizational Structure

MSI has developed systematic risk management practices based on existing organization and internal control. In addition to cost benefits, these risk management practices have also been integrated with existing management systems to support business strategies and responses, and reduce potential risks of crisis.



2.4.2 Risk Early Warning and Control

MSI adopts the PDCA (Plan-Do-Check-Act) cycle for risk management. This approach enables the Company to mitigate, transfer, avoid or even assume risks of various categories in a controlled manner, and make ongoing improvements to actions and responses.

In managing early warning of risks, respective functional and business units will identify the kinds of risks within their scope of business and sort out the items of major risk based on which applicable indicators and action plans will be mapped out. Early warning is managed by reviewing



the performance of the indicators at regular intervals and review will be conducted through forward rolling and continued optimization to assure the effectiveness of the protective measures.

Risk Early Warning and Control Matrix

Occurrence frequency	H i g	<ul style="list-style-type: none"> ▲ Supplier Management (work hours/juvenile workers/discrimination) ▲ Occupational health and safety (ergonomic hazards) 	<ul style="list-style-type: none"> ▲ Environmental influence (climate change) ▲ Product responsibility (safety and health) ▲ Supplier management (responsible minerals) 	<ul style="list-style-type: none"> ▲ Corporate management (market needs, political and economic changes)
	M i d	<ul style="list-style-type: none"> ▲ Environmental influence (air, water, dumps, poison, noise) ▲ Financial (information disclosure) 	<ul style="list-style-type: none"> ▲ Product responsibility (customer privacy rights) ▲ Human resources (work hours, employee development) 	<ul style="list-style-type: none"> ▲ Corporate management (performance, strategy) ▲ Compliance management (legal risk) ▲ Information security risk
	L o w	<ul style="list-style-type: none"> ▲ Compliance with environmental laws ▲ Compliance with social laws ▲ Human resources (complaints, protection of whistleblowers) 	<ul style="list-style-type: none"> ▲ Compliance with economic laws ▲ Financial (market, credit, and liquidity risk) 	<ul style="list-style-type: none"> ▲ Occupational health and safety (fire safety, chemical substances) ▲ Ethics and good will (bribery)
		Low	Mid	High
		Influence of risk		

2.4.3 Scope and Policies of Early Warning of Risks

During the reporting period, a series of analyses were performed to identify risk factors that are likely to affect business operations. We then applied controls and adjusted procedures at different levels of authority to mitigate such risks. Targets and parameters have been set up in management systems to serve as risk monitor, which enables us to reduce chances of risk event or even turn them into opportunities. Overall, MSI encountered no major risk event that may potentially affect business operations during the reporting period, meaning that current risk management practices are effective in monitoring risks.

● List of Risk Early Warning and Control Measures in the reporting period

Aspect of Risk	Boundary	Control Measures
Economic	Financial	Refer to Chapter VII of the Annual Report presented to the 2021 General Meeting of shareholders - Financial position and financial performance in review and analysis, risk items, Section VI, "Assessment of risks in the preceding fiscal year to the date this report was printed" .
	Operating management	
	Compliance management	
	Business ethics	<ul style="list-style-type: none"> *Institution of the Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, and Ethic Code of Conduct of MSI. *Education and training for the employees in ethic code of conduct and anti-corruption. *Establishment of channels for whistleblowing and complaints and audit of the internal control system.
	Information security risk	<ul style="list-style-type: none"> *Completion of the exercise drill in sustainable corporate management. *Establishment of information security event notification and response management procedure. *Completion of the information backup system. *Inspection and audit of information security from time to time.
	Compliance with economic laws	<ul style="list-style-type: none"> *Meeting the requirements of economic laws effective in the places of production for assurance of conformity to legal requirements and integrity of the disclosure of economic information. *Institution of the Corporate Governance Best Practice Principles, Corporate Social Responsibility Best Practice Principles, and Ethical Corporate Management Best Practice Principles.
Environmental	Climate change	<ul style="list-style-type: none"> *Energy consumption inspection and management *Practice of the reduced use of energy and resources *Overhauling of public use equipment and energy saving management. *Introduction of green and advanced production technologies *Reduction of loss caused by natural disasters through commercial insurance and procedure to respond to emergencies in production.
	Compliance with environmental laws	<ul style="list-style-type: none"> *Meeting the requirements of the environmental protection laws in the places of production for assurance of conforming information on the environment in declaration. *The Office of Occupational Health and Safety reviews the status of compliance with applicable laws governing environmental protection. *Accreditation with ISO 14001 environmental management system.





Social	Supplier management	<ul style="list-style-type: none"> *Refusal of using metallic minerals extracted from conflict areas. *Establishment of the channels for communications/complaints of suppliers. *Institution of the "MSI Suppliers Code of Conduct" . *Conduct of routine audits on RBA management.
	Human resources	<ul style="list-style-type: none"> *Offering of competitive remuneration package and benefits. *Institution of the "Regulations Governing Education and Training" for the continuing education and training of employees. *Routine inspection and evaluation of human resources. *Institution of service regulations to avoid discrimination, sexual harassment and any other forms of human right violations.
	Occupational safety and health	<ul style="list-style-type: none"> *Accreditation of ISO 45001 – occupational health and safety management systems. *Advocacy of worker safety and health training in conformity to the requirements of applicable laws governing safety and health and response to emergency. *Identification of applicable laws governing safety and health at regular intervals for assurance of compliance with applicable laws and establishment of management system.
	Product liability	<ul style="list-style-type: none"> *Identification of customers and applicable laws governing health and safety worldwide at regular intervals. *Institution of green product control regulations for tracking product safety and environmentally friendly design. *Establishment of Ethical Corporate Management Best Practice Principles for the protection of the privacy right of customers.
	Compliance with social laws	<ul style="list-style-type: none"> *Meeting the requirement of social laws effective at the places of production for assurance of personnel management, service, or products in compliance with applicable laws and avoidance of penalty. *Evaluation of RBA at regular intervals for assurance of conformity.

BCP (Business Continuity Plan) Management

BCP is established to mitigate the impact of emergency of high severity on the Company and condensing the time of service interruption to an acceptable level, which will be essential for reducing operation loss, protecting the reputation of the Company, upgrading customer satisfaction, protecting the employees and communicating in crisis situations. The conduct of exercise drills helps to review the capacity of MSI in pursuing the BCP and response to emergency events, and also examine if the BCP is viable and the capacity in responding to emergency is strong enough with the following results:

- Protect the reputation of the company and the rights of the investors.
- Reduce the possibility of information and communication interruption without warning for assurance of normal operation.
- Create a positive work environment and reduce the probability of environmental and occupational hazards.
- Establish quick response mechanisms in industry supply chain management to strengthen competitiveness in the market.



COVID-19 Response and Contributions

Enterprises across the world are capable of responding to COVID-19 after its extensive outbreak in 2020 and the local outbreaks in Taiwan. MSI supports the policies of the government and the preventive measures taken by other countries in epidemic prevention with the following measures from January 1, 2020 to December 31, 2021:

- Established an epidemic response team: We formed the epidemic response team in January 2020 before Lunar New Year. Besides capturing the movement and health condition of employees of all plant sites, we also made rolling adjustment to the operational and management measures in response to the pandemic status.
- Established the employee health monitoring and management mechanism: through measures including travel and attendance history investigation, daily body temperature measurement, epidemic health education, split operations, split meal supply and enhanced environmental disinfection and face mask distribution, we captured employee health condition at any time.

■ Established the work-from-home (WFH) mechanism: we implemented the offsite (remote) working platform in response to the government's epidemic control policy for employees to access, edit and exchange files on demand away from the office to quickly achieve communication and file sharing for work.

■ Established the real-time communication mechanism: we established communication platforms, such as video conference, to deliver information in real time to enhance communication efficiency to all business locations or employees with special needs, such as home quarantine.

■ Established the business continuity plan: right at the outbreak of COVID-19, besides helping customers in respond to crises-related to the pandemic and assess impacts caused to the workforce, finance, sales and legal affairs, we also established the business continuity plan. Fortunately, business continuity was never disrupted since the pandemic's outbreak.

■ Epidemic health education and notification: the epidemic response team and the infirmary kept track on the epidemic development in different regions to provide employees with the latest epidemic information.



MSI cooperates with government policies and strictly implements epidemic prevention work in various factories.

New era under the pandemic – MSI Employee Welfare Policy

- Flexible work hours: the regular time for sign-in has been adjusted from 08:30–09:00 to 08:00–09:30 so that the employees may sign in for work more flexibly or take care of their families at the time of the pandemic outbreak.
- Vaccination holiday: MSI provides holidays for all employees in Taiwan after vaccination. Employees can be excused from work at the workplace on the day of vaccination and the day after vaccination with proof of the 1st jab to the 3rd jab of vaccination.
- Employee insurance for protection against the pandemic: MSI has taken group insurance for the protection of employees against the pandemic. Employees who are infected with statutory infectious diseases are entitled to ex-gratia payment, insurance benefit for hospitalization or medical treatment, and subsidy for rehabilitation.
- Online outpatient treatment and psychological counseling: The service of one-to-one face-to-face counseling at physical environment was suspended during the pandemic. Yet, the medical center of MSI still arranged online medical and psychological counseling services so that the employees can get necessary help in a safe environment.

For additional information on employee health and related topics, refer to 3.5, Health at workplace.

The AIoT operation of MSI will continue to show its strength as long as the pandemic is still there to provide solutions. Examples in 2020 are the face mask vending machine developed in collaboration with other partner firms to alleviate the burden of the medical care and pharmaceutical facilities, and the waiter robot for serving meals to the elderly, and disinfection devices for public transports. Contributions in 2021:



■ **Facial Recognition and Body Temperature Testing System:** Developed by the professional R&D team of MSI with cross-functional support, a new facial recognition system under the combination of AI facial recognition and infrared thermography can perform the function of facial recognition even though the target is wearing a face mask. This helps to minimize physical contact and the time for queuing, and it is no longer necessary to dispatch personnel for body temperature measurements. It just takes 0.2 seconds to respond, which helps to enhance the sign-in efficiency and manage the footprints of people.

■ **MSI Smart Disinfection Robot:**

This robot is designed with special cyclones, and equipped with the SUPER grade 253.7nm UVGI, a device with an ultra-high spectrum of light that can kill germs instantly. Chemicals are no longer required and no pollution or pollution will result. This item was validated by Texcell of France. The UVGI system can effectively control new corona virus in 30 seconds with a disinfection rate of 99.9%.



Albeit its success in the development of equipment for epidemic prevention and effort in the development of frontier technologies, MSI never forget giving to society. In 2021, MSI sponsored the New Taipei Government on disinfection, and donated NT\$500,000 worth of materials for epidemic prevention to Zhonghe Branch Station of New Taipei Police Station. In addition, MSI also provided a total of 140 Notebook PCs to all bureaus and offices of the New Taipei Government as its support in working from home or at front line to fight the epidemic. MSI never ceases to take

precautionary approaches in responding to the pandemic crisis, and is ever more confident to work in concerted effort with the employees and customers to brave the challenge. Once the pandemic is over, MSI will be much better developed and brave all new challenges in agility.

2.5 Business Ethics

MSI adheres to the national laws and ethics of the location where each plant is located to engage in operational activities; we prohibit the direct or indirect provision, commitment, demand, or acceptance of any undue benefits and interests, or any acts involving breach of integrity, illegality or violation of obligations in the course of doing business to obtain or maintain benefits. MSI will continue to abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism, so as to create an operational environment for sustainable development.

The corporate governance body of MSI monitors the change in the regulatory environment and the risks that may cause significant impact on its operation at regular intervals. Each of the operation locations of MSI also identifies the laws effective in their respective countries or regions of operation for assurance of compliance with applicable laws worldwide in their operation. In addition, MSI also seeks to prevent unethical practices through internal control and minimize the risks for avoiding corruption and unlawful practices. In the event of material incident, MSI will make announcements and release the details in accordance with the procedures of Taiwan Stock Exchange Corporation regulating the investigation and public disclosure of events of materiality by TWSE-listed companies.



2.5.1 Sustainable Development Strategy

MSI instituted the "Corporate Social Responsibility Best Practice Principles" , "Ethical Corporate Management Best Practice Principles" , "Ethic Code of Conduct" , "Service Regulations" , and the RBA Code of Conduct for the proper pursuit of ethical corporate management and creation of an environment for sustainable corporate development. MSI also promotes these concepts with proper management at regular intervals, as well as the channels for internal and external complaints to hear the needs of the stakeholders for the proper pursuit of compliance and ethical corporate management.

Responsible Business Alliance (RBA) Audit Management

Corporate sustainability is a long-term process, one that MSI has devoted to with the introduction of EICC in 2008 followed by the announcement of "Corporate Social Requirements" in 2009, implementation of supplier Second-party EICC audit in 2010, and adoption of RBA Validated Audit Program (VAP) for MSIS since 2015. We continue to disseminate and communicate relevant information on labor, ethics, and environmental safety to employees, suppliers, and clients. Corporate governance is based on business integrity with people at the center. Any forms of misconduct, improper interests, and inhumane treatment are prohibited.

Development of MSI RBA			
Goals	Management measures	Development result	Objective in the future
The electronic industry and its supply chain shall ensure that the work environment is safe, the workers are respected and dignified, and business operations are compliant with environmental protection rules and moral code.	RBA VAP Audit	2008: MSI adoption of the Electronic Industry Citizenship Coalition (EICC) Code of Conduct 2009: Establish " Corporate Social Requirements" 2010: Supplier EICC on-site audit 2015: MSIS 1st. EICC VAP Audit (V5.1) 2017: MSIS EICC VAP Audit (V5.1.1) 2019: MSIS RBA VAP Audit (V6.0) 2020: MSIS RBA VAP Audit (V6.0), MSIK&MSIT1 1st. VAP Audit (V6.0) 2021: MSIS, MSIK& MSIT1 RBA VAP Audit (V7.0)	Continue to complete RBA VAP audit

Employee Training

In addition to offering training courses for new recruits, we also promote awareness on ethics and integrity- using our EIP website, contracts and business documents. Furthermore, e-newsletters are distributed to employees from time to time to explain ongoing issues and clarify doubts. The above measures apply to the entirety of MSI Group and are intended to draw employees' attention to proper ethics and the zero-tolerance policy.

Supplier Management

Competition is beneficial to business, but as multinational trade evolves, competition for profit margin has given rise to new forms of merger, receivership and market manipulation/segregation that are being considered as inappropriate conducts. For this reason, new behavioral codes and legal actions are being undertaken worldwide against monopolistic conducts and unethical behaviors, and in doing so maintain the integrity of the business world. MSI has responded to the initiative through actions, exerting influence over suppliers to uphold common ethics and integrity. We use a multitude of channels (e.g. supplier conference) to promote suppliers' awareness towards MSI's integrity policy, and have compiled a list of "Corporate Social Requirements" to align suppliers' practices with MSI's expectations. During the reporting period, MSI continued to promote awareness among suppliers using the online platform (GPM) and by having them sign letters of commitment that convey MSI's resolve in upholding business ethics.

Supplier promotion focus:

- Suppliers are expected to act in MSI's best interest, and avoid potential conflict of interest.
- Unreasonable contracting, collective bargaining and conspiracy among suppliers are prohibited.
- Suppliers must have whistleblower systems in place and protect informants against retaliation.
- Suppliers are expected to take initiative in reporting unethical and dishonest conducts.





2.5.2 Assessment of the Risk of Integrity

Targeting on the risk of corruption, MSI conducted an assessment based on operations of different natures. The assessment approaches are further described below:

1. The offices of internal audit and legal affairs oversee signing of the business integrity declaration and business integrity pledge during contract signing to ensure that all MSI employees and suppliers conduct businesses with ethical practices.
2. The management is required to perform control self-assessment (CSA) and supervise internal audits on MSI and subsidiaries according to the company's internal control system. The progress of which is disclosed in annual reports, please refer to 2021 annual report.
3. Establishment of the channels for reporting unethical practices for audit and controlling any possibility of the risk of corruption.
4. Routine identification and self-assessment of environmental protection, social and economic rules and regulations.

Based on the information in the business integrity declaration and business integrity pledge in the procurement contract, results of CSA, and reports from the business integrity compliance, MSI's risks of corruption is well under control. No significant risk was found during the reporting period.

2.5.3 Complaints and Report Mechanisms

According to Article 20 of the MSI Ethical Corporate Management Best Practice Principles and Article 49 of the MSI Corporate Governance Best Practice Principles, MSI shall establish the mechanisms for reporting of and response to complaints with proper functioning of the mechanisms, and provide protection for the bona fide whistleblowers and related

investigators to avoid revenge due to the uncovering of wrongdoing and participation in the investigation. In addition, employees can also appeal to the Employee Assistance Project (known as "EAP") for legal, financial, and tax consultation services from professional consultants. Employees may also file complaints through external channels. MSI will be pleased to engage in communication under equality and reciprocity.

Reporting channel	Hotline	Micro-Star Int'l Co., Ltd. (Taipei/Taoyuan): +886-2-3234-5599 Ext. 1606; or +886-2-2227-1606 MSI Computer (Shenzhen) Co., Ltd.: +86-755-28101899 Ext. 8802; or +86-755-27637600 MSI Electronics (Kunshan) Co., Ltd.: +86-512-57718888 Ext. 1001; or +86-1836-1990252
	Email	Micro-Star Int'l Co., Ltd. (Taipei/Taoyuan): audit@msi.com MSI Computer (Shenzhen) Co., Ltd.: jubao@msi.com MSI Electronics (Kunshan) Co., Ltd.: lianzheng@msi.com
	Mail Box	Micro-Star Int'l Co., Ltd. Audit Office / No. 69, Lide St., Zhonghe Dist., New Taipei City, 235030, Taiwan MSI Computer (Shenzhen) Co., Ltd. Audit Office / Longma Information Technology Industrial Park, Tangtou Village, Shiyao Town, Baoan District, Shenzhen City, Guangdong Province, People's Republic of China 518108 MSI Electronics (Kunshan) Co., Ltd. Audit Office / No. 88, East QianJin Rd., KunShan City, JiangSu, China 215300
Stakeholder communications	Hotline	(02)3234-5599
	Email	080419864@msi.com
	Mail Box	No. 69, Lide St., Zhonghe Dist., New Taipei City, 235030, Taiwan

2.6 Legal Compliance

MSI operates and services customers worldwide. To ensure that we meet full compliance with local laws and regulations, we pay close attention to the latest updates of policies and legislation that are likely to affect the Company's business and financial



operations. The latest information obtained regarding regulations is communicated with the relevant department in the first instance to ensure timely update of the Company's operations. We have also set up procedures and guidelines based on the relevant requirements provided in various laws and regulations.

MSI adheres to ethical business practices and corporate social responsibilities. Therefore, we pledge our best efforts to achieve sustainability.

Category	Compliance indicator	Corporate social responsibility progress
Social	Anti-corruption	MSI did not commit any improper dealings that are against our commitment for ethical practices or jeopardize the company's interests.
	Anti-competitive behavior	MSI's business activities did not involve inappropriate business activities such as anti-competitive practice, anti-trust, or monopolizing practices.
	Compliance	No substantial fines or non-economic sanctions were imposed on MSI for violation of regulations.
	Supplier assessment for impacts on society	MSI did not have any workplace hazards or sustained any economic losses as a result of contractor or supplier's breach of operating procedures.
	Grievance mechanisms for impacts on society	There were no stakeholder complaints about unfavorable social impacts.
Human rights	Non-discrimination	No incidents of discrimination, human rights violations, forced labor and sexual harassment were reported.
	Forced or compulsory labor	
	Human rights grievance mechanisms	
	Child labor	No operational base or supplier was found to have been involved in serious child labor disputes.

Category	Compliance indicator	Corporate social responsibility progress
Environmental	Effluents and waste	<ul style="list-style-type: none"> ■ No waste produced from transnational delivery or handling of business activities. ■ No significant spill of hazardous substances.
	Compliance	No substantial fines or non-monetary punishments were imposed on MSI for violation of environmental-protection laws.
	Total number and volume of significant spills	No instance of serious leakage of the chemicals used in MSI's business activities was reported.
	Environmental grievance mechanisms	No complaint relating to environmental impact was lodged through the stakeholder complaint mechanism.
Product responsibility	Customer health and safety	MSI did not violate any laws concerning product and service labeling.
	Product and service labeling	MSI did not violate any laws concerning product and service labeling.
	Marketing communications	MSI did not violate any laws concerning advertisement, promotion, or sponsorship for selling and marketing of products. MSI did not produce any prohibited or controversial product. None of its products was banned from sale in specific markets.
	Customer privacy	MSI did not receive complaints regarding violation of client's privacy right and/or loss of clients' information.
	Compliance	MSI was not fined in substantial scale as a result of violation of laws relating to products, services and/or product usage.







msi[®]

3. Employee Value



3. 員工價值

Material topics	Human resources development, occupational health and safety, human right management and labor-management relation, employee right and friendly workplace.		
The meaning of the major topics to MSI	MSI follows the rules of humanitarian governance and respects basic human rights, thereby sparing no effort in offering a fair, sound, safe and healthy workplace of superior quality. To MSI, the employees are the most vital part of its operation. Further to the respect of the employees, MSI also provides room for open communication, adequate competitive power, innovation, growth and development with the proper design of an outstanding development policy so that each and every employee can demonstrate their individual values and accomplishment through self-actualization in the MSI family.		
Material Topics	Human Right Management and Labor-Management Relation, Employee Rights and Friendly Workplace	Human Resources Development	Occupational Health and Safety
The purpose of the material topics	Assurance of protection for employment, labor condition, labor rights, and work environment to cultivate positive labor-management relation.	Employees can refine their work efficiency through voluntary learning. Through channels for promotion are also provided to encourage employees to align with corporate development with the opportunity of individual career planning so that MSI can achieve the goal of the swift flows of talents.	Prevention of occupational hazards and pursuit of labor health management.
Management of the material topics	Policy	<p>Service regulations and the local laws and regulations governing labor force at the localities of the plant sites.</p> <ul style="list-style-type: none"> ■ Implementation of on-the-job training for the employees and availability of through channels for promotion for human resources development for the future. ■ A diversity of channels for learning is provided to help employee to development their potential skill and enhance their performance. 	<ul style="list-style-type: none"> ■ Environmental protection, occupational safety and health laws and regulations, and related requirements are the preconditions for all corporate activities. ■ Build up healthy and safe work environment and intensify to uncover potential risks and reduce the risks to a tolerable level. ■ Intensification of operation management and personnel training to eliminate accidents, prevent pollution, and avoid occupational injury and illness.
	Commitment	Creation of sound culture at workplace with fair treatment to all employees, upgrade the policies for caring and keeping good people to create market value of the employees.	Assuring all workers can work at a safe environment with physical and psychological development in proper balance to pave way for achievement and well-being at workplace. Perpetual improvement of safety at workplace, education at workplace and encouragement of health improvement. Safety and care remained the standard of management for improving the safety, comfort, and health of the works at the workplace, as the incentive for all employees.

Management of the material topics	Goals and targets	<ul style="list-style-type: none"> ■ Provide good quality and stable human resources. ■ Provide encouragement remuneration package and sound benefit system. ■ Create a friendly and LOHAS work environment. 	<ul style="list-style-type: none"> ■ Provide sound planning of career development. ■ Continue to provide training programs for the employees for improvement of various kinds of functional skills. 	<ul style="list-style-type: none"> ■ Assure safety at workplace. ■ Apply for accreditation of ISO 45001 with third-party institution.
	Management Approach	Establishment of the system for the protection of the rights and privileges of the employees under the law. Through routine performance evaluation, MSI keeps track on the status of the employees and provides necessary assistance. In addition, MSI seeks to create harmonious operation efficacy for common good through communication mechanisms like e-mail and labor-management meeting.	Development of the policies for the diversified development of human resources. Differentiated training and management on the basis of the management capacity and functional skill requirement of the employees to provide a favorable environment for the development of good people for the right job in corporate development.	<ul style="list-style-type: none"> ■ An occupational safety and health center was formed to assure workers understand the rules of safety and their responsibilities. ■ Identify the topics required for improvement, and set the goal and map out the management plans. ■ Supervise the effective running of the occupational safety and health system. ■ Audit and review occupational safety and health incidents, and take appropriate measures to prevent the recurrence of the same incident.
	Responsibility and Resources	Human Resource Division		Human Resources Division (Medical Center), Sustainable Development Office (OSH)
	Grievances Mechanisms	Employee Assistance Plan (EAP) e-mail: eaphelp@msi.com, occupational and environmental safety and health e-mail: esh@msi.com		
	Outcome of the Reporting Period	Number 464 of the World Best Employers cited by a world-renowned media outlet in 2021.	<ul style="list-style-type: none"> ■ MSI covers the expenses incurred from on-the-job training of employees at full amount perpetually. ■ Learning in the project development programs in 5 institutes and 144 classes with more than 23,000 participants by head count. ■ Routine evaluation of the performance of employees and provide the vacancies for promotion. 	<ul style="list-style-type: none"> ■ For additional information, refer to 3.6.5 on the outcome of occupational safety and health management. ■ Accredited with ISO 45001 by outside third party.

3.1 Overview of the Employee

Harmonious labor-management relation, impeccable working conditions, and the physical and mental health of the employees are the very basics for the employees to have peace of mind at work and to demonstrate their strength in their activities.



3.1.1 Employee Structure

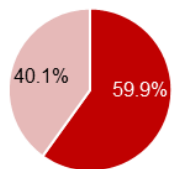
● Distribution of employees by age and gender in the reporting period- According to each factory:

Age\Gender	MSIT		MSIT1		MSIS		MSIK	
	Male	Female	Male	Female	Male	Female	Male	Female
Number of Employees	1,487	955	270	220	MSIS and MSIK do not provide information on the number of employees due to the confidentiality of the customer contract.			
Age 30 and under	12.5%	9.5%	19.0%	12.9%	46.2%	19.6%	45.3%	24.9%
Age 31-50	43.7%	27.1%	35.3%	31.0%	20.8%	13.0%	15.5%	13.5%
Over 51	4.7%	2.5%	0.8%	1.0%	0.4%	0.1%	0.8%	-

Note: There were no over 50 year' s old employees at MSIK.

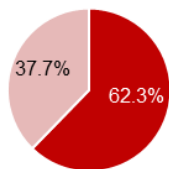
● Distribution of employees by gender in the reporting period- According to area:

MSIT and MSIT1



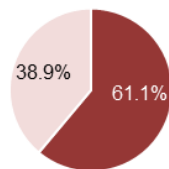
■ Male ■ Female

MSIS and MSIK



■ Male ■ Female

Total



■ Male ■ Female

● Distribution of employees by education and gender in the reporting period

Education\Gender	MSIT		MSIT1		MSIS		MSIK	
	Male	Female	Male	Female	Male	Female	Male	Female
Masters or above	16.9%	7.9%	2.7%	1.8%	0.2%	0.1%	0.4%	0.1%
Bachelor	41.4%	29.8%	35.9%	17.6%	3.2%	2.7%	6.8%	6.2%
Others	2.6%	1.4%	16.5%	25.5%	63.9%	29.9%	54.4%	32.1%

● Distribution of employees by grade and gender in the reporting period

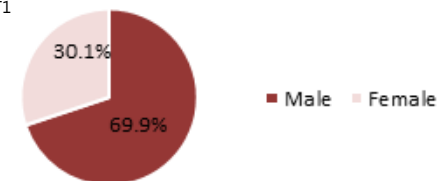
Grade\Gender	MSIT		MSIT1		MSIS		MSIK	
	Male	Female	Male	Female	Male	Female	Male	Female
Senior executives	3.1%	0.8%	-	-	0.2%	0.1%	0.4%	0.1%
Junior executives	12.6%	4.8%	9.2%	4.5%	1.7%	1.1%	7.4%	3.6%
Ranks and files	44.8%	33.9%	45.9%	40.4%	65.4%	31.5%	53.7%	34.8%

Explanation:

1.Senior executives are those in the positions of assistant vice president or higher. Junior executives are those in the positions of foreman/section chief to senior managers. Ranks and files are full-time formal employees not in management capacity (including employees subject to performance evaluation and who receive full salaries and work full-time).

2.No establishment of senior executive at MSIT1

Ratio of officers of the 4 plant sites



● Diversified distribution of employment in the reporting period

Category\Gender	MSIT		MSIT1		MSIS		MSIK	
	Male	Female	Male	Female	Male	Female	Male	Female
Proportion of employees hired from vulnerable groups	0.12%	0.04%	-	-	9.75%	4.26%	5.92%	2.66%
Proportion of foreign employees	0.49%	0.33%	3.88%	4.90%	-	-	1.16%	0.07%

Note:

1.MSIT1 did not hire vulnerable groups. MSIS did not hire foreign workers.

2.Vulnerable groups include persons with disabilities and ethnic minorities.

3.1.2 Employment

MSI offering competitive salary, benefits and employment terms, and also has robust on-job training in place to support employees' career development. Moreover, we strive to maintain an open and fair working environment where new employees may quickly adapt to the environment and the duties assigned to them. The immediate supervisor and members of the Human Resource Division also make communication and visits to minimize chances of resignation due to unfamiliarity with the workplace irregularly.





● Distribution of new employees by age and gender in the reporting period

Age/Gender	MSIT		MSIT1		MSIS		MSIK	
	Male	Female	Male	Female	Male	Female	Male	Female
The number of employment	112	102	103	78	MSIS and MSIK do not provide information on the number of employees due to the confidentiality of the customer contract.			
Distribution of new employees								
Age 30 and Under	32.7%	34.1%	28.7%	18.8%	59.4%	22.7%	57.4%	27.3%
Age 31-50	19.2%	13.5%	28.2%	24.3%	11.3%	6.5%	7.3%	8.0%
Over 51	0.5%	-	-	-	0.1%	-	-	-
Proportion of new employees								
Age 30 and Under	23%	32%	56%	54%	73%	66%	308%	267%
Age 31-50	4%	4%	29%	29%	31%	29%	114%	144%
Over 51	1%	-	-	-	17%	-	-	-

- Note
1. MSIT1 and MSIK had no new employee aged over 51 years and MSIS had no new female employees aged over 51 years.
 2. Changes in employees at MSIS and MSIK: a higher employment rate is noted due to frontline workers turnover that production workforce replenishment was required.
 3. Distribution of New Employees: the number of employees in respective age groups among all new employees.
 4. Proportion of New Employees: the number of employees in respective age groups among all employees.

No employment of child labor

MSI insists on keeping the corporate spirit of humane and friendly employment, observing internal codes and advocacy of human rights and the laws effective in Taiwan and Mainland China. Through a transparent recruitment system, MSI keeps track on the risk of employing juvenile workers at all operation locations. MSI strictly prohibits the employment of juvenile workers under the age of 15 in the recruitment process, and also prohibits the employment of workers under the age of 18 to perform labor-intensive duties or works entailing high danger. MSI also works in conjunction with the suppliers proactively to create a sustainable supply chain through the advocacy

of business integrity. If MSI discovers applicants for jobs feeding MSI fabricated information to the extent that MSI erroneously hires juvenile workers, MSI will proceed with further action in compliance with applicable laws effective at the places of the production sites or institution of related rules and regulations to handle the situation (refer to the table below).

Item \ Manufacturer	MSIT & MSIT1	MSIS	MSIK
The child labor remediation procedure.	Labor Standards Law.	The child labor remediation and minor labor management procedure.	

● Distribution of employees by contract category in the reporting period

Category\Gender	MSIT		MSIT1		MSIS		MSIK	
	Female	Male	Female	Male	Female	Male	Female	Male
The number of employee	1487	955	270	220	MSIS and MSIK do not provide information on the number of employees due to the confidentiality of the customer contract.			
Full Time-Official Employees	59.4%	38.8%	50.0%	44.3%	37.6%	20.7%	32.0%	22.9%
Full Time-Contract Employees	1.5%	0.3%	5.1%	0.6%	29.7%	12.0%	29.0%	15.1%
Part Time-Interns	-	-	-	-	-	-	0.6%	0.4%

Note: MSIT, MSIT1, MSIS have not employed any interns in the reporting period.

● The proportion of employing local residents as senior executives in the reporting period

Main operation sites	MSIT	MSIT1	MSIS	MSIK
Location	Taiwan		China	
Ratio of local residents holding positions as senior executives	100%		17%	25%

- Explanation:
1. Definition of senior executives: officers at the rank of assistant vice president and higher.
 2. Key business locations: About 90% of the employee population are distributed in key business locations in Taiwan and China, and about 10% of the employee population are distributed in overseas subsidiaries in other regions. Reporting is mainly based on the content of disclosure.



Minimum Notice Periods Operational Changes

Note to advance notice or collective consultation as required by law in the event of drastic change in the operation or employees chose to sever the employment relation for failure to adapt to the jobs. MSI will offer severance pay and related certification documents for assuring no influence on the right of employment of the employees.

Note:

1. According to Paragraph 17, Article 2 of the MSI Work Protocols, the Company needs to announce termination of employee's labor contract at least 10 days prior to termination to the affected employees.
2. When the Company's policies or decisions (e.g. salary adjustments or overseas assignments) will cause significant impacts on the rights of the MSI employees, the Company should announce this change at least 10 days prior to its taking place.
3. In the event of significant influence on shareholders' equity or stock price, MSI shall provide the details in materiality by the deadline as required by Taiwan Stock Exchange Corporation.
4. The announcement of other significant changes should be processed according to local legal regulations.

3.1.3 Retaining Employees

MSI emphasizes the spirit of "One MSI" and spares no effort in upgrading the identification and practice of the corporate core value among the employees. At the same time, MSI also designs the remuneration and benefit systems to the needs of employees. Through the optimization of human resources, and the cultivation of communication transparency, employees can demonstrate their strengths without reserve and advance the common goal with the Company to create the value of growth where both sides are winners.

After the new employees have reported to duty, the designated window of HR and function heads will assist these employees to ascertain their adaptive capacity to the new jobs. This helps to reduce the turnover of new employees due to their incapacity to adapt to the new work environment. In addition, new employees can quickly mingle with the overall corporate environment through on-the-job training and education.

● Distribution of employee turnover by age and gender in the reporting period

Age	MSIT		MSIT1		MSIS		MSIK	
	Female	Male	Female	Male	Female	Male	Female	Male
The number of employee turnover	179	137	87	50	MSIS and MSIK do not provide information on the number of employees due to the confidentiality of the customer contract.			
Distribution of employee turnover								
Age 30 and Under	33.0%	18.4%	21.9%	6.6%	61.0%	19.7%	56.1%	28.7%
Age 30-50	25.7%	18.4%	40.9%	29.9%	14.5%	4.7%	7.2%	7.8%
Over 50	2.3%	2.2%	0.7%	-	0.1%	-	0.1%	0.1%
Proportion of employee turnover								
Age 30 and Under	19%	14%	32%	14%	488%	374%	286%	267%
Age 30-50	4%	5%	32%	27%	258%	133%	107%	134%
Over 50	4%	6%	25%	-	17%	-	17%	-

Note

1. No female employee aged over 50 years resigned from MSIT1 nor MSIS.
2. Personnel changes in MSIT1, MSIS, and MSIK: A higher turnover rate is noted in frontline workers because of local labor shortages, competition, and job contents. Continual concern and improvement have been made by plant management.
3. Distribution of Employee Turnover: The number of employees in respective age groups among all resigned employees.
4. Proportion of Employee Turnover: The number of employees of respective age groups among all employees.

Care for former employees

If specific employee initiates to resign, HR function will interview with this employee or send a questionnaire to find out the reason for resignation, and may assign the employee to another vacancy if the employee agrees in order





to keep the employee at the Company. If the employee is determined to leave, MSI will conduct an internal discussion to review the salaries for the position of the employee, the job function, or conditions for screening in the interview, and mitigate the impact on subsequent recruitment.

Severance care performance in 2021 is specified below:

Physical or online interview on resignation in Taiwan – 168 by head count.

Top 3 reasons for resignation in Taiwan – about 22% have found better jobs, 15% resigned for family reason, and 8% left for furthering education.

Maternity leave and paternity leave

MSI provides parental leave, maternity leave and paternity leave in accordance with applicable local laws of the production locations so that employees can maintain a proper balance between work and family. MSI also designs a viable system for the returning employees, including the arrangement of leaves of absence, career planning assistance, and allowances pertinent to maternity care and benefits to let the employees feel warmth and care.

● The parental leave status of employees at MSIT & MSIT1 in the reporting period.

Explanation	MSIT		MSIT1	
	Male	Female	Male	Female
Number of employees qualified for parental leave (leave of absence) in 2021 (Number of employees applying for parental leave, maternity leave, paternal leave, and leave of absence. No repeat counting on the same person)	45	38	10	6
Actual number of applicants for parental leave (leave of absence) in 2021	1	8	0	5
Expected number of reinstatements in 2021 (A)	0	4	0	0
Actual number of reinstatements in 2021(B)	0	4	0	0
Number of employees reinstated after parental leave (leave of absence) in 2020, and stayed in the job for 1 whole year (C)	0	8	0	1
Actual number of reinstatements in 2020 (D)	2	10	0	1
Reinstatement rate after parental leave (leave of absence) (B/A)%	N/A	100%	N/A	N/A
Retention rate after parental leave (leave of absence) (C/D)%	0.0	80%	N/A	100%

Explanation:

Calculation of “reinstatement rate” = Number of employees reinstated after parental leave (including leave of absence) in 2021/total number of employees should be reinstated in 2021.

Calculation of “retention rate” = total number of employees staying in the job for 12 months after reinstatement at the expiration of the parental leave (including leave of absence)/total number of employees reinstated in 2020.

● The maternity leave status of employees at MSIS & MSIK in the reporting period

Explanation	MSIS		MSIK	
	Female	Male	Female	Male
Number of employees qualified for applying maternity leave and paternal leave in 2021 (Number of employees applying for maternity leave and paternal leave)	32	63	949	783
Actual number of applicants for maternity and paternal leave in 2021	32	63	15	50
Expected number of reinstatements in 2021 (A)	32	63	15	50
Actual number of reinstatements in 2021(B)	27	50	13	47
Number of employees staying for 1 whole year after reinstatement from maternity leave and paternal leave in 2020 (C)	40	78	11	27
Actual number of reinstatements in 2020 (D)	40	78	17	39
Reinstatement rate after maternity leave and paternal leave (B/A)%	84.38%	79.37%	86.67%	94.00%
Retention rate after maternity leave and paternal leave (C/D)%	100.00%	100.00%	64.71%	69.23%

Explanation:

Calculation of “Reinstatement Rate” = total number of employees reinstated after maternity leave (paternal leave) in 2021/total number of employees reinstated in 2021.

Calculation of “Retention Rate” = Total number of employees staying for 12 months after reinstatement from maternity leave (paternal leave) in 2020/total number of employees reinstated in 2020.

The mandatory maternity leave in the facilities of China is longer than the period of reinstatement may cut across 2 fiscal years. The number of applicants and number of reinstated employees in the reporting year may vary significantly.

3.2 Remuneration and Benefits

MSI effectively combines the remuneration system and benefits to satisfy the working and living needs of the employees. This arrangement also helps to effectively improve the operation and development of the Company. MSI will continue to improve the remuneration and benefits for the employees through a sound management system.



3.2.1 Remuneration system

MSI offers a sound remuneration system through annual review of the salary level in the market and fairness of remuneration to provide the employees a competitive remuneration package. This will help to assure the retention of good people and attract other talents to MSI.

● The mean and mode of the salaries for non-managerial full-time employees at the facilities of Taiwan in the reporting period

Item	Performance
General staff count (A)	2,764
Change in the general staff from the same period of the previous year (persons)	113
Sum of full-time salary in the reporting period (in NT\$1,000) (B)	5,348,894
The total amount of growth of salaries for the full-time employees from the reporting period of the previous year (%)	42.7%
The mean salaries in the reporting period (in NT\$1000) (C=B/A)	1,935
The variance from the mean salaries of the reporting period of the previous year (in NT\$1000)	521
The median of the salaries in the reporting period (in NT\$1,000)	1,606
The variance from the median salaries of the reporting period of the previous year (in NT\$1,000)	391 ▲

Note:

1. The mean and mode of the annual salaries for non-executive full-time employees was disclosed in response to the requirement of the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" of the Taiwan Stock Exchange Corporation after amendment effective 2019. The regulation is now rename as "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies".
2. Annual salaries: Including the basic salaries and annual bonus of the employees in the year.
3. General staff: General administrative clerk (including Technician, DL, IDL, Contract employees, Interns)
4. This disclosure is not applicable to the facilities in Mainland China.

The ratio of the standard salaries for the basic level of employees to minimum level of salaries in the place of production

As for compensations and incentives, we conduct regular performance assessments and decide them based on employees' individual education, experience, knowledge seniority and performance. All operation sites offer

starting salaries for new employees that are more favorable than the local basic salary. The starting salary does not differ for employees' differences such as gender, marital status, religion or political association. For workers who are not employees (such as the contractors) of MSI, MSI demanded their respective employers to duly observe applicable legal rules at the time of entering into work agreements, and shall not act in defiance of applicable legal rules or the regulations of MSI governing contractors for works.

Location\Gender	MSIT		MSIS		MSIK	
	Male	Female	Male	Female	Male	Female
The salary standard for basic level employees is at a higher ratio to the minimum salaries of the places of operation.	1.03	1.03	1.02	1.02	1.14	1.14

Note: Basic level employees: Mainly the full-time (direct) employees.

3.2.2 Magnanimous Benefits

MSI not only reviews the salary standard with proper adjustment at regular intervals to upgrade the performance of operation, organization and individuals, but also provides benefit packages senior to mandatory requirements. In addition, MSI also flexibly designs rewards exclusive to designated job positions and continues to perfect the benefit system.

● Amount of benefit expenses in 2019-2021

Item/Year	2019	2020	2021
The employees of benefit expenses (NT\$ Millions)	7,247.57	8,192.80	11,408.80
Accrued benefit expenses (NT\$)	57,953,188	74,593,137	100,812,795

Benefit Items for MSI employees

MSI appropriates a specific amount from revenue and employee salaries as a welfare fund at regular intervals for funding annual big events, year-end banquets, arts and culture lectures, gifts for the three major festivals, allowances for group activities of the organization, traveling subsidy, birthday gifts for





employees, emergency aid for employees, maternity subsidy, matrimonial gifts, department level social gatherings and cross-functions benevolent gathering subsidy, and supply of recreational facilities for the employees. The spending on benefits will be disclosed to all employees on the intranet of MSI for their reference.

Item\Location	MSIT	MSIT1	MSIS	MSIK
Operation Bonus	√	√	√	√
Employee Insurance (including life insurance, accident insurance and medical insurance)	√	√	-	-
Social Insurance (including annuity, medical, unemployment, occupational injury, and maternity)	-	-	√	√
Housing Allowances	-	-	√	√
Parental Leave	√	√	-	-
Maternity and Paternity Leave	√	√	√	√
Family care leave	√	√	-	-
Pension	√	√	-	-
Others	Employee Clubs	√	√	√
	Continuing Education	√	√	√
	Gifts for the three major festivals	√	√	√
	Massage Service	√	√	-

Flexible working hours

MSI makes humane work hour arrangements and offers a leave system that is more favorable than what the laws require. These systems are intended to help employees achieve balance between work, health and family life.

■ Flexible work hours for office operations.

■ 3 days flexible paid leaves are offered.

■ Every Friday, with 7.5 hours of work, employees can get off work half an hour earlier. For the business day before a 3-day (or more) holiday, employees can get off work 1 hour earlier after 7 hours of work.

Appropriation for pension reserve

MSIT/MSIT1 The employee pension benefit plans are constituted precisely and apply to the length of service for all formal employees before the implementation of Labor Pension Act in July 1, in 2005. The plans are also applied to the seniority of those who choose to fall under the Labor Standards Act after the implementation of Labor Pension Act. In the name of Supervisory Committee of Business Entities Labor Retirement Reserve, retirement accounts are opened in Bank of Taiwan.

MSIS/MSIK In accordance with the old-age insurance system in the P.R.C., the MSIS and MSIK allocate pension premium for local workers based on a certain proportion of their payroll every month. The pensions of all staff would be made overall arrangements by the government.

Welfare Allowances

MSI has an "Employee Welfare Committee" in place and offers most comprehensive welfare system for employees' life, promote the healthy development of employee both physically and mentally, and maintain harmonic labor-management relations.

Welfare item The employee health screening offers for free. The external professional training is fully subsidized.



Physical and Mental Care

MSI has mapped out a good LOHAS policy to provide the employees with services and space for relaxation.



- We have set up an employee clinic staffed with a physician from a medical center to provide health consultation and medical services.
- We have also implemented a series of tasks for prevention of occupational health hazards, first aid training, health education, health promotion, epidemic prevention, and other health management related subjects.
- All the complexes are equipped with dormitories, mobile and motorcycle parking lots, employee cafeterias, multimedia TV, microwave oven, rice steamers, coffee bar etc.
- MSIT and MSIS offer of free massage service.
- We provide friendly parking spaces for pregnant employees and employees with disabilities.

Excellent Work Environment

A safe workplace is closely associated with the occupational safety and health of the employees. To this end, MSI seeks to reduce the risks from the environment, sanitation, and safety and health through continued improvement, and provides related medical facilities to respond to emergency situations.

- MSI has an Occupational Safety and Health Committee and meetings are held at least once every quarter to implementation of workers' safety and health.

- Air conditioners, cooling towers and drinking fountains are being serviced and cleaned regularly to maintain office air quality and employee health.
- The office building implementation entrance guard control, and set up central monitoring system is controlled by security personnel monitoring 24 hours a day.
- Established the Automated external defibrillators (AEDs) for more people to respond to a medical emergency where defibrillation is required. CPR and first-aid knowledge is promoted among employees irregularly.
- MSI holds fire drills every six months, and performs "Fire Safety Equipment Checks" once a year to enhance employees' fire safety awareness.
- MSI has installed fire prevent manager personnel that will promote and implement fire safety education within the organization.

3.3 Employee development

MSI has established the management and assessment mechanisms to "choose" , "use" , "develop" , "assess" , and "keep" good people under the mindset of the overall human resources development strategy. MSI has long been investing its resources in human resources development to strengthen the competence of employees and provide a diversity of channels for the learning and growth of the employees in the technical and managerial systems of duties. Employees can continue their education through internal and external education and training programs, and have the opportunity of overseas assignment, seminars and conferences, speech meetings, and use of online learning system of the Company to enrich the knowledge in different areas of specializations. MSI will bear all the expenses incurred from employee learning.





3.3.1 Career Development

Human resource development has always been a vital force driving sustainable corporate development and innovative changes. In MSI, we provide appropriate career development planning for the employees, including the advocacy of learning new knowledge, development of a diversity of functional skills, and brainstorming for innovation so as to encourage organizational learning and knowledge reengineering, upgrading the performance of employees at work, and optimizing an organizational structure that eventually guides MSI towards the right direction of development.

● Career Development Planning

Development of potential at workplace	On-the-job training, language training, orientation, and professional training	Orientation for new employees: Once new employees have reported for duties, the online orientation program from “MSIU” will commence so that the new employees can understand human rights and related rights and privileges, intellectual property rights, information security, occupational safety and health management, corporate culture and related management programs so that they can quickly adapt to the work environment.
		Professional training: rudimentary professional training will be provided by the type of job engagement, including online system operation, quality management, and special operation by type of specialized duties.
		On-the-job training: Employees may request external training where necessary for taking external professional training programs to upgrade their professional skills.
		Language learning: MSI has entered into agreements with a number of foreign language centers for the purchase of learning materials for the employees to learn foreign languages of their choices at the right institutions so as to strengthen their competitive power at workplace.
Professional skills development	Leadership School, Sales and Marketing School, Research and Development School, Technology School, and Digital School.	The MSIU was founded in 2009 and consists of four schools of leadership, research and development, technology and sales and marketing. The curriculum is mingled with the corporate strategy of MSI. Focus training, classification by area of specialization and differentiated human resources management have been pursued with limited resources to develop professional skills in different areas of specialization. The Digital School was established in 2021 with focus on the development of digital mindset, professional knowledge and key functional skills for digital personnel, and training of good people in digital transformation.

Training by hierarchical level	Corporate culture, experience sharing, and core value	Management staff at the stage of growth will receive training in the identification with the organization through the rooting of corporate culture and buildup of core value, and proceed to the learning of experience sharing by function type and skill to lay down a solid foundation for the operation management of the Company.
Development of leadership skill	Corporate management, leadership, market analysis, strategic management	Key personnel in corporate management will receive training to develop the skill in market analysis, leadership, strategic management, and decision-making in corporate management through internal and external training programs and feedback. The Leadership School, which is designed exclusively for the executives, help to shape corporate culture and upgrade management capacity so as to develop a sound management team for assuring sound corporate governance.

■ MSIU

The five schools focused on major topics of management, research and development, technologies, business, and digitization to provide training and develop the mindset of employees by their job functions and position along the corporate hierarchy in vertical direction, and provide support and supervision on specific topics to meet the needs of the departments and task development in horizontal direction. In addition, the business units and functional departments may also request HR training function to open courses from time to time to assist the employees to learn more through reviewing what they have learned. The training offered by MSIU in 2021 and number of participants by head count:



Type of schools	Course categories*	Participants by head count
Leadership School	26	1,620
Sales and Marketing School	2	118
Research and Development School	5	193
Technology School	72	519
Digital School	5	776

*Note: additional classes will be organized for different detail-oriented topics where necessary and will not be elaborated in this context.

MSI Digital School

MSIU established the Digital School in 2021 in alignment with the global digital trend of information and supporting the training of specialized functional skills and key personnel. Customized courses are offered to employees at different levels, positions, job functions through physical classroom environments and online programs. From the orientation of new employees at entry level and the concept of digital culture, to the construct of sophisticated technological or digital mindset, and from the insight of leisure reading to the nurturing of solid skill in management, nothing could escape from the digital era. MSI hopes each and every one at the Company can keep pace with the development of MSI at the time of the revolutionary growth of the Company and never fall behind to create better performance in operation and achievement of their respective personal career objectives.

Structure of the Digital School

Theme	Digital Trend	Digital Technology	Digital Management	Digital Transformation	Digital Saloon
Targets/ requirement	Executives or seeds	By functional department required/ selected	Selected	As dictated by project	Selected
Goals	Mindset development	Skill nurturing	Planning	Advocacy of digital culture	Advocacy of culture
Related topics	AIoT, in-depth learning, 5G/6G, EVs, Edge AI...	Tableau, Power BI, Python, SEO, GA, UI/UX design, natural language, in-depth/machine learning...	Design thinking, customer road map, Agility management, data governance, data visualization...	By project	China-US rivalry, user mindset, service design mindset, big data decision-making, consumer behaviors...
Performance in 2021	109 by head count	318 by head count	67 by head count	Not offered in 2021	282 by head count

Leadership Skill Training

Courses on three major topics were offered to executives at different levels for developing key personnel of MSI in corporate management, including “industry trend and corporate development direction,” “management skills and essential knowledge,” emotion management and communication

skills.” The content of these courses help the executives to under the gravity of top-down communication and bottom-up management, and also adaptation of the junior executives to managerial positions through transformation and upgrade of mindset. These skills enable them to develop the skills of observation, hearing, guiding and motivation while leading the team to achieve the goal. The training helps to create more talents for the Company and forged teams with strong bonding to materialize the spirit of “ONE MSI.”

Industry trend and corporate development direction	The pandemic affected the whole world politically and economically at significant level, and also caused significant impacts on the supply and demand of the industry. As an executive, one should understand the changes in the global market, and how the Company should respond and develop. In addition, executive should understand the expectation of the Company of the role they are going to play under the volatile and highly competitive operation environment.
Management skills and essential knowledge	<ul style="list-style-type: none"> ■ Management responsibility and management skills ■ The techniques in screening interviews ■ Locate the right person to do the right thing and do things right with the CPAS evaluation tools. ■ Labor laws in practice ■ Integration of OKR and the effective practice of KPI ■ Work coaching and staff development ■ Coaching organization workshop ■ Workshop on making habit for success in high performance workplace ■ Financial statements and cost control, proper use of financial data to upgrade operation performance
Emotion management and communication skills	<ul style="list-style-type: none"> ■ Alleviation of pressure and emotion management ■ Employee care and supervision skills ■ Hearing and Questioning – coaching style of supervision

Training of people for internationalization

MSI sells its products all over the world. There are many employees stationed overseas, but there is also a sizable employment of local employees at the overseas subsidiaries. As a result, the training of good people for international duties will be a topic of vital concern at the corporate headquarters over the years to allow all of MSI to share the “ONE MSI” spirit for sustained improvement and growth. For this end, MSI launched a great variety of courses online, such as business and sale, marketing, law in practice, and customer service. These are the topics to be learned by personnel in performing international duties. Training courses worldwide in 2021 and number of participants by head count:





Courses	Participants by head count
Global business marketing and laws	1,651
Introduction to CND products	895
Global marketing courses	595
Global customer service training	1,667
FAE technology courses	39
Legal Affairs Series	1,231
Legal Affairs Courses in Indo-Pacific region courses	181
Business and marketing in Indo-Pacific region courses	168

In light of the high level of development in Southeast Asia, MSI treasures the employees dispatched to this region and the local employees there in their performance of work and training results. Further to the offering of additional training courses, MSI also seeks to understand the ideas of the employees in “course design, objective and quality,” and the “application to actual duties” through questionnaires. The responses as shown in the questionnaire indicated the average scoring of 4.47 points on three different categories of courses.

● The reporting period covers the average training hours for each of the employees by gender and rank (hour)

Occupational title/plant site/gender	MSIT		MSIT1		MSIS		MSIK	
	Males	Females	Males	Females	Males	Females	Males	Females
Senior executives	28.33	27.63	-	-	14.82	9.23	59.33	0
Junior executives	44.01	38.13	7.98	6.09	0.36	0.59	22.42	22.57
Ranks and files	32.88	25.04	7.31	6.36	0.01	0.02	18.15	20.47

Explanation:

- Senior executives are those in the positions of assistant vice president or higher. Junior executives are those in the positions of foreman/section chief to senior managers. Ranks and files are full-time formal employees not in a management capacity (including employees subject to performance evaluation and who receive full salaries and work in full-time).
- No establishment of senior executive at MSIT1

● Information on employee training in human rights in the reporting period

Item\Location		MSIT	MSIT1	MSIS	MSIK
		Percentage of employees receiving education and training in non-discrimination, ethics and integrity (including anti-corruption), employee rights (including human right), forced or compulsory labor, and sexual harassment in the reporting period.	Management level	88%	100%
	Ranks and files	96%	98%	100%	100%
	New employees	100%	100%	100%	100%

Explanation:

- For information on the continuing education and training of the members of the Board and senior executive of MSI, refer to the MSI Annual Report 2021.
- Education will be provided for the existing employees from time to time by e-mail or the intranet. New employees must complete related training at 100%.
- Training on human right is required for the facilities in China including the contract-based employees introduced by labor service brokers.
- The management: the ranks from foreman to Vice Presidents. Ranks and files: formal employees who are not in managerial capacity (including all personnel subject to performance evaluation and who receive full salaries and work on a full-time basis).

■ Assistance of career guidance tutor

To the invitation of human resources banks, MSI performed the role as “Be a Giver” tutors in online career development clinic in 2021. Through replying to questions raised online from time to time, MSI has helped several job searching people on the topics of resume, adaptive test, and career path. MSI has recommended 6 tutors who received 38 questions with 91 substantial feedback and 175 instance of recognition.

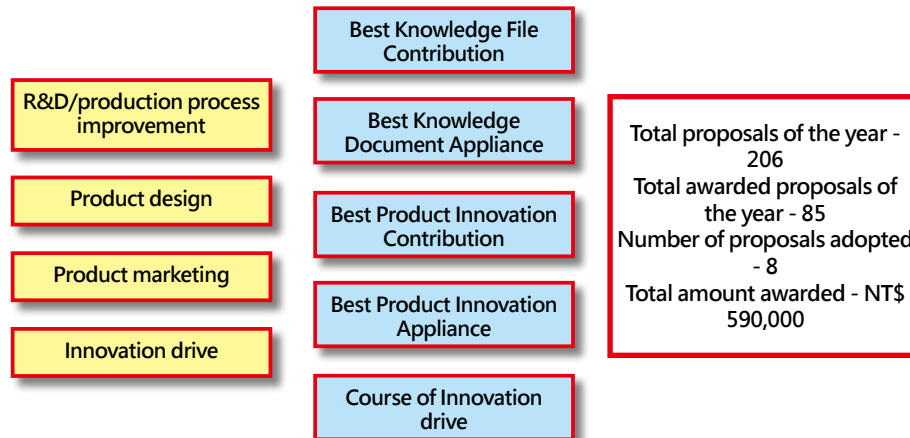
MSI is an enterprise rooted in Taiwan for many years, and has hired thousands of employees. As the leader in the international gaming sector, MSI is deeply aware of the association between industry dynamic and recruitment and development of good people. For this reason, MSI never hesitates to give advice to those who are seeking jobs, and hopes to assist the improvement of the quality of the job market in general, which is taken by MSI as a part of corporate social responsibility.

3.3.2 R&D and Innovation

In the wake of the rapid change of the technology industry, to keep moving forward is of utmost importance. MSI always encourages its employees to



develop innovative design, thought, programs or any other helpful comments, and organizes the “R&D and Innovation Boost” event once semi-annually. This event of encouragement is classified into four categories, namely, “R&D/ Production Process Improvement,” “Product Design,” “Product Sale” and “Innovation Launch.” Prices will be awarded to 150 top performers ranging from NT\$1,000 to NT\$10,000. Related function heads will act as the assessors of the proposals presented by the participants. A price will be awarded to the winners. If the innovation of design has been adopted for new products, additional reward will be granted to encourage employees to indulge in innovative mindset. The result of the R&D and Innovation Boost in 2021:



▲ The President presented awards to the winners

3.3.3 Performance review

MSI conducts employee performance evaluation twice a year, and conducts core competence evaluation based on the organizational goals set by each unit. To achieve fair performance evaluations, each employee is evaluated by at least two supervisors, including an interview with the direct supervisor to assist MSI in promoting labor-management communication.

● Distribution of the employee performance review result by gender and grade in the reporting period

Age\Gender\Grade	MSIT		MSIT1		MSIS		MSIK	
	Male	Female	Male	Female	Male	Female	Male	Female
Senior executives	96%	100%	-	-	63%	25%	100%	100%
Junior executives	109%	125%	96%	105%	86%	96%	101%	100%
Ranks and files	96%	94%	80%	94%	41%	47%	47%	53%

Explanation:

1. Based on the number of people in the evaluation under KPI at the end of the year in the reporting period (including former employees, but MSI has excluded the executives from Taiwan in the facilities).
2. Senior executives are those in the positions of assistant vice president or higher. Junior executives are those in the positions of foreman/section chief to senior managers. Ranks and files are full-time formal employees not in management capacity (including employees subject to performance evaluation and who receive full salaries and work in full-time).
3. No establishment of senior executive at MSIT1.
4. The reasons for those who cannot attained 100% in performance evaluation are leave of absence, new employees taking personal leave in less than 3 months of employment, and those who have taken more than 30 working days for sick leave.

3.4 Employee Communication

Labor-management harmony is the cornerstone of stable corporate development. For hearing the true voice of the employees, MSI has established a variety of channels and transparent platforms with the expectation of pursuing effective and boundary-free communication with the employees. MSI also keep the personal information of all employees in strict confidence so that all employees dare to express their opinions. The Company spares no effort in keeping and nurturing labor-management relations.





3.4.1 Open Channels of Communications

MSI has established an EIP platform on its intranet so that the employees can access all important notices and the information on benefits of the Welfare Committee. This helps to augment the rights and benefits employees are entitled to. The EIP website also integrates several management service systems internally to provide employees several forms of care and concern. In addition, MSI also sends the employees clippings of important news, the MSI IT Daily News, on a daily basis via Outlook to allow the employees access to important news of the latest industry trend and the industry.



3.4.2 Meeting Communications

Through different business groups, MSI engages employees in weekly, monthly and quarterly meetings to discuss the current state of business and issue major announcements. Employees are entitled to reflect opinions through available channels, and the communication provides the management with a better understanding of the current state of governance for more harmonic employment relationship.

Benefit to the organization: Solve the problems of a concern of the organization and which may affect productivity and competitive power.

Benefit to the employees: Assistance to the employees to find out and resolve the problems affecting individual performance at work such as: health, psychological problems, family, financial problems, addiction to alcohol and drugs, legal problems, emotional problems, stress, or other personal problems.

● Result of communication with employees in the reporting period

Item/plant site	MSIT/ MSIT1	MSIS	MSIK
Labor-Management Agreement	Organized quarterly	Organized quarterly	Once annually
Employee labor union	None	Yes	Yes
Percentage of employees joining the labor union (%)	N/A	100	100
Number of dispute cases in bargaining	0	0	0

Explanation: There is no labor union or representative of employees established at MSIT & MSIT1. Employees may communicate with the management through the OSH Committee, department meetings, and Employee Assistance Program. MSIS & MSIK have not entered into written agreement but coordinated through routine meetings with minutes of meeting tracked on record.

3.4.3 Channels for Employee Complaints

If unlawful practice, discrimination, environment, and health and safety at MSI become a concern, employees may engage in dialogue and communication with MSI through the Occupational Safety and Health Committee, Labor-Management Meeting, department meetings, EIP, and other channels for assurance of the protection of employee rights and improvement of labor-management harmony.

Channels for Employee Complaints	
Occupational and environmental safety email	esh@msi.com
Stakeholder email	080419864@msi.com

Prevention of sexual harassment at the workplace

To create a friendly work environment with peace of mind, MSI absolutely prohibits any form of sexual harassment at the workplace and has established the Gender Equality Committee, special hotline and exclusive email for complaints of sexual harassment, and assures the protection of the privacy rights of the parties concerned through the mechanisms of complaints. In addition, all new employees are required to receive education and training on the prevention of sexual harassment while all other employees are also

required to receive education and training on gender equality from time to time so that each and every employee can develop a proper concept of gender equality at the workplace and understand how to handle the problem and where to seek assistance. No complaint pertinent to sexual harassment has been received in the reporting period.

Location	Channels for Sexual Harassment Complaints
MSIT MSIT1	Hotline Internal Extension No.1333
	email: 113@msi.com.tw
	MSI Internal EIP website-Employee Relations
MSIS	Hotline Internal Extension No.8858
	email: carrieliu@msi.com
MSIK	MSIK Mobile APP

3.5 Healthy Workplace

The physical and mental health of employees is essential to sustainable corporate development. Apart from organizing various health management and health promotion activities for employees to improve health condition, prevent diseases and optimize personal health, we collaborate with all departments to improve the quality of workplace environment for all employees to work in a healthy and worry-free environment in order to build a happy healthy workplace.

3.5.1 LOHAS MSI

We provide and arrange comprehensive hardware and software facilities and activities to fulfill the diversified interests of employees, so that they can enjoy these in-house recreational facilities during leisure. We also encourage and fund employees to join big events, employee club activities, sports games, and cross-department gatherings. Employees can freely choose different types of activities that interest them for relaxation and enjoy a rich, healthy, and balanced leisure life after work.

● Accreditation by the Sports Administration of the Ministry of Education in 2021

There are 13 sports recreation clubs established at MSI of which 10 hold physical exercise at least once a week, such as aerobic, yoga, dancing, table tennis, and weight training, inside the facilities of MSI. There are some 20 classes weekly at noon or after work. Employees who are club members may join the activities with privileges and all other employees are free to join. Some other sports clubs like ball games, swimming, and jogging will be subsidized for using the facilities to encourage employees to participate in the activities.

Further to making physical exercise a habit, the sports clubs also organize health forums, hiking, ball games or amusement tournaments quarterly or semi-annually. Albeit the interruption of these activities under the outbreak of COVID-19, these sports help to create tacit understanding and strengthen the bonding among the employees over time. This also gives an opportunity for the employees to see the result of sports events and the improvement of knowledge in physical and psychological health.



In addition, the hiking club also organizes the climbing of the hundred mountains in a few days' trip a few times a year. The hiking team was led by an executive at the level of Vice President. Proper training was given in advance. In the decade before the outbreak of COVID-19, MSI organized the swimming across the Sun Moon Lake event every year. This remains one of the challenges to be tackled by all of MSI.

Sports and physical exercise are everywhere in MSI, which could be exemplified by the routine sports even, short-term competition, or review of result, or challenge to the limits of human beings. Several senior executives participate in these sports as examples for MSI people.





▲ Two Vice Presidents led the employees to successfully climb up Yushan



▲ Received the award from Vice President



▲ Badminton Club



▲ Dancing Club

● Employee Activities Center

MSI developed different forms of activities and facilities for the employees, including the venues for a variety of activities such as dance classroom, library, massage parlor, and gymnasium. Different kinds of sports training programs are also offered at regular intervals (such as yoga, fitness boxing, and street dancing) for employees so that they can choose the way and space for relaxation from the variety of choices to their preference.



● Employee Assistance Project (EAP)

We implemented the EAP in 2020. The project systematically integrating internal and external resources provides employees with comprehensive assistance covering emotional management, workplace stress relief, legal and medical services to prevent and relieve the work-life troubles and stress of employees. The EAP services cover work stress, emotion, finance and tax, legal and medical service, and employee care for employees to work attentively irrespective of personal or organizational influences and their family to stop worrying worry about the employee' s physical and mental health at MSI. Besides helping employees to resolve problems that affect their work performance, the EAP can bring positive benefits to MSI' s healthy workplace of.

The contact information of EAP	
MSIT & MSIT1	EAP email : eaphelp@msi.com EAP Hotline : 8585
MSIS	EAP Hotline : 8858
MSIK	EAP Hotline : 8085

3.5.2 Health Management

The objective of health management is the improvement of the awareness of physical health among the employees so that they can establish a right concept about health. This will further enrich their knowledge of health and make them more interested in health, and upgrade their notion of voluntary health management. With the idea of three levels and five grades, employees seek to prevent diseases and keep healthy, and take proper guidance and measures for health under the health belief model. They are aware of the benefit from

motion, the understanding of suffering from and the fatality of illness and behave in benefits. MSI has set up medical rooms at each plant site staffed with designated professional nursing staff to assist services and arrange medical consultation services. They also support the OSH units to prevent occupational injury due to human error and acute diseases caused by performing unusual duties. In addition, MSI also values the advocacy of health seminars, maternity protection, health improvement events, and blood donation in the long run.

● MSI Health Management Practice

Health Education	<p>Update information on epidemiology will be provided for the employees via e-mail, the electronic bulletin board at the plants, and cell phone APP in the facilities of China for the reference in enrichment of knowledge on health. This will help the employees to incline to information on health. The idea of preventive medicine was introduced through voluntary health education so that all employees can develop a healthy mode of life and value sanitation. This helps the employees to be aware of their state of health at workplace. Education on the knowledge of the latest variants of epidemics and development was provided through health education at workplace and seminars on health quarterly in response to the development of new variants of epidemics.</p>	<ul style="list-style-type: none"> ■ In 2021, five seminars on health were organized due to the outbreak of COVID-19, with 250 participants by head count. ■ 30 letters on health education ■ 71 letters on education of COVID-19
Outpatient and medical services	<p>For assuring the prevention of occupational illness, health examination, health management by category and health promotion, the medical centers at the plant sites have established outpatient clinics staffed with qualified physicians and licensed nurses to provide health counseling services. Employees may seek medical attention inside company facilities during regular work hours and save the trouble and time of seeking medical attention outside.</p>	<ul style="list-style-type: none"> ■ In 2021, the medical centers at the 4 plant sites of MSI have served 3,910 patients by head count. ■ There were 3,865 patients by head count seeking outpatient treatment at the medical centers and 133 patients by head count seeking online outpatient diagnosis. ■ There were 73 visitors by head count seeking counseling service in physical and mental health (in physical venue). ■ Under the influence of the pandemic, 88 visitors by head count sought online counseling on health.

Maternity Protection at Workplace Program	<p>MSI provides health counseling service for female employees who are in gestation and within 1 year after delivery to take care of maternity health and upgrade medical care efficiency. The counseling will be attended by professional physicians through face-to-face interview and recommendation on assigning these employees to appropriate duties will also be given. Breast feeding room is also set up at the medical center to give a private and quite environment for the female employees who need to breast feed their babies. This service has been accredited as New Taipei – Breast Feeding Room at Friendly Workplace. “MSI Baby Care Gift Sac” is arranged for the employees. The gifts are nursing care items for baby, foods, infant use scissors, and safe soup spoon.</p>	<ul style="list-style-type: none"> ■ In 2021, MSI has assisted 20 female employees in the regard.
Employee Health Examination and Risk Management by Category	<p>MSI arranges general health examination for all employees once every other year, and a special schedule for the dispatched workers and senior executives for health examination. Employees may check their personal health examination report and information on health promotion through the system, and register for related healthcare events. They may also inquire and download the health examination reports of the past years with their personal ID. Also available are articles on medical knowledge about epidemics for motivating the employees to voluntary healthcare. Related measures of health management will be provided by category of risk.</p> <ul style="list-style-type: none"> ■ Low – Health education supervision ■ Moderate – Health education supervision, recommendation for routine tracking depending on individual situations, and continue caring. ■ High – Health education supervision, request to seek medical attention and provide second inspection on the state of health, arrangement of physicians for interview with follow-up action. 	<ul style="list-style-type: none"> ■ In 2021, 215 employees received routine health inspection. ■ Health examination attendance rate at MSI plants is 99%. ■ Continue with follow-up action and caring for 1,606 employees by head count. ■ Health education supervision and interviews for 2,344 employees by head count.





<p>Health improvement activities</p>	<p>MSI advocates health improvement on the basis of the findings from employee health examination in full effort to create a healthy environment and design related activities meeting the needs. In addition, MSI arranges for vaccination for seasonal flu in the high season of flu infection in October free of charge. Employees may take vaccination voluntarily and have the prerogative of getting secondary level of protection. MSI also works in conjunction with the local communities to launch screening of the four common cancers and blood donation. MSI has received awards from the Ministry of Health and Welfare in Healthy Workplace – Health Promotion Emblem.</p>	<ul style="list-style-type: none"> ■ In 2021, there were 1,311 in the facilities of Taiwan receiving vaccination against flu. ■ 37 employees received screening of four cancers. ■ There were 176 blood donors among the employees with the collection of 69,750 CC of blood in 279 bags.
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● Medical service

Service item	MSIT	MSIT1	MSIS	MSIK	
Medical service	NHI Clinic, health counseling, preventing ergonomic related hazards management		Clinics and psychological consultation room	Clinics	
Employee physical examination	Common and special exams				
Health promotion activity	Speeches and dynamic information				
Medical professionals	Hospitalist	2	1	1	1
	Registered nurse	3	1	1	1
Number of medical service	1,481	0	1,971	458	

Note: MSIT1 has no Clinic.

● MSI Health Examination

MSI provides general health examination for all employees once every other year and for the dispatched workers and senior executives annually. Different items of inspection were arranged for male and female employees, respectively. Information on the findings of health examination of the employees is managed by the system for the employees to follow up. Information on health and new knowledge in medicine is also available so that employees can proceed with voluntary health management. The plant sites may communicate with the medical staff of MSI on health issues in real time.

Item/plant site	MSIT	MSIT1	MSIS	MSIK
Attendance rate of general health examination	100%	-	-	98.9%
Items of general health examination	<ul style="list-style-type: none"> ■ The basic items of examination were arranged under the law. Additional items will be added according to the age of the employees (Hepatitis A antibody, Hepatitis B antigen, Hepatitis C antigen, heart, gout screening, abdominal ultrasound, breast ultrasound, thyroxine, fecal examination). 		Blood test, internal and surgical inspection (blood pressure, auscultation), liver function, X ray, B-scan. Additional items by age and ranks at MSI: cardiac function, cardio-respiratory function, gynecology, cancer screening, BMD, and digestive system.	

Explanation: No general health examination has been organized at MSIT, MSIT1 & MSIS in 2021. Back examination was provided for 12 employees who could not take the examination in 2020 at MSIT at 100%.

Items	Advanced health examination	Health examination before dispatch	Health examination for dispatched personnel	Special health examination *
Number of employees	77	18	62	58

Explanation: According to the "Technical Specifications for Occupational Health Surveillance" of China, special health examination should be provided for employees exposed to noise, dust powder and radiation in performing the assigned duties. The result of the examination indicated normal for all.



▲ Health Promotion Activity – Cancer screening

▲ Flu vaccination

▲ Repeated training for first-aid staff



▲ Seminar – muscle building and fat loss

▲ MSIS blood donation

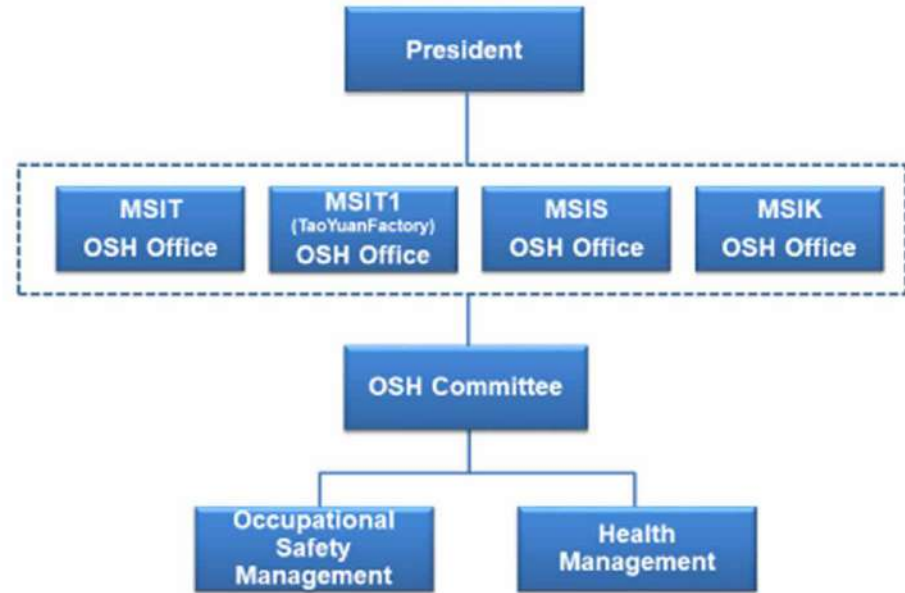
3.6 Occupational Safety and Health

People are fundamental to MSI in sustainable development and are also the precious intellectual capital of MSI. MSI implements effective occupational safety and health measures to improve the health and safety of all employees, create a healthy and friendly workplace, and to properly manage the contractors in order to create common value for the goal of common prosperity.

3.6.1 MSI Occupational Safety and Health (OSH)

Organization Structure

MSI has been committed to promoting occupational safety and health (hereinafter referred to as OSH) management. Through internal control management, MSI fully implements the OSH management system regulations and occupational safety management requirements of internal departments; compliance inspection is conducted regularly at the request of OSH laws, clients, or stakeholders. MSI is also constantly working to improve the OSH management at each operating site. The Employee Code of Practice and OSH Code of Practice describe worker's relevant health, sanitation, and safety rights and interest; the Occupational Safety and Health Committee is set up, in which labor representation accounts for more than one half of the committee. Through the supervision and implementation of the management system, the ISO 14001 & 45001 Certification obtained to achieve the goal of continuous improvement.





● List of OH&S management items during the reporting period

Item	Measures
Legal identification	Periodic identification of applicable laws and regulations to verify the state of legal compliance. <ul style="list-style-type: none"> ■ OH and S management applicable laws and regulations: 266 items ■ Fire prevention management applicable laws and regulations: 33 items ■ Food hygiene management applicable laws and regulations: 128 items ■ Environmental protection applicable laws and regulations: 219 items
Management systems and procedures	<ul style="list-style-type: none"> ■ Established 174 documents for safety and health management procedures reviewed annually. ■ ISO 45001 OH and S management system: Completed full training for occupational safety and health management personnel and third-party system verification.
Education and training	<ul style="list-style-type: none"> ■ Worker safety and health training for compliance with the safety and health laws and regulations and meeting the emergency response needs. ■ Fire safety, emergency evacuation, traffic safety and first-responder training. ■ OH and S education/training courses for new employees.
Hazard identification	Identification of safety and health hazards in the operating environments and job contents: 3,205 rounds.
SOP revision	Changed 33 SOPs, causing 0 hazard or close call incident.
Contractor management	Contractors completed 202 high-risk projects, causing 2 hazard or close call incident.
Work environment monitoring	Physical and chemical tests are implemented every year in areas with possible hazards in workplaces (e.g., laboratories, maintenance areas, office areas, etc.) categorized according to the similar exposure group (SEG) concept. In addition, although lead-free tin wires are used in production, we still include lead and tin monitoring to ensure the worker's health.
Audit and improvement	A total of 353 improvement items were recommended during the reporting period, and all were completed by the required time-limit.
Prevention of occupational hazards	Analyze the cause of injury to the employees and rectify the defects for improvement to reduce occupational hazards. In the reporting period, traffic accident remained the primary cause of employee injury at MSI. Mobile inspection has been conducted at the end of the year to assure no wear of tires of the motorcycles used by the employees. The seminar cannot be held as usual under the pandemic. Seminar on road and traffic safety will resume when the pandemic is under control.

Note:
 1. A worker is a person who performs work, including staff and non-staff members engaging in occupational safety and health management work.
 2. Non-staff members generally refer to contractors, including suppliers, outsourced service providers and contractors.

● Boundary of the occupational safety and health management of the workers in the reporting period

Item/type of control	Duties under the control category of MSI	Duties beyond the control category of MSI
Boundary of workplace under MSI control	Employees, contractors (frequent visitors to MSI facilities)	Contractors (outsourced construction)
Workplace beyond the control of MSI	Employees (business trips, work from home), contractors (exhibition firms)	Suppliers (manufacturers of peripheral products)

Explanation: 1. N/A This refers to duties or workplace not directly associated with MSI or in the absence of agreements. 2. Contractors include performers of outsourced cleaning, security, and construction at plant sites.

● Number and ratio of workers and total work hours within the occupational safety and health management system in the reporting period.

Item/plant site/ gender	MSIT		MSIT1		MSIS		MSIK	
	Employees	Contractors	Employees	Contractors	Employees	Contractors	Employees	Contractors
Calculation of the standard population	2,392	527	427	92	Information on the employee population is not provided under the restriction of the non-disclosure clause of agreements with the customers.			
In proportion to the plant site	81.9%	18.1%	82.3%	17.7%	89.0%	11.0%	86.8%	13.2%
Total work hours (hour)	4,709,936	240,288	1,017,597	39,360	8,319,944	1,306,800	17,317,889	937,632

Explanation:
 1. Calculation of the standard population: (total number of employees in each month)/12, and take the mean value (round to the nearest integer). Calculation is not the same as in [3.1 Employee Outlook].
 2. Calculation of total work hours: (number of employees in each month * number of working days in each month * 8 hours). Take the figures of the summation of 12 times (total of the year).

3.6.2 Risk Control and Disaster Prevention

Qualified safety and health management staff will identify and evaluate the possibility, frequency and severity of the occurrence of each type of occupational hazard and also proceed to risk assessment of the hazardous factors at different levels of severity subject to the review of the environmental safety and health function. Unacceptable risks will be kept under control. Hazardous tasks bearing unacceptable risks will be subject to control with the setup of goals for improvement with routine tracking of the progress. This will



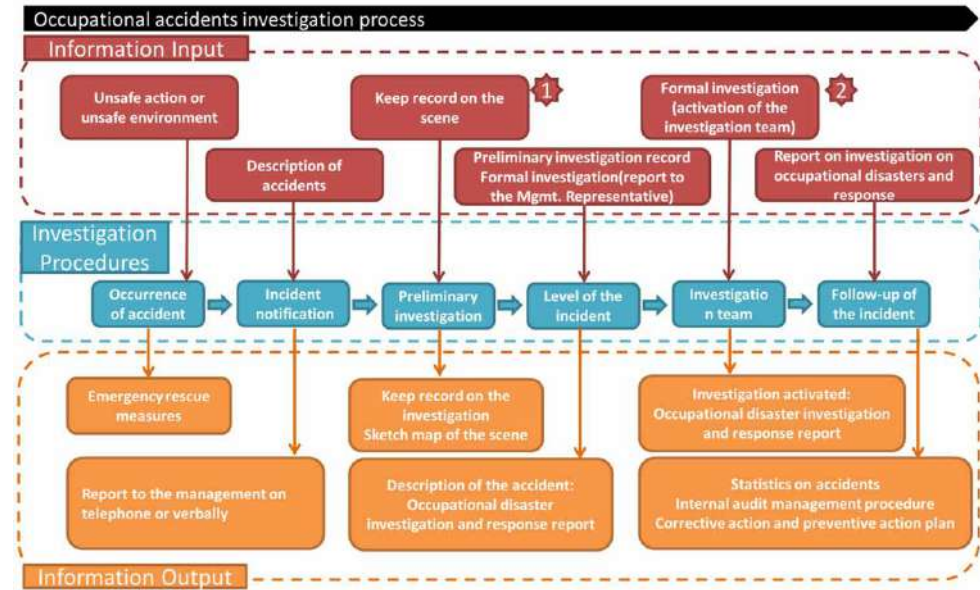
help to eliminate the potential occupational hazards at the workplace.

MSI has instituted related rules and regulations for the investigation of any incidents of the workers pertinent to occupational safety and health at the workplace with follow-up actions after the incidents. MSI will determine damage and occupational injury on the basis of the content of the accidents and will launch corrective action plans after the report on the findings of the investigation. The environmental safety and health management function will continue to monitor and follow up the progress to reduce loss caused by the accident and prevent the recurrence of the same accident.

Control type	Control measures
Chemical substances	Selection of chemicals of low hazard and manage by origin for assurance of the safety of the plant site and the employees.
Occupational hazards	Propose suitable and qualified persons for this kind of duty and provide individual education and training by type of duty. Provide suitable personal protective gear, physical examination on occupational diseases, health management, and monitoring of the operation environment.
Machinery and equipment	Evaluate the safety and reinforce the protection measures of equipment.
Electrical equipment	Conduct inspection on electrical equipment from time to time to prevent non-conformity before it occurs.

The operation risk inspection checklist is shown below. High or very high risk refer to big tin melting pot, reflow furnace, chemicals warehouse, and carrier cleaning room.

Plant site/ category of operation risk	Low	Moderate	High	Very high
MSIT	395	8	-	-
MSIT1	1,265	57	-	4
MSIS	561	138	31	-
MSIK	4,202	163	-	-



1 Identification of disasters:

- Occupational disasters:** Diseases, injuries, disability or death of the workers caused by the building, machinery, equipment, raw materials, materials, chemical substances, gas, steam, dust or operation, or other occupational causes.
- Damage-causing disasters:** Occupational causes as defined by the above occupational disasters without causing human injuries but causing property damage, and damage to the work environment.
- False alarm events:** Incidents that cause no property damage or human injuries, diseases, or death.

2 Risk Assessment Matrix

Risk level		Risk scoring	Countermeasures
Class 4	Extreme high risk	≥ 320	The OSH function shall determine if it is necessary to halt the operation depending on the status of work and launch a full review of the protection measures being taken and the hardware, and proceed to corrective action at once and put follow-up management on the list.
Class 3	High risk	$160 \leq \text{scoring} < 320$	Establish corrective action plans, review the protective equipment and revise related work process. Intensify the training of personnel and refer to monitoring and control. Where necessary, put follow-up management on the list and keep track at regular intervals.
Class 2	Moderate risk	$50 \leq \text{scoring} < 160$	Stay with current practice of operation or evaluate to introduce additional protection measures. Related functions should organize training for corrective action on their own.
Class 1	Low risk	< 50	Acceptable risks.





3.6.3 Education, Training and Promotion

MSI makes employees aware of the hazards at the workplace and know about the prevention of hazards through lectures, promotional posters, email, and the intranet on health and safety. Further to the routine education and training on health and safety and also fire safety, employees may also engage in communication with the management on safety and health through email and the channels for complaints on occupational health and safety to nurture the culture of safety.

● Education and training in health and safety for the employees in the reporting period

Employees' health is critical to MSI, which is why we have taken the extra step to implement, maintain and manage our safety and health measures. The MSIT&MSIT1 convenes "Occupational Safety and Health Committee" meetings whereas MSIS and MSIK organize "Employee Meeting" to promote employees' awareness. MSI employees involved in special, high-risk operations are required to undergo special health checks.

Item	Course yitle	Total hours				Objects
		MSIT	MSIT1	MSIS	MSIK	
Training in occupational safety and health and courses in common knowledge of hazardous substances	New employee consensus training	1,176	3,624	15,600	52,392	New employees
Education and training in safety and health for current employees	Occupational safety and health training	6,999	42	3,831	2,760	Employees
	Safety and health training for executives	62	12	110	86	Sales executives
Environmental education	Environmental education	-	81	206	2,760	Employees
Traffic safety	Lectures on promotion of new traffic laws	-	21	1,926	-	Employees
	Motorcycle safety across the plant site	125	-	-	-	Employees

● Education and training in safety and health for the contractors in the reporting period

MSI has instituted the regulations governing occupational safety and health and operation of the contractors thereby contractors are required to observe applicable laws governing occupational safety and health and the rules and regulations of MSI. Only the contractors who have completed the education and training of MSI in this regard will be qualified for admission to work inside MSI facilities. There is no incident of occupational hazards that caused fatality to the contractors in all locations of MSI in the reporting period. Likewise, there is no disability or occupational illness to the contractors when performing duties at the facilities of MSI. There are 4 cases of false alarms and 4 cases of disability at the Taipei headquarters. MSI responds in the procedure the same as events occurred inside the company and review for corrective action to avoid the recurrence of the incidents. These cases are included as a part of the teaching materials in the training and education of the contractors. For the contractors stationed at the facilities of MSI, training on occupational safety and health will be provided. In addition, MSI will urge these contractors to pay attention to the working condition of their employees to comply with local labor laws. The content of training in occupational safety and health of the contractors in the reporting period is shown in the table below.

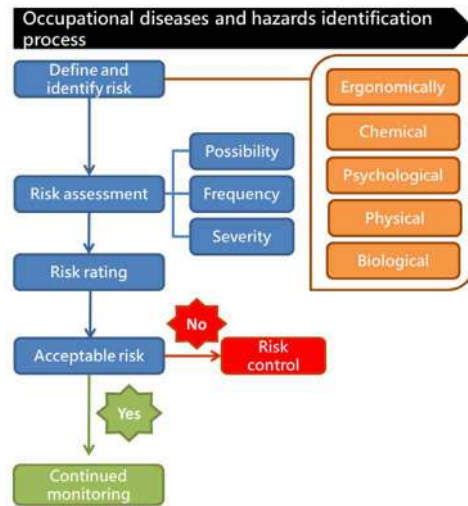
Item	Course title	Number of the attendance				Total Hours				Objects
		MSIT	MSIT1	MSIS	MSIK	MSIT	MSIT1	MSIS	MSIK	
Safety, health and fire-fighting training	Safety, health and fire-fighting management educations	460	82	486	68	230	82	486	136	Resident contractor
	Resident contractor education training	45	12	N/A		67.5	12	N/A		
	Resident contractor internal meeting	45	12	N/A		22.5	12	N/A		
Working safety promotion	Working safety promotion for worker	460	401	115	2,204	230	67	115	2,204	Special operation contractor
Food sanitation and safety	Food sanitation and safety	13	N/A	280	49	13	0	280	293	Resident restaurants supplier

Note: MSIT1 had no employee canteen and thus did not need food hygiene and safety courses.



3.6.4 Occupational Health Service

MSI started its transformation of health at the workplace in 2010 with the creation of a friendly and healthy workplace as the top priority. A medical room has been established at the plant site housing a clinic for employees. Qualified physicians from medical centers provide health consultation and medical attention services, and help to launch occupational disease prevention management, emergency rescue and first-aid, health education, health promotion, epidemiology and prevention, and related health management works to promote different method of health promotion and create the culture of a healthy workplace. MSI also seeks to discover the possible causes of occupational diseases through the procedure for identification of occupational hazards and include the findings into health management. Employees and stationing contractors may seek related consultation at the medical room during working hours, and may also seek referral treatment once diagnosed by the resident physicians as needed.



3.6.5 Result of Occupational Safety and Health Management

MSI has established the "Occupational Safety and Health Committee" and the "Occupational Safety and Health Email" as the principal channels for communication with the workers participating in occupational safety and health management for the protection of the occupational safety of the workers and compliance with applicable legal rules governing environmental protection and labor safety and health. Workers may communicate with the management

through the liaison window, email, employee representatives of their respective departments, or the committee. MSI has also established the procedures for the timely reporting of any hazards or false alarms in occupational safety by the workers. In the event of occupational accidents or an accident is imminent, workers may stop the operation and evacuate to a safe place in accordance with the procedures for responding to emergency and related requirements of MSI on condition that the safety of other workers remains unaffected, and report to management at once. MSI will act in accordance with the Service Regulations, and thereby will not take any unfavorable actions against the workers who absent from their work for safety.

● Work Safety Management in the reporting period

In an attempt to enhance safety and health and prevent occupational hazard in construction projects, we have assigned suitable supervisors, depending on the nature and size of the project involved, to supervise, audit, inspect and perform random checks on project, and thereby minimize chances of accident and pollution.

Principal items of work safety management:

1. Notice of operation hazards and review of application for work.
2. Special operation such as hot work, work at high altitude and confined space, with suspension devices, suspension cages. The safety of the above works must be confirmed in advance with on-the-site inspection from time to time.

Item/Location	MSIT	MSIT1	MSIS	MSIK
Number of internal audits at the plant	100	157	485	1,632
Number of nonconforming cases	151	3	7	71
Number of cases improved by corrective action	151	3	7	71
Improvement rate	100%	100%	100%	100%





● Number of general occupational injuries and traffic accidents to the employees in the reporting period

Statistics on occupational safety and health management performance compiled in the reporting period indicated that there is no significant increase in the cases of occupational injuries as compared with the previous reporting period. MSI will continue to promote the 3 levels of safety education and training to alert the employees of the hazards. In the area of traffic accident, the number of cases occurred during the morning and evening rush hours fell significantly as compared with the previous period. MSI will continue the education of the employees on road and traffic safety (refer to 3.6.3, education, training and promotion). Further to the reminders of special road sections, MSI also reminds the employees of routine maintenance of motorcycle tires and braking system to reduce the recurrence of traffic accidents.

Item/plant site/ gender	MSIT		MSIT1		MSIS		MSIK	
	Males	Females	Males	Females	Males	Females	Males	Females
Number of occupational injury cases	1	0	3	1	6	0	7	0
Traffic accident cases	5	8	3	4	1	0	1	0

Explanation:
General occupational injury: recovered within 6 months.

● Statistics on employee disability and injury in the reporting period

The annual objective of the disability injury frequency rate and disability injury severity rate has been set for management purpose (see the table below). The result of implementation:

1. MSIS failed to meet the target. The area falling behind the objective is subject to special control for the proper implementation of occupational safety and health work.
2. MSI Group has achieved the goal.

Item/plant site/gender	MSIT	MSIT1	MSIS	MSIK	Total
Target value of Disability Injury Frequency Rate (FR)	0.24	0	1.5	0.9	-
Target value of Disability Injury Severity Rate (SR)	10	6	7	6	
Total number of loss	1	4	6	7	18
Total number of day loss	0.5	4	87	116	207.5
FR	0.21	3.93	0.72	0.40	0.57
SR	0	3	10	6	6
Total work hours (hour)	4,709,936	1,017,597	8,319,944	17,317,889	31,365,366

Note to the equation:
 ■ Base day for the statistics on employee population: December 31 2021
 FR= disability injury frequency x 1,000,000 work hours / total work hours lapsed (round to the 2nd decimal place)
 SR= number of day loss caused by disability injury x 1,000,000 work hours/ total work hours lapsed (round figure)
 Explanation: no severe disability injury to the employees (disability injury last for more than 6 months). Most of the injuries were cuts, being caught in clamps.

There is no general disability injury and severe disability injury to the contractors in the reporting period. There is also no report on occupational illness or occupational injury or fatality of workers.

3.6.6 The Participation, Consultation, and Communication with the Workers Pertinent to OSH

MSI has established the "Occupational Safety and Health Committee (OSH Committee) for maintaining the environmental quality of MSI, protecting the workers in a safe work environment, and complying with the requirements of occupational safety and health under applicable legal rules. We encourage all employees voluntarily participate in and pursue matters pertinent to occupational safety and health, and hope each and every one can assume the responsibility of occupational safety and health in order to merge into the OSH management system. MSI promises all operations are conforming to the requirements for the protection of employees, customers, and the surrounding environment. In addition, for the effective evaluation of implementation performance, MSI calls for an OSH Committee meeting quarterly and conducts internal and external



audits at regular intervals of the year. The audit findings will be used for revising the mode of management and implementation strategy for achieving the goal for the performance of the continued improvement of occupational safety and health management.

● **Participation, consultation, and communication with the employees in the reporting period**

Item/Location	MSIT	MSIT1	MSIS	MSIK
Labor union	- *		V	V
Union representatives	- *		Li, Fang	Yu, Sen-Sheng
Contact of union representatives	- *		Extension: 8890	Extension: 8061
Number of labor representatives at OSHC (A)	36	16	46	27
Total members of OSHC (B)	44	27	87	43
Ratio of labor representatives at OSHC (%) (A/B) * 100%	81.82%	59.26%	53.87%	62.79%
Ratio of the rights of the freedom of association and collective bargaining (%)	100	100	100	100
Number of violations against the employee freedom of association and collective bargaining	0	0	0	0
Health and safety topics	1. Workplace Monitoring 2. Traffic Safety Promotion 3. Safety and Health Risk Management 4. Health Promotion 5. Mechanical equipment protection		1. Occupational Safety 2. Fire Equipment Management 3. Chemical Management 4. Machinery Equipment Protection	1. Electrical Safety 2. Fire Equipment Management 3. Chemical Management 4. Food and Beverage Sanitation
Accredited with the ISO 45001 in occupational health and safety management	V	V	V	V

Item/Location	MSIT/MSIT1	MSIS	MSIK	
Channel for labor-management consultation	OSHC	V	V	V
	Departmental meetings	V	V	V
	Labor union	- *	V	V
	EAP	EAP email: eaphelp@msi.com MSIT EAP Hotline: 8585 MSIS EAP Hotline: 8858 MSIK EAP Hotline: 8085		
Channels for complaints	Audit Office Reporting Mailbox and Extension			
Labor-management consultation frequency	OSHC	Once quarterly		
	Departmental meetings	Irregular		
	Labor unions	- *	Irregular	
	EAP	Any time		
	Channels for complaints	Any time		

- * There is no labor union and labor representatives at MSIT&MSIT1. Employees may communicate with the management through OSHC, department meetings, EAP and other channels.







msi[®]

4. Product Value



4. Product & Service Value

Material topics in this chapter		Product responsibility, supply chain management, and customer service management	
The meaning of material topics to MSI		The effort of MSI in environmental management aims at reducing the depletion of natural resources from product life cycle and mitigation of possible impacts of products on the environment. MSI acts in compliance with reduced use, recycling for regeneration and repeated use to mitigate the impact on the environment and enhance its competitiveness in market. MSI also upgrade its quality in product maintenance and warranty service to allow for positive experience after the sale.	
Material Topics		Product liability	Supply chain management
The purpose of the material topics		In responding to climate change and the health and safety risk of the customers, MSI provides green products and recycling, and energy saving solutions for the customers, and secures the opportunity of improving the mode of operation.	As a leading enterprise in gaming, MSI will make responsible purchase of materials in transparency, and work in cooperation with the suppliers so as to upgrade their product quality, understand their production, employees and environment to show its positive influence on the suppliers. MSI will work hand-in-hand with the suppliers to move towards the goal of economic, environmental and societal sustainability.
Management of the material topics	Policy	The updates version of Energy Star for computer standard, the ErP in energy related product ecological design in the EU, and observing the rules and regulations of respective countries in environmental protection.	Corporate Social Responsibility Best-Practice Principle, Requirements of Corporate Social Responsibility, and Regulations Governing Conflict Minerals.
	Commitment	Assure product performance management in conformity to applicable rules and regulations and standards with improvement of product performance level and reduce carbon emission from energy consumption. Assure the selection of parts and components with lower level of carbon emission for products, and increase the use of recycled materials, reduce the weight of packing materials, reduce the use of poisonous substances, and change the means of design.	MSI promises to include the sustainable development indicators of environment, labor, human right, and social impact in the selection and assessment of suppliers, and motivate the suppliers to assume the responsibility of sustainable corporate management with incentive and sharing to wield the influence of MSI.
	Goals and targets	Ongoing accreditation with the Energy Star or the CE standard of the EU.	<ul style="list-style-type: none"> ■ Environmental and social audits on the suppliers from time to time. ■ Advocacy and signing of suppliers for confirmation of meeting the requirements of corporate social responsibility. ■ Ongoing investigation and declaration of responsible minerals.
	Management Approach	<ul style="list-style-type: none"> ■ Upgrade the average efficiency of external power supply. ■ Apply at least the 80plus bronze award standard for internal power supply. ■ Introduce the energy efficient circuit design of chip makers. 	<ul style="list-style-type: none"> ■ Audit, visit, and questionnaire survey on the suppliers from time to time to identify the risks to the environment and the society. ■ Routine disclosure of responsible minerals investigation result and signing of conformity declaration. ■ Request suppliers to make continued improvement of the concerned sustainability indicators.
	Responsibility and Resources	R&D Division, other business units	Administrative Division, Materials Division, Quality Assurance Division
	Grievances Mechanisms	<ul style="list-style-type: none"> ■ E-mail for communication with stakeholders: 080419864@msi.com ■ Product Service Hotline in Taiwan: 0800-018-880 	
	Outcome of the Reporting Period	<ul style="list-style-type: none"> ■ Accredited with Energy Star. ■ Accredited with CE standard of the EU. 	<ul style="list-style-type: none"> ■ Completion of Assessment Mechanisms of new suppliers. ■ Completion of Signing the Sustainability Clause of new suppliers. ■ Completion of conflict minerals and cobalt metal due diligence investigation and declaration. ■ The findings from the audit on suppliers indicated no environmental and social incidents of significant impact.



4.1 Product Sustainability

As countries become increasingly aware of the environmental impact of production activities and emphasize producers' responsibilities, companies must also take environmental protection into consideration while developing new technology. Therefore, MSI actively promotes environment-friendly product design and green supply chain management system, while at the same time taking the initiative to collaborate with business partners on green product development and in doing so mitigate or even improve environmental impacts throughout the product life cycle.

4.1.1 Adaptation to Environmental Impact

In recent years, there has been increasing attention from around the world towards environmental performance of the manufacturing industry, which manufacturers have responded by incorporating environment-friendly elements into product development. This ongoing call for lower resource consumption and lower environmental impact throughout the entire product life cycle has kept motivating MSI to systematically incorporate environmental concerns into product design and development. MSI has incorporated "Reduction Hazardous Substances Reduction", "Energy and Resources Saving", "Ease of Disassembly/Recycling" and "Waste Reduction" policies into the project development workflow. By emphasizing on Reduce, Recycle and Reuse (3R), we aim to minimize environmental impact of our products and improve market competitiveness as a result.

Reduce	Recycle	Reuse
<ul style="list-style-type: none"> ■ Upgrade product performance ■ Reduce the types of packing materials ■ Reduce the use of packing materials ■ Mitigate toxic impact on the environment ■ Reduce carbon emission through reduced transportation 	<ul style="list-style-type: none"> ■ Introduce recycled plastics and pulp from market after consumption ■ Reduce the use of composite materials ■ Easy decomposition for recycling 	<ul style="list-style-type: none"> ■ Module design of product ■ Repeated use of packing materials (e.g., pallets, transfer bins)

MSI takes sound quality service and environmental protection strategy into consideration in marketing planning, and adopt the virtual community mode of online communication in high proportion to reduce cost and achieve better performance. This also helps to reduce the consumption of paper and supplies which are otherwise required for offline physical marketing activities. MSI maintains close and instantaneous interaction with the consumers and understands their needs, and can provide the heartiest service. MSI provides environmentally friendly design and considers of the paperless environment by adopting QR Code application in all aspects of its operation, including product catalogue and promotional materials. By scanning the QR code with mobile devices, users can quickly access detailed information on products and services. This helps to reduce the consumption of paper and ink substantially, and is also an input to carbon reduction at the global level, and an effort to project the brand image of environmental protection.

At the product end, the majority of the languages used in the instruction manual were digitized to reduce the consumption of paper, which eventually helps to reduce tree cutting and the impact of greenhouse gas.

For the color packing and external carton of products, MSI elects to reduce the consumption of ink and full screen four color printing. MSI uses green soybean and green ink to reduce pollution of the environment. The single color printing was adopted for the printing of the packing of notebook computer, desktop computer, monitors and related items incrementally. Effort has also been made to reduce the consumption of paper for the packing. Paper pulp that could be recycled at 75–100% was used as the basic material of the boxes.

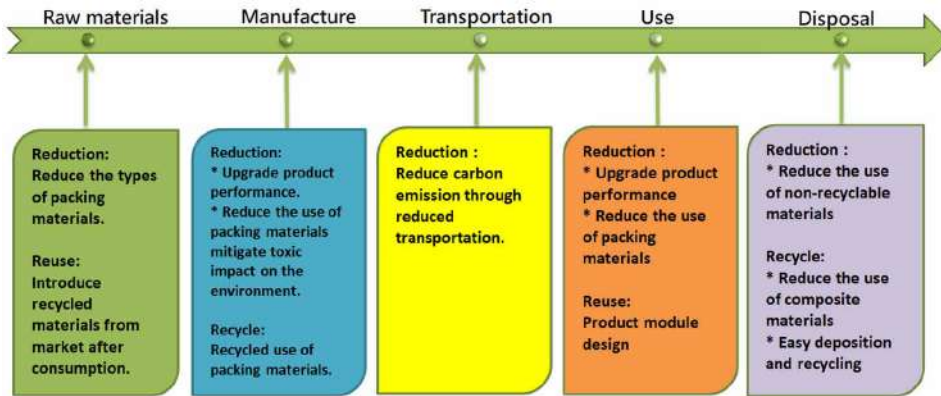
● Eco-design thinking and analysis of product design

In consideration of economic and technical feasibility, MSI evaluates the life cycle of products under the mindset of product life cycle. The objective is choosing products and services that cause the least impact on the environment, and upgrade the friendliness of products to the environment and society as a whole.





Item/ Boundary	Materials	Manufacture	Transportation	Use	Disposal
Target	Reduce hazardous substances	Optimize production technologies	Optimize logistic management	Enhance energy/ materials efficiency	Optimize waste management
Strategy	<ul style="list-style-type: none"> Use eco-friendly materials (e.g., halogen-free materials) Use recyclable materials Ban halogen-containing flame retardants on monitor cases and stands 	<ul style="list-style-type: none"> Use green production technologies. Simply production processes Reduce waste in production processes 	<ul style="list-style-type: none"> Use re-usable packaging materials Enhance transportation efficiency Plan transportation vehicles Shorten transportation distance 	<ul style="list-style-type: none"> Reduce product energy consumption Reduce materials use and adopt modular design 	<ul style="list-style-type: none"> Reduce waste from packaging materials Reduce waste from the product Enhance recyclable proportion Safe for incineration or landfill



● Statistics of environmental impact management and measures in the reporting period

Goals	Aspect	Management measures	Goal achievements	Objective in the future
Reduction hazardous substances reduction	Reduction in the use of hazardous substances	All raw materials are subject to RoHS standards and Euro REACH of prohibited and restricted substances management.	All meet the requirements.	Make continuous of restricted substances management.
		Conduct hazardous substance management on the MSI Green Product Management Platform (GPM).	10,786 approved parts has been completed, a total of 170,767 transactions have been completed.	Make continuous of hazardous substance management by GPM every year.

Goals	Aspect	Management measures	Goal achievements	Objective in the future
Reduction hazardous substances reduction	Compliance with IECQ/QC 080000	The global waste/resource recycling regulations have been established, and the "MSI Standard for Environmentally Friendly Products-11st Edition" has been published and included in the requirements for management.	Identify and manage 389 hazardous substances; Obtain IECQ/QC 080000 certification. Assess product conformity and implement risk management according to the EN IEC 63000:2018 harmonized standards.	Make continuous import the identification results into the MSI management specification by annually.
		The product outer packaging box is only available in 5 sizes, avoiding over-packaging and increasing the carrying capacity by about 3%.	All meet the requirements.	Assess the possibility of optimizing the carrying capacity.
Energy and resources saving	Reduce energy consumption and carbon emissions	Increase the average efficiency of external power supply conversion from 88% to 89%.	The external power supply compliance with efficiency level VI	Evaluate the possibility of optimizing the average active efficiency of the conversion.
		At least 80plus bronze medal products are adopted in internal power supply products, which is 2% more efficient than 80plus white power supply series.	All meet the requirements.	Make continuous use the 80plus specification's product.
		Reducing the utilization rate of composite materials and use a single or compatible material plastics to increase the plastic recycling rate.	Plastic recycling rate of 90%	Improve plastic recyclability to 92%.
Ease of disassembly/ recycling	Resource recycling	The materials of plastic and paper packaging materials are labeled for recycling.	100% complete labeling.	Make continuous labeling.
		Reduction the proportion of parts in products, which are mainly treated by incineration or landfill.	The proportion of such materials has dropped from 5% of the total weight of a product to less than 2.5%.	Make maintaining incineration or landfill materials accounts for 2.5% of the total weight of the product.
		The global waste/resource recycling regulations have been established, and included in the requirements for management.	The "MSI Standard for Environmentally Friendly Products-13st Edition" has been published.	Make continuous update.
Waste reduction	Regulatory impact	Recycling rate of related electrical and electronic equipment of MSI during the reporting period which is superior to 80% set out in the EU WEEE Directive.	Recycling rate >90%	All meet the WEEE requirement.

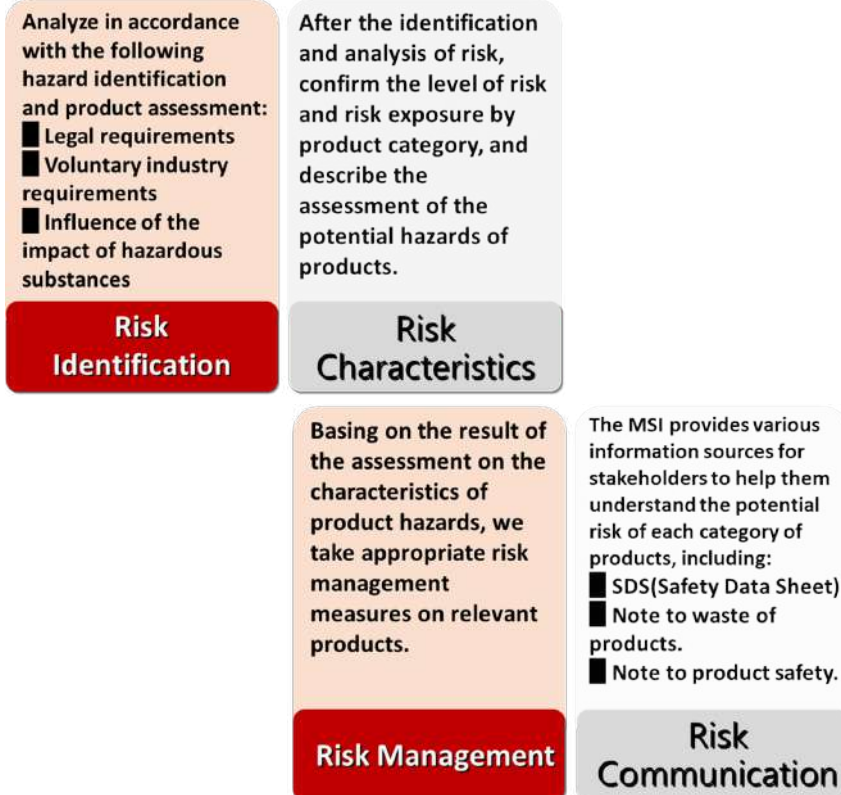


4.1.2 Product Responsibility

As always, MSI aims at providing high quality products and services. Through the establishment of the internal procedures and review process, MSI spares no effort in advocating "Production Responsibility Management", thereby providing safe product liability guarantee with peace of mind through reliable quality and fortified protection of personal information. These measures allow for sustainable consumption and brand value upgrade.

4.1.2.1 Evaluation of Product Safety

We address potential safety risks of our products in four steps: "Hazard identification", "Risk characterization", "Risk management" and "Risk communication".



4.1.2.2 Product Review Mechanism

Evaluation	Applicability	Management	Measures implemented	Result in the reporting period	Objective in the future
Safety	MSI products and components	New product design procedures	EMC & Safety & RFI Design & Verification procedures, Green new product development operation procedure, New Product Design procedures, Packaging approval operation procedure, Green product management procedures, Green product control specifications, green part approval regulations, eco-design instructions, environmental aspect management procedures.	100% meets the requirements of customers and regulations in global regions, achieving the goal of enhancing product competitiveness.	Continue to provide high-quality products characterized by "low pollution", "low energy consumption" and "high safety" to prevent products and services from being penalized.
Health		GPM(Green Product Management) Platform			
Environmental					
Personal Information Protection	All customer service	Customer privacy and personal information protection measures	<ol style="list-style-type: none"> Announcement of privacy policy over the website Establishment of breaches of personal information and processing control mechanism Enforcement of information party's rights through enhanced procedures Processing personal information legally with the Users' consent Personal information handling and store requirements Personal privacy protection measures Signing of personal information contracts with 3rd-party information handlers Appointment of accountable units 	MSI did not receive complaints regarding violation of client's privacy right and/or loss of clients' information.	Protect privacy and security of customers' information during processing and exchange, and thereby avoid possible lawsuit.





● Statistics of product safety assessment and performance in the reporting period

Impact Categories	Applicability	Assessment Item	Content	Result in the reporting period	Objective in the future			
Safety	Computer system	Safety	Electromagnetic, safety, radio frequency	<ul style="list-style-type: none"> Conformity to legal requirements. Completion of product safety labeling. 	Continued conformity to legal requirements.			
	Equipment terminals	HDMI	Hardware terminals safety					
		USB						
Health	Components	Hazardous substances management	Environmental hazardous substances management	<ul style="list-style-type: none"> Conformity to legal requirements. Continued reduction of hazardous substances. 	<ul style="list-style-type: none"> Continued conformity to legal requirements. Update "MSI Standard for Environmentally Friendly Products" 			
	Batteries	Waste batteries						
	Components	CSCL						
		REACH						
		POPs						
	Package materials	PPW						
Environmental	Package materials	Packaging labeling	The waste disposal and recycle rate after product using.	<ul style="list-style-type: none"> Conformity to legal requirements. Declaration of dumps in conformity to local requirements of the place of production. Completion of product materials and dump recycling labeling. 	<ul style="list-style-type: none"> Continued conformity to legal requirements. Continued registration and declaration of recycling of waste. 			
	Computer systems	WEEE						
	Package materials	PPW						
	Batteries	Waste batteries labeling						
	Computer system	ErP				Energy efficiency requirements	<ul style="list-style-type: none"> Conformity to legal requirements. External accreditation of products. 	<ul style="list-style-type: none"> Continued conformity to legal requirements. Continued voluntary inspection and testing and declaration of product performance.
		Energy Star						
CEC								
DOE								
MEPS(GEMS)								

4.1.2.3 Products Energy Efficiency

Through eco-design analysis and product carbon footprint inventory, we found that the main stage of carbon footprint in our products lies in energy consumption during user operation. Our response to this issue is to use technologies currently available to improve energy efficiency, starting from the product design stage. In hardware, product energy efficiency can be achieved through using high-efficiency materials and components. In software and firmware, efficient energy can be achieved through scenario-based power management. Effective management can not only reduce power consumption, but cut down product carbon footprint.

The table below shows the energy efficiency of MSI laptop, desktop and AIO products during the reporting period.

Product Categories	Model	E _{TEC} * Calculation **		E _{TEC} Max Calculation **		Average E _{TEC} saving (%)
		(kWh/year per pic)	(GJ/ year per pic)	(kWh/ year per pic)	(GJ/ year per pic)	
Notebook Computer	MS-13P2	16.34	60.458	29.28	108.336	44.19%
	MS-14DL	24.06	89.022	33.94	125.578	29.11%
	MS-17M1	38.8	143.56	85.43	316.091	54.58%
Desktop Computer	MS-B0A1	29.98	110.926	31.54	116.698	4.95%
	MS-B0A4	33.36	123.432	57.48	212.676	41.96%
	MS-B935	82.22	304.214	125.96	466.052	34.73%
All in One Computer	MS-AF81	57.72	213.564	77.15	285.455	25.18%

* Typical Energy Consumption (ETEC): means the electricity consumed by a product over specified periods of time across defined power modes and states.

** ETEC Calculation and ETEC_Max Calculation equation please reference ENERGY STAR Version 8.0.



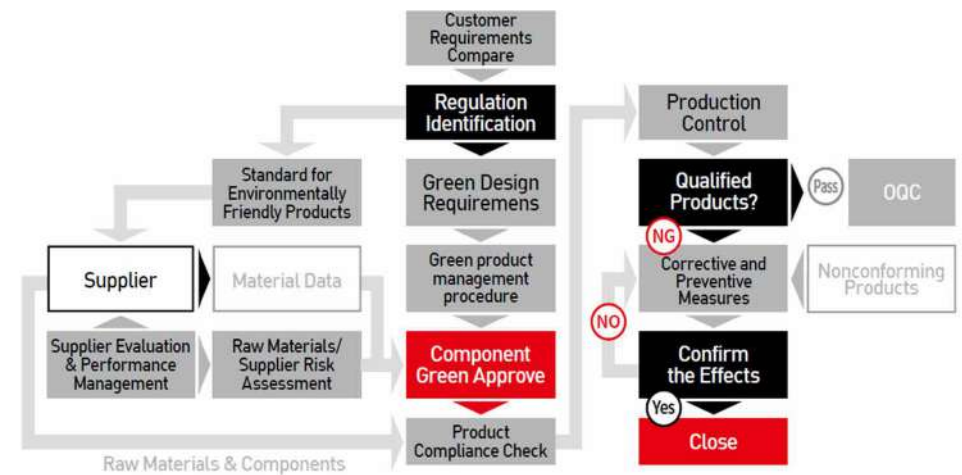
4.2 Management of Hazardous Substances

In consideration of the negative influence of production and operation on the environment, the commitment of using environmentally friendly materials, and the compliance with applicable legal rules and conformity to customer requirements, MSI requires all suppliers with business transactions and the Company to duly observe the MSI "Green Products Control Regulations." All suppliers are required to duly observe the rules and regulations governing environmental protection for the products and services supplied and inscribe the content in the purchase agreements. In the reporting period, there were "141 substances of prohibited/restricted use", "248 reported items (including the SVHC under REACH, substances under industry rules and regulations, and customer requirements)". Through the management of hazardous substances, MSI acts in concerted effort with the supply chain to duly observe applicable legal rules, assume the responsibility of mitigation of impact on the ecological environment with a view to supplying the consumers environmentally friendly products.

4.2.1 Green Product Management (GPM) Platform

MSI completed the installation of the Green Product Management (GPM) platform and has used this platform since 2010, and proceeds with the management and control of all substances in compliance with applicable legal rules, industry rules and regulations, and customer requirements through the information management system. With the timely feedback from suppliers, the management function of MSI will proceed to analyze the data and make judgements to confirm product conformity. Update information will be conveyed through this platform, which is included in the present management system (such as IECQ/QC 080000) for operation to reduce imperfect control of data by manual labor and data repetition and processing time. This is also a channel for the communication with the customers and suppliers.

● GPM system framework



● GPM management performance during the reporting period:

- None of MSI's products has violated environmental laws, punished, no recalls were implemented and no customer complaints were received.
- The supplier signs the Environmental Compliance Statement of MSI there were completed 1,056 suppliers sign the statement.
- MSI accumulatively completed component qualification management for 170,767 parts/components.
- Percentage of new suppliers that were screened using environmental criteria: 100%
- Number of reported substances: 248 items.(including REACH substances of high concern, industry specifications and substances required by customers)

4.2.2 Halogen-Free(HF) Flame Retardant Management

When selecting materials for product development, besides ensuring compliance with existing regulations governing hazardous substances, we also undertake proactive management over substances containing potential environmental impact and are committed to reducing the use of substances of





very high concern (SVHCs) and materials containing potential risk. Although the halogen-based flame retardants (BFR/CFR) are not limited or restricted by the current laws, as they have certain negative impact on the environment, ecology, and human body, we have specifically categorized materials into halogen-based and halogen-free (HF) materials by property for better control and continuously evaluate and enhance the feasibility of using HF materials. We carefully evaluate the use of low-hazard raw materials right at the beginning of product design to provide customers with innovative, eco-friendly, and sustainable products. Based on the premise of the controllability and economic value of product materials, we are planning and introducing HF flame retardants. We are dedicated to reducing hazardous substances and providing customers with eco-friendly product choices. As of 2021, MSI VGA cards have reached 100% use of halogen-free flame retardant circuit boards.

● Halogen-Free Fire Retardant Agent Management in the reporting period

Management Item	Result in the reporting period	Objective in the future
The use of halogen free materials and parts for the BOM of gaming products.	Attainment rate: 79%	<ul style="list-style-type: none"> Annual increment > 2% Growth to 85% by 2025 (Base Year: 2018)
Introduce halogen free flame retardant agent circuit board to main board and VGA products.	VGA attainment rate: 100% Main board attainment rate: 40%	<ul style="list-style-type: none"> VGA has achieved the goal and will continue in the future. Halogen free materials for main board upgraded to 65% by 2025 (Base year: 2020)
Halogen free flame retardant plastic was used in making the shell/support of AIO computers.	Attainment rate: 100%	Annual increment

4.3 Supplier Management

MSI carries main board, VGA, servers, desktop PC, notebook PC, automotive electronics, monitors, shell, and AMR in its product line, which cuts across several items of consumer electronics and professional computer peripherals. MSI is at the mid to downstream of the supply chain, with semiconductor, metal

and plastic parts, and software programs upstream. Power supply, cooling system, shell and other input/output devices suppliers are midstream partners. For additional information on the supply chain and industry, refer to the Annual Report of MSI. Conceived with a friendly idea in corporate management, MSI always takes the partners of the supply chain as an integral part in sustainable development, and sets an example in corporate social responsibility to request all others to do the same. As a result, MSI extends its sustainable development strategy to cooperation with suppliers and wields its influence as an industry leader to lead the suppliers in growth and transformation and jointly share the cause of a sustainable supply chain.

4.3.1 Sustainable Supply Chain Management and Goals



MSI develops its sustainable supply chain on the basis of its supply chain management in service, and identifies the environmental, governance, and social risks; management mechanisms; continued improvement; technical joint ventures; responsibility and accountability from the procedures of its management process to cultivate and communicate with new and old suppliers to establish corresponding management measures, tracked by audits at any time for confirmation of the proper implementation of the system and create common growth where all are winners.



Targets	Implementing measures	Result in the reporting period	Objective in the future
No use of conflict minerals	<ul style="list-style-type: none"> Investigation is conducted in accordance with the due diligence investigation under the OECD framework. MSI uses the Responsible Minerals Assurance Process (RMAP) resources provided under the Responsible Minerals Initiative (RMI) to assist its suppliers in purchasing raw materials which are not conflict minerals. 	100% no use	The boundary for investigation of suppliers will be expanded from 2022 onwards, which will include the state of carbon emissions, occupational safety management, the use of fossil fuel energy and regenerated energy with a view to getting to grips with the performance of the supply chain in sustainable development and enhancing the influence of MSI on sustainability.
Conformity of suppliers to the requirements of MSI in corporate social responsibility	<ul style="list-style-type: none"> Evaluation of suppliers by questionnaire survey Education or training of suppliers On-the-site inspection of key suppliers 	Full conformity	
Management mechanism	Establishment of the mechanisms for reporting and complaints, with the internal audit office as the window for whistle blowing.	No related incidents of negative effect	
Continued improvement	In case the supplier is suspected of acting in defiance of the requirements of corporate social responsibility, MSI will demands corrective action accomplished by a designated deadline and accept audits of MSI from time to time.	No major defect discovered	
Cognitive cooperation	<ul style="list-style-type: none"> Sharing of training resources with the suppliers Visits and exchanges to cultivate the relation of development through concerted effort 	Accomplished	
Responsibility & Accountability	<ul style="list-style-type: none"> Give recommendations to the suppliers on feasible corrective actions Let the suppliers know the result of self-assessment through questionnaire survey on the suppliers and set up the goals for corrective action 	Accomplished	

4.3.1.1 Sustainable Supply Chain Guidelines

MSI regulates quality, cost, and delivery through supply chain management. In addition, MSI also instituted the standard and agreements for evaluation of suppliers and new suppliers in accordance with the international code of conduct and internal rules and regulations (such as RBA, International Labour Organization (ILO)) to demand suppliers for due diligence in management of labor, health and safety, environment, ethics, management system, and compliance with laws in conformity with the legal requirements of their places of operation. MSI will visit and audit the suppliers from time to time with follow-up action.

4.3.1.2 Identification of Suppliers Risk

To identify the risk issues related to MSI through the negotiation with the stakeholders, advocacy of the international organizations and customer demand, and on the basis of the supplier strategy, contractual performance, market, performance and needs, to evaluate the key suppliers in the five aspects of operation environment, corporate quality, service level, compatibility of cooperation, and status of supply.

● Statistics of identification and assessment for high risk suppliers in the reporting period

Risk Identification item	Economic		Environmental		Social
Risk assessment	Industry environment	Delivery status	Company total quality	Service quality	Compatibility
Purpose	To establish understanding of the current political, legal, social, economic, technological and geographic environment.	To investigate suppliers' response capabilities in terms of product quality, cost control, delivery timeline and quantity.	To investigate suppliers' managerial competence, including human resources, financial position, production equipment, R&D, reputation, environmental protection practice, emergency response, service satisfaction and communication.		To confirm the overall cooperative capacities, including suppliers' behaviors, common values, information disclosure practices and product specifications.





Item	Safety of the environment, transportation, and technology standard.	Product qualification ratio, pricing, procurement cost, timing flexibility, and quantity flexibility.	Personnel competence, technical competence, and environmental impact throughout the product life cycle.	Supplier's service attitude, service details and standards, service response time, and quality of after-sale service.	Corporate culture, organization management, corporate strategy, system management and product standardization.
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● Identification and Assessment for High Risk Suppliers

We evaluate suppliers' risks using a number of factors including industry category, location and substitutability. Based on the outcome of the evaluation, we are able to develop a supplier risk grading system that identifies high-risk suppliers for regular and unscheduled audit/review, and follow up with counseling and improvements to reduce supplier management risk.

Identification criteria for MSI key suppliers:

- High purchase (sale) percentage
- Product exclusivity
- Ability to implement sustainable practices
- High technical barrier
- Highly pollute manufacturing
- High labor intensity

Assessment item	Economic	Environmental	Social
Sustainability risks	Compliance Business Ethics Exclusive Product Quality, Delivery & Cost	Compliance Management System Climate Change Adaptation Waste Management	Health and Safety Human Rights Management Conflict Minerals Labor Practices and Working Hours
High risk supplier	Integrated Circuit	Panels, Cables, Plastic Parts	
	Printed Circuit Board (PCB)		

● Management Measures for High Risk Suppliers

Under the new economic environment, it is increasingly common for companies to adopt strategies such as global procurement · business outsourcing and centralized management. While these strategies are all

based on cost savings, they inevitably increase the risk of supply chain management. As the supply chain becomes increasingly dependent upon cooperation, sharing, outsourcing, communication and globalization, MSI has responded with more flexible supply chain practices and tightened monitoring of suppliers' current state of business and materials supply in an attempt to minimize risk of supply shortage in the event of economic, environmental and social impact.

MSI supplier risk management measures	
Business continuity management	<ul style="list-style-type: none"> ■ Integrate the Company's requirements, require suppliers to develop contingency procedures and plans to address natural or man-made hazards that caused by suppliers' products and services, and thereby ensure business continuity. ■ Develop a flexible and diversified supply chain to prevent supplies from being monopolized to the point that threatens overall business operations. ■ Flexible contract management with optional terms and stage-by-stage execution to reduce business losses caused by changing market price.
Environmental sustainability management	<ul style="list-style-type: none"> ■ Demand that suppliers establish an emergency reporting system for natural disasters, so that situation and recovery can be updated to MSI in a timely manner in the event of disaster. ■ Demand that suppliers implement contingent measures such as backup production and inventory reserve to mitigate operational impact in the event of natural disaster, violation or accident. ■ Comply with environmental laws, offer clean-produced products and services, and enforce the environment management system.
Code of conduct compliance	<ul style="list-style-type: none"> ■ Any act in defiance of the ethical norms is prohibited. A reporting system is established, and the identity of the informants will be kept in strict confidence. ■ Require that suppliers establish and enforce management guidelines based on international initiatives on labor and human rights (such as RBA, OECD Guidelines for Multinational Enterprises etc.), and ensure full compliance with local laws where production sites are located. ■ Ensure the confidentiality of business information and demand that suppliers respect intellectual properties of both parties. ■ Out of protection for human rights and compliance, suppliers are required to perform due diligence investigation to ensure that raw materials and products do not involve illegal minerals and smelters.



4.3.2 Supplier Management Mechanism

As a successful and leading business in e-sports, we purchase materials in a responsible manner and in the utmost transparency and fairness. We also work with suppliers to improve the quality of their products, and gain insight into their production, employee and environmental practices in order to ensure procurement of ethical, environment-friendly, responsible and high-quality supplies from them as part of our green purchase.

Supplier management measures in the reporting period

Item	Measures implemented	Goals	Goal achievements	Objective in the future
New suppliers that were screened and managed using social criteria.	<ul style="list-style-type: none"> MSI evaluates supplier risk primarily based on product quality, delivery time, substance management, audit outcome (e.g. RBA) and their ability to enforce risk management. Worker evaluation was implemented to ensure their human rights and labor rights (including, without limitation, a raise) comply with the local laws and regulations. 	<ul style="list-style-type: none"> The labor standards and working environment in accordance with rules and regulations. Conduct due diligence investigation based on OECD guidelines and prepare regular reports in compliance with Responsible Minerals Initiative (RMI) for higher transparency. 	<ul style="list-style-type: none"> New supplier screening ratio: 100% The reply ratio of Conflict Minerals Reporting Template (CMRT) statement: 90% No non-compliance with local laws and regulations regarding worker rights and interests. 	Continue to following goals: <ul style="list-style-type: none"> New suppliers that were screened and managed using social criteria. The reply ratio of Conflict Minerals Reporting Template (CMRT) statement $\geq 90\%$.
New suppliers that were screened and managed using environmental criteria.	<ul style="list-style-type: none"> We target high-risk and main suppliers for audit and improvement, and use questionnaires to survey suppliers' performance in terms of environmental, social and routine practices. The outcome enables us to identify potential risks in environmental, social and economic aspects. Through random on-site audit, counseling and collaborative training, we take steps toward reducing risks of supply disruption. 	<ul style="list-style-type: none"> Establish a ESH, safety, hazardous substances management system of requirement. Meet the "MSI Standard for Environmentally Friendly Products" management requirements. There is improving using of hazardous substances in products and striving to reduce environmental impact substances. 	<ul style="list-style-type: none"> New supplier screening ratio: 100% Number of suppliers violate of local environmental regulations: 0 Number of suppliers signing the "Guarantee for Compliance with MSI Environmental Protection Requirements" : 1,056 	Continue to following goals: <ul style="list-style-type: none"> New suppliers that were screened and managed using environmental criteria. The high risk and key suppliers carry out key audits and improvements. Meet the "MSI Standard for Environmentally Friendly Products" management requirements.

4.3.3 Responsible Minerals Management

The continued improvement in the performance of the moral, environmental and social aspects of MSI will be the fundamental elements for demonstrating its humanitarian government to the stakeholders. Through routine due diligence investigation under the RMI, MSI demands all suppliers to purchase non-conflict materials and avoid using conflict minerals, indirect acts in defiance of human rights, and violation of national and international laws.

● Management of Conflict Minerals

In respect of international human rights and implement corporate social responsibility, MSI will take related measures to avoid using Conflict Minerals. Besides Conflict Minerals statements, we are also disclosure the information of conflict minerals due diligence measure and supply chain smelters list. MSI has completed the "Conflict Minerals Management Measures" in order to facilitate the investigation and control of conflict minerals.

MSI Conflict Minerals Statement website link: <https://csr.msi.com/tw/Responsible-Minerals>

MSI conducts annual certified mineral surveys on suppliers based on the latest Conflict Minerals Reporting Template (CMRT) and follows up on the progress of the submit. This survey has been effective in managing supply chain and minimizing default risks. In the survey in 2021, there was a 90% response rate. More and more suppliers responded to the survey over time. Suppliers which declined to respond will be subject to supervision with follow-up actions by filling in related forms depending on the level of management risk, and urged to respond to the survey. The findings from the survey on smelting factories of tantalum, gold, tin, and tungsten indicated no violation of human rights.





● MSI Conflict Mineral Control Measures

Item	Measures implemented	Goals	Goal achievements	Objective in the future
Supplier signing commitment	There are signing of Procurement Contract, Electronic Industry Code of Conduct Letter Agreement, 「MSI Standard for Environmentally Friendly Products」 and Corporate Social Responsibility Requirements.	Supplier 100% completed	100% completed	New supplier was requested to sign management commitments.
Document management	Conflict Minerals Management Measures	Management approach has been established.	Completed	Continue to focus and survey whether the management item is updated.
Conflict minerals due diligence	Responsible Mineral Initiative(RMI)-The Conflict Minerals Reporting Template(CMRT) Survey	CMRT survey completed at the end of March each year.	Reply rate: 90%	Reply rate: ≥ 90%
	Due Diligence Analysis	There are analyses of smelter information from supplier feedback.	The metal mines used in our products from smelters that have received a "conflict-free" designation by the RMI.	Qualified Rate 100%
Due diligence information disclosure	CMRT company level report	The report is available in every April.	Information has been provided to customers in need at April.	Available every April
	The investigation results were revealed on the MSI website.	The report is available in every April.	The report has been disclosed on the official website in April.	
Unqualified supplier	Unqualified product management procedure	Management procedure has been established.	No unqualified suppliers found.	Continue to ensure product compliance with management

● Investigation on Cobalt

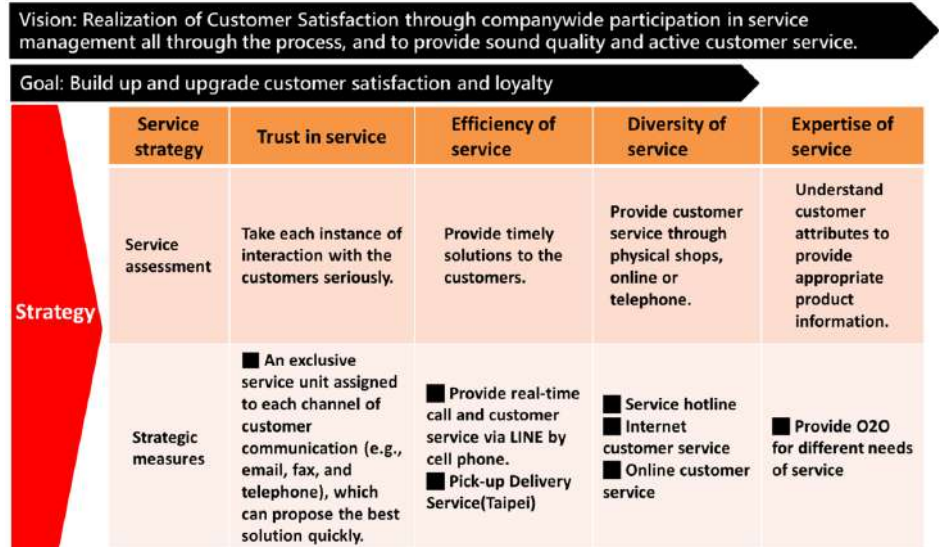
Battery has emerged as the key component in the world's ongoing movement towards energy/carbon reduction and in new consumer and auto electronics. Since cobalt is an essential metal to making Li-ion batteries, the mining of which has become so aggressive that some even incorporate disputable

means. About half of the world's cobalt supply is sourced from Republic of the Congo, where exploitation of workers and child labor has caught the attention of human rights organizations worldwide. MSI has required all suppliers of materials containing cobalt to disclose the smelting factories of the place of origin since 2018 to assure no violation of human rights of the sources of mineral supply. The findings from the investigation on cobalt smelting factories of suppliers indicated no violation of human rights.

Item	Measures implemented	Goals	Result in the reporting period	Objective in the future
Cobalt mineral investigative action	RMI – Release of the Cobalt Reporting Template (CRT)	Completed for submission by the end of March of each year.	Response rate at 90%	Continued routine update

4.4 Customer Service and Satisfaction

MSI recognize customers' encouragement/complaint, compliment and criticism as constructive feedbacks, and measure customers' satisfaction by "overall product value, service, environment and performance" to provide the basis for better service experience.



We engage customers closely in all of our services. By heeding their demands and making immediate responses, we strive to build long-lasting customer relations for strengthened loyalty, closer interaction, reduced service cost and improved profitability.

● **Product After-Sale Services**

MSI has over 6,500 service centers in over 120 countries globally to provide customers convenient and localized sales and after-sale support. Our service centers provide quality services for product replacement, testing, technical consultation, accessories and free notebook computer health check-ups. In addition to support offered at local service centers, our online support also offers technical information inquiry, in-store service tracking, online service request and customer satisfaction survey.



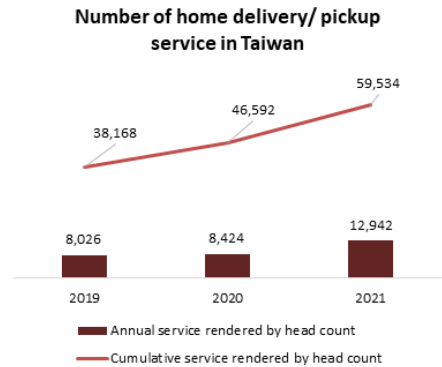
Service Channels:

- 0800 Taiwan Customer Service
- MSI Forum
- MSI GameBot APP
- Internet Customer Service System
- Authorized service locations
- On line MSI Member Center

● **Home delivery/pickup service in Taiwan**

MSI provides home delivery/pickup service on a selected group of products so that the consumers do not have to go out to receive service on products. This is particularly good at the time of pandemic influence. This service yields positive feedback from the consumers. After picking up the products for repair, MSI will voluntarily reply to the customers on the status of repair, including the notice on the return of the items after repair, courtesy call after the consumers have received the repaired items and helping the consumers to eliminate abnormal conditions when using the items. Through the online interview, MSI can

understand and obtain the comments and suggestions from the consumers, which will serve as a reference for upgrading customer service quality. From 2015 to 2021, MSI has provided service to 59,534 customers by head count. If the delivery/pickup service provided by Family Marts, which ended in July 2020, MSI has provided service to more than 114,000 consumers by head count from 2012 to present.

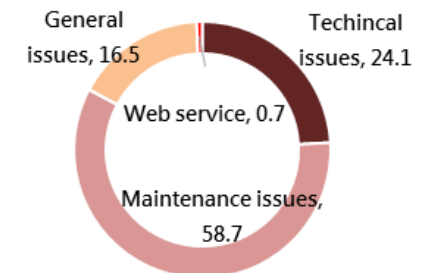


MSI provides post-sale technical service and support to the customers through digital means, online and physical shops by region of sale and product category, and will conduct a customer satisfaction survey after rendering service for each instance (the items for the customer satisfaction survey will be adjusted in line with market dynamics). If a specific customer has expressed no satisfaction, MSI will start to trace the reason and visit the customer and refer the comments of the customer to related functional departments for review and rectification. The findings and analysis from the investigation will be passed to the sales units as reference for the planning of new products.

● **Online customer service performance**

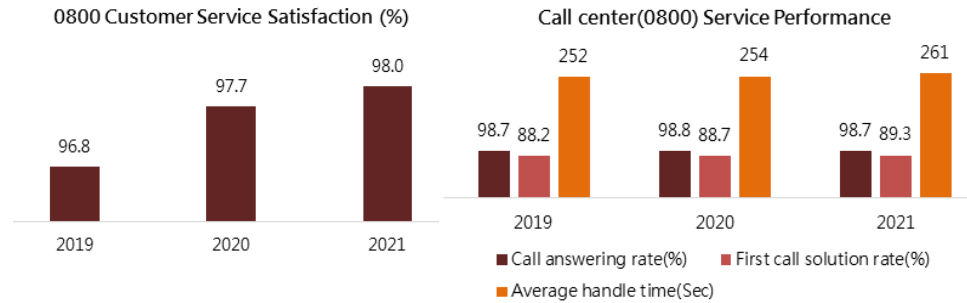
The majority of the customers called MSI for inquiry of warranty or repair service. The MSI staff will confirm the serial number of the device and the location of the customer in the first place, and provide related information verbally or by text message. In addition, MSI will also conduct a survey on

Proportion of call center Service by type





customer satisfaction after rendering the service and will continue to upgrade service efficiency. Related performance in 2021 is specified as follows:



● Spring, Summer computer inspection

MSI holds computer inspection every March. Consumers may bring their notebook PC, desktop PC, or AIO computer to MSI service center for a free diagnosis of their computer. MSI offers gifts and lucky draw for customers who come to the store so that they could have the fans cleaned and cooling system maintained, and basic functions tested and scanned free of charge. Diagnosis of hardware and software, or firmware replacement will also be provided. Quotation will be provided on repair and replacement of parts with 10% discount on labor. In the Summer of 2021, MSI extended the scope of inspection to MSI main board or MSI VGA so that all consumers can have “Fun to play in Summer with a healthy machine” !

Eight items of inspection on MSI computer

- Visual inspection and fan cleaning
- Maintenance of cooling module
- BIOS and sound software update
- HDD function scan
- Functional test on hardware peripherals
- Memory scan
- Free addition of memory (not limited to MSI computers)
- Free addition of SSD

For further information on computer inspection, visit the website on 2021 events: <https://tw.msi.com/Landing/2021-summer-pc-health-check>

● Establishment of the Flagship Store

MSI commits to develop innovative, good quality, and peace of mind service. In light of the significant growth of sale over the years, echoed with the spread of COVID-19 that the utilization rate of computer surged significantly under the mode of work from home and distance education.



Accordingly, the need for post-sale service also thrived. A brand-new flagship store for exhibition and service has been established in Zhonghe to provide complete service to the consumers in good quality. This store occupies an area of 50 ping, and is the first of its kind in combining post-sale service and exhibition of new products. The store is designed and shaped with the idea of the future of technology to provide consumers product experience at flagship level and the most comfortable space for receiving post-sale service. Consumers can experience the full range of brand-new computer items from MSI in the flagship store freely, and may also enjoy a leisurely cup of coffee while watching the progress of the repair of their computer through the glass window. Or, consumers may engage in the simulation car racing game that gives a real feeling of car racing.

4.5 Protection of Privacy Rights and Personal Information of the Customers

Protecting the personal data and privacy of customers is MSI’s basic service principle. Hence, apart from maintaining, collecting and protecting the confidentiality of personal data and privacy rights with respect to the Personal Data Protection Act and the related laws and regulations, we make limited and protected use of personal information, inform customers of their rights and legitimately process information with their consent for customers to feel safe



and worry-free to use all MSI products and services. Please refer to our privacy policy at <https://www.msi.com/page/privacy-policy> for more information on how we gather, use and process your personal data. During the reporting period, no damage to the rights and interests of customers from non-compliance with the privacy rights or leak of personal data of customers was reported. In the future, we will continue to protect customer privacy in greater stringency.

● **Customer Privacy**

For the protection of customers' confidential information, MSI would confirm the following with customers before providing product maintenance and service:

- Backup of computer data (including but not limited to account/password, photo and music files etc.)
- Reminder on risk of file loss
- MSI's privacy policy, service terms and conditions, and compliance notes
- Customers may decide whether to use MSI's products and services

● **MSI Personal Information Management Mechanism**

Category	Strategy management
Organization management	<ul style="list-style-type: none"> ■ A personal information protection team has been assembled to execute tasks relating to personal information protection. ■ An Data Protection Officer (DPO) has been appointed to oversee information and communication security within the organization. ■ Since 2020, the headquarter MSIT has passed the ISO 27001 information security management system verification, and will continue to promote the information security management of the company's operations.
Policy management	<ul style="list-style-type: none"> ■ Establish and implement personal information protection policies and rules, and publish on the corporate website; Review and revise on a yearly basis based on compliance and audit findings. ■ Comply with the Personal Information Protection Act and provide consumers with the function to inquire, retrieve and delete personal information, and the option to unsubscribe marketing messages.

Procedure management	<ul style="list-style-type: none"> ■ Implement policies on internal/external privacy, Cookie and data storage/security. ■ Internal data processing procedures. ■ Data transfer protocol and record. ■ Data leakage incident evaluation and reporting procedures. ■ Procedures for exercising of information owners' rights.
Employee management	<ul style="list-style-type: none"> ■ Customers' profile is being treated as 「 confidential 」 document; All documents containing personal information is being held at designated locations, and access of which is strictly controlled. ■ 100% of employees are required to undergo personal information protection training. ■ Outsourcers are being required to sign confidentiality agreements.



2022

SUSTAINABILITY
REPORT





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5. Environmental Value



5. Environmental Value

Material topics in this chapter	Climate change	
The meaning of material topics to MSI	The impact of economic activities on the environment is irreversible. MSI spares no effort in keeping a balance in environmental protection and sustainability in operation and manufacturing while seeking profit from operation, and unveils green innovative service and enhances the environmental protection notion of efficient use of resources from time to time. This will allow for the coexistence of environmental assets and the development of MSI as a contribution in concrete terms.	
Material Topics	Climate change	
The purpose of the material topics	Impacts of global warming and extreme weather on the environment caused by global climate change remind us of quick action to mitigate the problem on the environment. In response, MSI proactively launches for greenhouse gas management to properly control the sources of emissions and the impact volume. In addition, MSI also makes ceaseless effort to review and propose solutions and set objectives to reduce the emission of greenhouse gas for the pursuit of justice on the environment and to mitigate the impact on the environment.	
Management of the material topics	Policy	Corporate Social Responsibility Best-Practice Principle, Regulations Governing the Management Quality of Greenhouse Gas Inspection Data
	Commitment	<ul style="list-style-type: none"> ■ Proper control of the emission of greenhouse gas. ■ Continued advocacy of greenhouse gas reduction and additional effort in research and development of energy efficient products. ■ Disclosure of the strategy of greenhouse gas and carbon reduction to set an example in the industry.
	Goals and targets	In 2030, the annual volume of emission of the whole group should be reduced by 60% from the level of 2007.
	Management Approach	<ul style="list-style-type: none"> ■ Routine inspection under the ISO standard and open to external inspection annually. ■ Set the goal for continued improvement. ■ Planning for energy saving and pursuit of energy saving, enhance the efficiency of energy consumption.
	Responsibility and Resources	Administration Division, the plant sites
	Grievances Mechanisms	E-mail for communication with stakeholders: 080419864@msi.com, Occupational and Environmental Safety and Health Management e-mail: esh@msi.com
	Outcome of the Reporting Period	The overall operation in 2021 was unprecedented high that greenhouse gas and other environmental data were on the rise. MSI will continue to review and problem and take corrective action, spare no effort in searching for new energy and improving efficiency.

5.1 Environment Management Goals

Apart from setting targets to manage energy consumption and hazardous substances according to the environmental management system and establishing the environmental policy for the reference of system implementation, we constantly audit the effectiveness and make continual improvement of the environmental management system.

● Environmental management in the reporting period

The operation in 2021 was good that the production capacity surged. All aspects of environmental consumption also moved upward. Power supply in some areas was not adequate that diesel generator was used to supply power. The result is the significant increase in the use of fossil fuel. Items of MSI subject to review

Management item	Short-term objective	Mid- to long-term objective	Outcomes from the reporting period	
			Absolute emission/consumption volume/generation volume	Emission/consumption/generation volume per each million of revenue
Category 1+2 greenhouse gas reduction by volume	Reduction of at least 1% per year.	2007(113,675 metric tons of CO ₂ e) was taken as the base year that the annual emission volume must reduce by 60% by 2030.	Increase by 4.7%	Reduce by 24%
Reduction of fossil fuel energy	Reduce at least by 1% per year		Increase by 96%	Increase by 42%
Reduction of water resources	The total water consumption volume reduced by 1% from the previous reporting period.		Increase by 8.0%	Reduce by 21.6%
Reduction of wastes	The total waste capacity reduced by 1% from the previous reporting period.		Increase by 15.68%	Reduce by 11.8%



Legal Compliance	Assure the operation of MSI regulated by environmental rules and regulations comply with the local requirements of the plant site.	No substantial amount of fine or other forms of punishment due to the violation of environmental laws.
Use of green power.	Continue to assess the installation of regenerated energy and green power purchase.	The self-built PV generator uses 2,988.3 MWh, which accounted for 3.6% of the MSI Group.
Effluent	Test on effluent from the plant sites indicated conformity to local requirements of the plant sites.	Routine inspection and testing and continue to assure conformity to applicable legal rules or standard.
Ambient air inspection and testing.	Quarterly inspection of CO ₂ and PM _{2.5} , in indoor air, and the quality is conforming to standards.	
Testing of air pollution and noise in the perimeter.	Routine inspection and testing.	

5.2 Environmental Management System

MSI assumes its corporate responsibility in environmental protection, pollution prevention, and green production in due diligence, and duly observe the requirements under applicable legal rules governing environmental protection and energy, and introduces international environmental management system and occupational safety and health management system. MSI also commits its resources in making environmentally friendly policies with the establishment of annual plan and action plans for the continued improvement of implementation performance, mitigation of the influence of operation on the environment and the local communities. MSI fulfills its commitment to environment, safety and health under its environmental management policy and other management regulations, identifies the potential risk to the environment, and mitigates the influence of operation and products on the environment. In addition, MSI also examines the state of compliance with applicable legal rules and the enforcement so as to effectively run and maintain

the environmental management system. MSI also conducts internal/external audit accreditation annually to assure environment management could be carried out as planned, and executed properly with inspection and proper action for sustainable improvement. For information on the accreditation of ISO 14001, ISO 50001, and IECQ/QC080000 management system and the ISO 14064-1, refer to "Data verification" in "About This Report."

● Environmental Protection Expenditure

We are engaged in an industry that does not involve high pollution and high-energy consumption. While assembly and administration are the major activities of most plants where ISO 14001 EMS has been implemented and passed third-party certification, the expenditures on and investments in environmental protection during the reporting period are as follows:

Item	Amount (NT\$)	Purpose and Projected Benefit
Total expenditures on environmental protection	34,291,699	Benefits: ensure compliance with the related laws and regulations and lower the possibility of environmental pollution of environmental protection activities and handling. Purpose: waste disposal, wastewater treatment plant maintenance and effluent tests, environmental protection service outsourcing and external certification of management systems.
Total investments in environmental protection	155,274,065	Benefits: ensure the normal operation of environmental protection equipment, enhance the efficiency of the air-conditioning system and timely replace low-efficiency air-compressors and chillers. Purpose: new equipment purchase, equipment maintenance, equipment consumables, environmental education/training.

5.3 Climate Change Management

Risk analysis and the impact of extreme weather events are essential issues regarding the impact of climate change on the electronics industry from the perspective of disasters. In consideration of the core elements of recommended climate-related financial disclosures: "governance", "strategy", "risk management", and "metrics and targets" proposed in the "Recommendations of the Task Force on Climate-related Financial





Disclosures” (TCFD Recommendations) published by the Task Force on Climate-related Financial Disclosures (TCFD) formed by the Financial Stability Board (FSB), we analyzed the impact from the vulnerability of factors in climate and environmental changes and assessed related risks to review our present protection capacity to facilitate risk and situation control and thereby search for potential opportunities of development. In addition, as we engage in an industry without high energy consumption, apart from proactively declaring control over GHG emissions and making and signing relevant commitments, we also spare no effort in drawing up strategies to control and reduce GHG emissions in the daily life and operations and countermeasures against environmental impact and business impact.

1. Governance: Disclose the organization’ s governance around climate-related risks and opportunities	
Approach	Action
Climate-related risks and opportunities	The possible risks from climate change have been included in the company’ s scope of risk management. Every year the financial and accounting unit and governance VP oversee the overall effectiveness of management and report to the company’ s risks and countermeasures to the board. See 2.4 Risk Management of the report for more information regarding the process and contents of risk management.
Assessment and management of climate-related risks and opportunities	Environmental Protection and CSR Committee: As the top climate change management, the Committee is chaired by the president who direct all dedicated (concurrent) units to communicate related issues and oversee and review the status of implementation of countermeasures for climate-related issues. Every year the CSR management VP reports to the board about the effectiveness of the countermeasure for climate-related issues.

2. Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’ s businesses, strategy, and financial planning.						
Approach	Action					
1. Identification of climate-related risks and opportunities over the short, medium, and long term. 2. Identification of the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	While climate-related risks may have implications for an organization over a longer period, it is, therefore, we set the target time frame for climate change management as 5 years for short-term risks, 5-10 years for medium-term risks, and 10 or more years for long-term risks.					
	Climate-related Risks and Opportunities					
	Risk Aspect	Risk		Opportunity		Adaptation and Mitigation Strategies
		Impact	Term	Impact	Term	
	Total volume control of carbon emissions	Limit capacity	Medium	Slow industrial expansion, improve industry structure	Short	(1) Keep track on legal changes at home and abroad after the signing of the Paris Agreement and assess internal countermeasures. (2) Communicate and make recommendations for government bills to ensure a fair and reasonable system. (3) Periodically inventory and update carbon emissions to achieve the organization’ s GHG emission target. (4) Assess feasible technologies and materials for product design to reduce product energy consumption.
	Carbon economy (carbon tax, etc.)	Increase operating costs	Short	Reduce product carbon footprint, accelerate the development of green energy industry, and enhance energy conservation technology.	Short	
Energy tax	Long		Long			
Voluntary reduction agreement	Increase equipment investment costs	Medium	Accelerate carbon reduction and strive for carbon right and credit.	Short		
Product efficiency standard	Unfulfillment of corporate commitments and specifications.	Short	Fulfill customer demand for energy-efficient products and increase revenue.	Short		

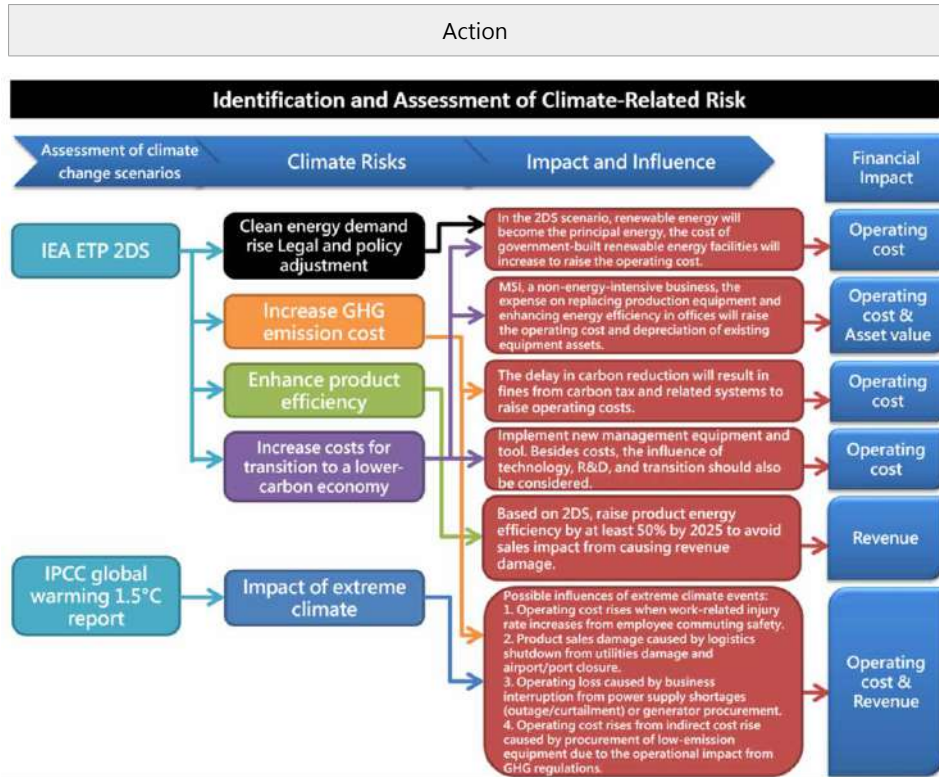


Approach	Action					
<p>3. Identification of the resilience of the organization's strategy, taking into consideration different climate-related scenarios.</p>	Climate-related Risks and Opportunities					
	Risk Aspect	Risk		Opportunity		Adaptation and Mitigation Strategies
		Impact	Term	Impact	Term	
	Drought	Likelihood and severity of natural disasters affect production and operations.	Medium	Increase the production demand from plants with high adaptability.	Medium	<p>(1) Save water, increase storm water and wastewater re-use and establish water emergency response measures.</p> <p>(2) Assess the mechanisms for mitigating the risk of natural disasters caused by climate change, appropriate improve and fortify plant facilities, and ask the government to improve the adaptability to climate-related risks of public facilities.</p> <p>(3) Lower the likelihood and damage of natural disasters with commercial insurance and production emergency response procedures.</p>
	Smog		Short		Short	
	Snowstorm		Long		Long	
	High temperature/heat wave		Short		Short	
	Typhoon/ torrential rain		Short	Enhance plant production power and lower the possibility of and damage from operational interruption.	Short	
	Earthquake/ tsunami		Short		Short	
	Increased energy price		Energy/resource use affected by pressure from increased energy price and enhanced equipment performance	Medium	Enhance the production efficiency of equipment and lower operating costs.	
SCM	Increased operating costs from low mitigation and adaptation performance.	Short	Slow industrial expansion, improve industry structure; boost value chain growth, improve corporate image.	Short	<p>(1) Promote workplace energy conservation and carbon reduction, set annual electricity conservation targets, and constantly implement GHG inventory.</p> <p>(2) Assess the suitability of suppliers, assist suppliers in developing adaptation action, and include them as a criterion for procurement.</p> <p>(3) Establish channels for communication with the public sector and communities and maintain effective, virtuous communication.</p>	
Economic concerns	Profitability affected by political and economic changes.	Long	Keep track on the development of climate change in the regions where business is operated, and take early response and adjustment to lower impact on operations.	Long		
3. Identification of the resilience of the organization's strategy, taking into consideration different climate-related scenarios.	Currently, apart from developing resilience with respect to the 2° C scenario announced by the International Energy Agency (IEA) in the 2017 Energy Technology Perspectives (ETP 2017), we have analyzed the potential financial impact from achieving the international GHG reduction target. We will also keep track on different climate scenarios announced by the Intergovernmental Panel on Climate Change (IPCC) and Taiwan' s contribution in voluntary reduction to make rolling adjustment of our carbon reduction actions and strategies every year.					

3. Disclose the processes used by the organization to identify, assess and manage climate-related risks.

Approach	
	<p>1. The processes for identifying and assessing climate-related risks.</p> <p>2. The processes for managing climate-related risks.</p> <p>3. How processes for identifying, assessing and managing climate-related risks are integrated into the organization' s overall risk management.</p>





4. Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities

Approach	Action
Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	The metrics for assessing climate-related risks include the intensity of overall electricity consumption, intensity of energy consumption, intensity of water consumption, and waste output of the R&D and major production bases.
Disclose Scope 1, Scope 2 and, Scope 3 greenhouse gas (GHG) emissions and the related risks.	<ul style="list-style-type: none"> Inventory organizational GHG emissions and accept external verification according to the ISO 14064-1 standards. Disclose partial indirect GHG emissions (Scope 3), e.g., indirect emissions related to transportation, according to the ISO14064-1:2018 standard. Publish the inventory results in sustainability report and on MOPS.

Targets used by the organization to manage climate-related risks and opportunities and performance against targets.

- Scope 1+2 GHG emissions in 2030 will reduce by 60% compared to 2007; by 2021, it has reached 48%.
- Continue to invest in energy-saving improvement equipment in the headquarters and factory areas.
- Continuously evaluate renewable energy equipment and installations. At present, the group's green power consumption has exceeded 3%.
- The implementation performance of each target is disclosed in the sustainability report every year.

5.4 Greenhouse Gas Management

5.4.1 GHG Emissions

MSI launched greenhouse gas inspection in 2008, and continues to commit resources in energy saving improvement, and replacement of obsolete equipment. Category 1 + 2 carbon emission volume (113,675.33 metric tons of CO₂e) has been reduced by 48% from 2007 to 2021. The previous objective was reduction by 50% in 2025. After internal discussion and the approval of the President, the time limit for achieving the objective was postponed to 2030. The objective is reduction by 60% from the level of 2007. MSIT1 joined the production in the last 2 years, echoed with the overall operation growth, to the extent that the emission of greenhouse gas is on the rise. MSI will continue to commit resources on process efficiency, carbon management in the operation and the use of green power for advancing towards the goal of carbon reduction in the long run.

● GHG Reduction Performance in last three years

Items of greenhouse gas emission management/year	2019	2020	2021	Goals
Total emission volume of Category 1 greenhouse gas (metric ton of CO ₂ e)	1,815	1,748	2,003	2007 was taken as the base year, and Category 1 + 2 greenhouse gas emission must be reduced by 60% in 2030.
Total emission volume of Category 2 greenhouse gas (metric ton of CO ₂ e)	57,277	54,740	57,149	
Total emission volume of greenhouse gas (metric ton of CO ₂ e)	59,092	56,488	59,152	
Change from the previous year (%)	-5.77	-4.41	+4.72	



Items of greenhouse gas emission management/year	2019	2020	2021	Goals
Greenhouse gas emission intensity (Metric ton of CO ₂ e/each million of revenue in TWD)	0.490	0.386	0.293	
Category 3 Emission volume of greenhouse gas (metric ton of CO ₂ e)	Not inspected	4,858	6,099	Continue annual disclosures
Greenhouse gas emission intensity (Metric ton of CO ₂ e/each million of revenue in TWD)		0.033	0.030	

Note:

- The data on total volume of greenhouse gas emission was verified by BVC Taiwan.
- Categories of greenhouse gas for inspection: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃.
- ISO 14064-1 was adopted in 2020: MSI has inspected greenhouse gas emission in 2018. There was no classification of Category 3 to Category 6 of emission at the time of disclosure. As a result, no information on the performance of greenhouse gas in this regard was disclosed. Revision has been made this year whereby the classification of greenhouse gas under GHG Protocol was adopted with disclosure of the Category 1+2 and Category 3 of GHG emission. This resulted in a change in the total emission volume of GHG in 2020.
- The items for inspection under Category 3 are shown below: Overseas business trips taken by the employees at the corporate headquarters, the transportation and delivery of downstream goods of MSIT, disposal of wastes at MST & MSIT1, the use of liquefied gas by outsourced catering service for the MSI cafeteria and the indirect use of energy from the leased space outside MSI facilities.

● Reduction Measures for GHG Emissions

We have planned various reduction and management measures in routine operations to promote the low-carbon environment and change electricity use habits in order to progressively reduce energy consumption and thereby achieve carbon reduction.

Item	Measure
Energy management	<ul style="list-style-type: none"> ■ Heating water in employee dorms with solar water heaters (partially) and heat pumps and heat recovered from air compressors. ■ Reducing electricity consumption by raising chilled water output temperature and shortening chiller loading time. ■ Fixed-time tour inspection and setting aircon temperature to 26°C.

Lighting management	<ul style="list-style-type: none"> ■ Fixed-time tour inspection and turning off unnecessary lights. ■ Turning off lights during lunch break. ■ After-duty lighting control in office areas (except lighting at emergency exits).
Office facility management	<ul style="list-style-type: none"> ■ ECO mode for photocopiers and turning them off after duty and on holidays. ■ ECO mode for water fountains and turning them off on holidays. ■ Split aircon management: tuning on as necessary. ■ Replacing energy-efficient equipment as scheduled.
Awareness education for energy conservation	<ul style="list-style-type: none"> ■ Encouraging employees to save energy with the conservation proposal rewards. ■ Total awareness education (e.g., posting publicity materials and sending emails)





5.4.2 Direct and Indirect Energy Consumption

● Direct Energy Consumption

We consume fossil fuels only for company cars, boilers, emergency generators and cooking at employee canteens.

Item/Year	2019	2020	2021	Target
Fossil fuel consumption (GJ)	6,091.2	6,831.2	13,400.7	Disclose annually.
Changes over the previous years (%)	-20.71	+12.15	+96.17	
Intensity of fossil fuel consumption (GJ per NT\$1 million)	0.051 ↓	0.047 ↓	0.066 ↑	

Note: In 2021, due to the unstable power supply in the region, diesel generators run frequently, which in turn doubles the consumption of fossil fuels. MSI will continue to pay attention to energy efficiency, review and respond to global energy supply and demand issues, and formulate relevant countermeasures on a rolling basis.

● Indirect Energy Consumption (electricity)

Item/Year	2019	2020	2021	Target
Electricity consumption (GJ)	252,998.2	267,646.8	286,692.4	Down by 10% over the base year by 2030.
Changes over the previous years (%)	-5.32	+5.79	+7.12	
Intensity of electricity consumption (GJ per NT\$1 million)	2.071 ↓	1.802 ↓	1.421 ↓	Disclose annually.

Note: The overall growth of operation and the increase of production capacity in 2021 pushed up the total consumption of electrical power. However, MSI still pays close attention to the efficiency of energy consumption and reviews possible options for responding to GHG emission in dynamic, and has installed equipment for energy regeneration at the plant sites to further reduce carbon emission in the course of operation.

● Consumption of direct (regenerate) energy

For reducing the carbon footprint left behind power consumption, MSI has installed PV facilities at MSIC at the end of 2020 in the capacity of 2,274kwp. The same facility is also in the process of installation at Weimeng Electronics (Kunshan). It is expected that this system will couple with the conventional power supply system in the period of 2022 to 2023.

Item/year	2021
Power capacity from regenerated energy (MWh)	2,988.3
Power capacity from regenerated energy (KJ)	11,056.71
Proportion to total power generation capacity of the MSI Group (%)	3.86

5.5 Pollution Prevention

Besides developing high-quality gaming products, we also strive to improve the local environment and control pollution produced from operations. In pollution control, we make continual improvement in production technology, optimize waste disposal processes, reduce environmental treatment costs, and ensure environmental compliance.

● Air Pollution Control

Volatile organic compounds (VOCs) produced by the auxiliary materials (e.g., solder, flux, etc.) used in the production process are main pollution source. We use exhaust control equipment (e.g., active carbon absorption) to treat exhaust from production. Besides ensuring compliance with the "Air Pollution Control Act" and air pollutant discharge standards of the places where plants are located, we periodically monitor air quality (including indoor environment and work environment) to ensure the effectiveness of air pollution control. In addition, we use no ozone-depleting substances (ODS) in production or release no NOx or SOx into the atmosphere.



Objective	Measure	Control
Optimize indoor air quality	<ul style="list-style-type: none"> Reduce the storage and use of highly volatile and toxic substances. Replace cleaning naphtha with alcohol for product cleaning. Ban products releasing organic solvents in enclosed work environments and offices. 	<ul style="list-style-type: none"> Periodically exchange air in processes and offices to maintain air quality. Monitor pollutants (e.g., CO₂, PM_{2.5}) through irregular management by walking around to maintain air quality. Regularly clean and replace filters to maintain air quality.
Peripheral boundary air pollutant discharge control	<ul style="list-style-type: none"> Use low sulfur fuel oil for emergency generators. Improve processes releasing pollutants. 	<ul style="list-style-type: none"> Install active charcoal adsorption equipment. Implement periodic peripheral boundary air quality tests.

● Wastewater Discharge Management

We comply with environmental protection protocols. Domestic sewage is the main type of wastewater discharged from our facilities. All wastewater is processed with the wastewater treatment system before discharge (MSIK directly discharges wastewater to the Kunshan Wastewater Treatment Plant for collective treatment). In addition, we control wastewater treatment through real-time monitoring to ensure only effluents meeting the related standards before discharging directly or through the central sewerage system. We also accept the irregular spot checks and water quality sampling tests conducted by the monitoring units to ensure total legal compliance and no significant impact on the receiving water. During the reporting period, neither non-compliance with the plant site wastewater discharge standard nor significant leak or spill was reported.

Region	Plant	Wastewater Discharge (megaliter)	Pollutant Intensity (mg/L) ¹			Wastewater Treatment Plant	Max. Capacity (megaliter/day)	Receiving Water	Impact ²
			BOD	COD	SS				
Taiwan	MSIT	33.98	30	100	30	Bali Sewage Treatment Plant	1530	Taiwan Strait	<0.1%
	MSIT1	13.75	30	100	30	Guishan Industrial Park Sewage Treatment Plant	24	Taiwan Strait	<0.1%
China	MSIS	365.89	10	50	10	Gungming Sewage Treatment Plant	500	Maozhou River	<0.2%
	MSIK ³	203.59	10	50	10	China Everbright Water Limited	50	Taicang Pond	<1.0%
Total		617.21	¹ Our processes did not contain wastewater, we thus adopted the standards for domestic sewage. ² Impact = Wastewater discharge/Max. treatment volume of treatment plant. ³ MSK directly discharged wastewater to the designated treatment plants (no discharge meter installed), discharge was thus estimated at 80% of the water consumed.						

● Waste Management

Out of pollution prevention and the producer's responsibility and to meet the requirements of international environmental protection, we include the use, disassembly, recycling and low toxicity requirements of products throughout the life cycle right at the product design phase to reduce waste disposal, lower recycling difficulty and enhance environmental performance. In addition, qualified contractors are selected for outsourced waste disposal according to the laws and regulations of the place where a plant is located. Waste from our operations includes both general industrial waste and hazardous industrial waste. All are managed under the environmental management system and records are well maintained and managed for the production, sorting, gathering, recycling, and disposal of waste.





● Waste Produced During the Reporting Period

Waste		Weight (kg)	Disposal
Non-recyclable waste	Hazardous industrial waste	193,001	Qualified contractors are hired to dispose of waste by type through recycling, thermal treatment, incineration or landfill, to ensure no secondary pollution.
	General industrial waste (including non-recyclable household waste)	3,660,066	
Recyclable waste		3,430,215	

*Hazardous waste includes industrial waste and medical waste

Except for irresistible natural disasters or unpredictable operational changes, we will endeavor to adjust processes and implement classified management to reduce the production of unnecessary waste and manage waste under controlled conditions to achieve our goals.

● Waste Management Performance During the Reporting Period

Item/Year	2019	2020	2021	Target
Total waste (kg)	6,047,637	6,977,645	8,478,178	Down by 1% over the previous year.
Changes over the previous year (%)	+2.21	+15.38	+21.5	
Intensity of waste output (kg per NT\$1 million)	50.19 ▲	47.63 ▼	42.01 ▼	Disclose every year.

Note: The growth of operation and increase of production capacity in 2021 resulted in larger volume of wastes. MSI continued to handle the wastes and review possible option for responding to the problem in dynamic.

● Peripheral Boundary Noise Prevention

We monitor and control noise caused to the peripheral boundary. Every year we hire external surveyors to measure noise levels in the peripheral boundary and constantly monitor noise produced from plant activities and equipment operation to ensure compliance with legal requirements. All MSI plants are located inside industrial zones or science parks and the outcomes of all noise tests meet the regulatory requirements to ensure no disturbance to the local communities.

5.6 Water Management

In consideration of clean production and environmental protection, the waterless process is adopted at all plants for product manufacturing. As domestic water use is the main source of water consumption, we only output domestic sewage. All domestic water comes from tap water and no water is withdrawn from rivers, lakes, groundwater or the ocean. There is no significant impact on water sources and the water use of local communities.

● Water Management Strategy and Commitment

For the sustainable development of water resources, we undertake to constantly monitor water use and improve effluent quality to avoid the waste of water and impact on water resources. Pursue optimum water efficiency, optimize water management measures, prioritize water-efficient equipment in equipment replacement assessment, implement water conservation, and arrange awareness education for employees.

● Identification of Water Risks and Countermeasures

Risk identification	Risk consideration	Risk description	Countermeasures
Legal requirements	Tightening wastewater quality requirements	Higher risk of government sanctions and reputational risk from stakeholder protests due to lower effluent quality.	<ul style="list-style-type: none"> ■ Periodic effluent tests to ensure environmental compliance. ■ Constant feasibility assessment of new treatment technology for MSI plants.
	Water conservation charge	Increased operating cost from water over-consumption to reduce profit.	<ul style="list-style-type: none"> ■ Popularization of water conservation education. ■ Low impact on operating costs due to low consumption of domestic water use, main source of consumption at MSI.

Climate change	Water shortages	Higher risk in infectious disease circulation to spoil operations.	<ul style="list-style-type: none"> Assessment of the use of other water sources. Enhancement of public health education.
		Difficulty in water dispatch to spoil overall supply chain operation.	<ul style="list-style-type: none"> Assessment of water shortage warming mechanisms. Establishment of the second supply chain or offsite supply chain.
	Typhoons or torrential rain	Increased frequency and strength of typhoons and torrential rain to spoil the capacity of the disaster response and recovery systems	<ul style="list-style-type: none"> Installation of water gates. Completion of the contingency plan and forming the response team. Verification and assessment of nearby water information of plants to reduce flood risk.

● Water Management During the Reporting Period

MSIT is equipped with wastewater treatment facilities attended by special staff. Wastewater is monitored periodically and discharged into the sewerage system. MSIT1 is a leased factory equipped with wastewater treatment facilities according to the regulatory requirements, and wastewater is eventually discharged to the sewage treatment plant of the Guishan Industrial Park. MSIK directly discharges wastewater to the Kunshan Sewage Treatment Plant for central treatment. MSIS is equipped with an intermediate water reclamation system to reclaim water for plant irrigation and toilet flushing. All MSI plants are located in industrial parks not in ecologically sensitive areas. All effluents comply with local laws and regulations and bring no significant impact to the surrounding ecological environment and related habitats.

Unit: megaliter

Item/Plant	MSIT	MIST1	MSIS	MSIK
Location	Zhonghe	Taoyuan	Shenzhen (Baoan District)	Kunshan City
Water source	Feitsui Reservoir (Xindian River)	Shimen Reservoir (Dahan River)	Dongjiang River	Taihu Lake
Withdrawal (tap water)	71.98	17.18	254.49	742.78
Withdrawal (groundwater)	N/A			
Withdrawal (surface water)				
Reclamation	N/A	N/A	110.83	N/A
Discharge	33.98	13.75	203.59	365.89 ¹
Discharge ²	37.99	3.44	50.90	376.89
Overall water risk ³	Low-Medium (1-2)	Low-Medium (1-2)	Medium-High (2-3)	High (3-4)
Risky plant ⁴	No	No	No	Yes

Note:

¹MSIK directly discharged wastewater to the designated treatment plants (no discharge meter installed), discharge was thus estimated at 80% of the water consumed.

²Impact = Wastewater discharge/Max. treatment volume of treatment plant.

³Subject to Aqueduct Water Risk Atlas developed by the World Resources Institute.

⁴Risky plants refer to plants under water stress determined in consideration of dependency, overall water risk and production value.

● Water Consumption Statistics During the Reporting Period

Item/Year	2019	2020	2021
Total consumption (megaliter)	942.829	1,005.840	1,086.426
Changes over the previous year (%)	-12.05	+6.68	+8.01
Intensity of total consumption (kiloliter per NT\$1 million)	7.82 ↓	6.87 ↓	5.38 ↓

Note: The growth of operation and increase of production capacity in 2021 resulted in larger volume of total water consumption. MSI pays close attention to climate change and responds accordingly in dealing with the potential risk and opportunity inherent to water resources 2021.





● Water Reclamation Statistics During the Reporting Period (MSIS)

Item/Year	2019	2020	2021
Intermediate water reclamation (megaliter)	159.683	110.834	92.58
Proportion in total water consumption (%)	14.48	11.02	8.52
Intensity of reclamation (kiloliter per NT\$1 million)	1.33	0.76	0.46





msi[®]

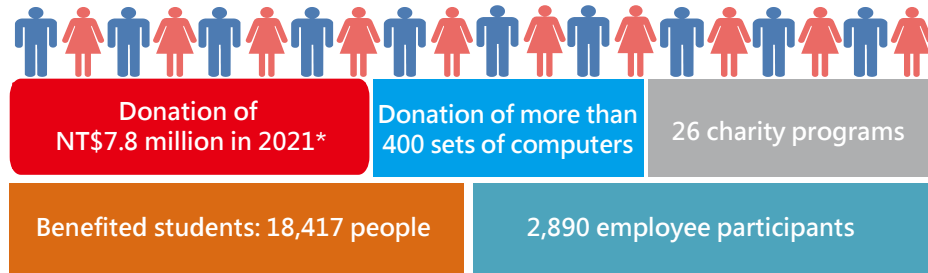
6. Love in MSI



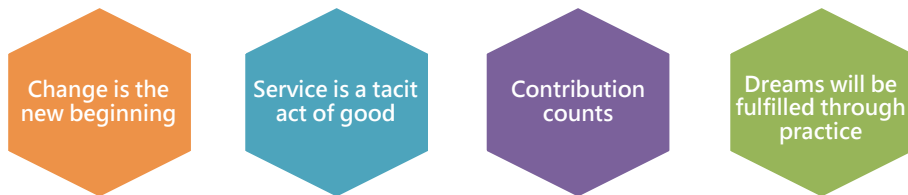
6. Love in MSI

MSI commits to the performance of corporate social responsibility in practice in connection with the charity idea of “change is the new beginning, service is a tacit act of good, contribution counts, dreams will be fulfilled through practice” to provide the best support and assistance. For a long time MSI has spared no effort in sponsoring wholesome lunches, education and care, donation in kind and assistance to the disadvantaged. With the support of a team of corporate volunteers and cooperation with different groups of stakeholders (e.g. government, schools), MSI makes contribution to social charity to create a society of no poverty, shared wealth and equality.

Social participation and commitment of resources by MSI in the reporting period



*Explanation: the donation is based on the total amount made by the Group. Other performance is in Taiwan.



6.1 Technological sustainability, digital inclusiveness

As a world leader in gaming brands, MSI treasures universal and inclusive digital education so that children and youths can understand the world of computer science, software and hardware earlier. MSI assists the government and the disadvantaged of the communities with access to a digital life so as to lay down the foundation of a new era for diversified development.



MSI 2021 PowerTech youth technology invention competition

Support the rise of Maker and pursuing STEAM (science, technology, engineering, arts, and mathematics) in education through hands-on skill and learning of common knowledge in science to guide young people to explore the world of science to find out their interest. This will help to develop the potential in science and educate a new generation of talents in technology.

Donation categories	Amount of donation	The result of the event
Subsidizes a Summer Team from primary schools and junior high schools in New Taipei for the Summer holidays, and establish the PowerTech club in schools, participates in the competition in New Taipei and national training camp.	1,300,000	<ul style="list-style-type: none"> ■ Promote technology invention competition of the youths in school campus to upgrade the hands-on skills of the students and the teachers, and related knowledge in science. ■ Vitalize the school curriculum and create an atmosphere of science and hands-on skill in schools.

★ MSI has donated NT\$5,300,000 since 2017.

MSI gaming' s Camp on Campus

Gaming is not just an item recognized by the Sports Administration. It has been a popular game worldwide for many years, and is now an official item of the Asian Games. New Taipei Government has developed the gaming Park. There are more than 60 schools in Taiwan offering gaming class or programs. To speed up the professional development of gaming on campus, MSI continued to hold MSI gaming competition on campus in 2021 to assist schools in further development of gaming education. This will allow students who have an interest in gaming to understand the knowledge of hardware, the technology of software and related industries required for carving an environment for gaming, and also the career development of gaming related industries.

Activities organized	Number of benefited students	Number of benefited schools	The result of the event
MSI Seminars on gaming on Campus	1,200	10	To allow the participants understand the career development of the gaming industry and related industries.

Digital guarding, MSI donation of computers

In light of the demand for remote operation under the pandemic in the last 2 years, and rural gap and disadvantaged families of the society that many people cannot keep up with the digital age, MSI works in cooperation with many local governments and non-government organizations in donating tablet PC, notebook PC or desktop PC.

Social donation in Hualien and Taitung:

- MSI has donated **143 tablet PC, notebook PC**, or desktop PC in total to the local governments or education institutions in Hualien and Taitung to fortify computer learning equipment for the homes of children and youth. This help to motivate children and youths in learning, and develop diversified and positive learning attitude. MSI also provides hands-on skill training and STEAM concept of science to the indigenous people, and the opportunity of reading technology to the disadvantaged students to assist them in digital learning.



Donation to New Taipei Government –

- Donation of **140 notebook PCs** to a number of bureaus and departments of local governments for working from home during the impact of the pandemic, or the immediate needs of medical care stations. Some of the equipment will be donated to the disadvantaged children once the pandemic is over.



Donation of computers to social welfare institutions:

- MSI provides **170 tablet PCs, notebook PCs or desktop PCs** to a number of daycare centers, social welfare institutions, or non-government organizations to give an opportunity for the children who are deprived of the resources in digital learning. MSI also provides help to the disadvantaged or handicapped children to mend the digital gap and become netizens.





Intelligent prevention of epidemic. MSI Disinfection Robots

While pursuing technology innovation, MSI also makes efforts to help solving social problems. People tend to care about environmental sanitation and the effect of disinfection in the post-pandemic era. For this purpose, MSI has developed its disinfection robot. This product has been accredited by Texcell, an international research institution in France. The UVGI disinfection system of this robot can effectively control the Alpha series of COVID-19 in 30 seconds with disinfection rate at 99.997% (Log4). Rooted in New Taipei for a long time, MSI expresses its gratitude to the government for its support, and the people for their care, by donating two units of AMR-AI-PJ-UVGI Robots to the government in the end of 2021. This state-of-the-art equipment is wholly developed by MSI and is a combination of AI and frontier technology, and can voluntarily move around and clean ambient air and launch disinfection with the UV light. This is the strong support for the civil servants of New Taipei Government. Further to the New Taipei Government Building, many hospitals and homes for the elderly have been taken care of by the disinfection robots of MSI. In the future, this robot will provide service to different kinds of public places.



▲ MSI made donation at the end of 2021 and held the donation ceremony in January 2022

6.2 Assistance to the disadvantaged for a new way of life

MSI is deeply aware of the difficulty confronting the socially vulnerable groups at the time of social change or structural transformation of the society. Timely and proper protection, medical care, education and labor service from the society will be necessary for these families to shake off the yoke of the difficulties in the family and the society. Through cooperation with the government or other industries, MSI supports the socially vulnerable groups with funding and donation in kind to give them hope and positive direction for their life journey.

New Taipei Family Learning Day for the Special Education Students

The Education Bureau of New Taipei Government holds family learning day for the special education students every year to allow the handicapped students a pleasurable life. The Education Bureau arranges special events and transport for students who have difficulties in moving, cerebral palsy or a combination of handicaps and their families are unable to solve the problem with transportation. This helps to alleviate the burden of the parents. In addition, the children are more willing to go outdoors and can learn with peace of mind and grow up happily. MSI started to sponsor and work in cooperation with the Taiwan Taxi LOHAS Society to help this group of little angels to experience the happiness of life in different events in 2017. In 2021, MSI, New Taipei Government, and Taiwan Taxi engaged in a joint venture with Decathlon Sanshong Store with the theme of "Joyful Gathering of Families with Special Love." This charity event was made possible with the joint effort of different industries to allow the handicapped students to have a real touch of sports through special design programs. It helped them to understand their potential in physical health and learn to value life. This is also the manifestation of the spirit of "Sports with love, no barrier for movement."



Year	2019	2020	2021
Organizers	Education Bureau of New Taipei Government, Taiwan Taxi LOHAS Society		
Sponsor	MSI		
Co-organizers	Window on World	Leofoo Village	Decathlon Flagship in Sanchong
Sponsored amount (TWD)	320,000	263,000	250,800
Number of participants (Number of teachers and students)	600	500	550
Number of family participants	100	80	40

★ MSI has donated approximately NT\$1,325,980 since 2017

MSI Program for the Caring of the High Risk Group in long-term care

The pressure imposed on prolonged duties of the caregivers gave rise to other social problems over the years. This reflects that the psychological and physical inclination of both the caregivers and those who need long-term care are equally important. MSI realizes that the hidden risk deriving from caregivers is an unwanted byproduct of the aging society in its observation. From 2017 onward, MSI continues to financially support many local homes for the elderly. A number of professionals in different areas of expertise (nursing professionals, social workers, domestic/foreign caregivers) provides supportive action as per the needs of the caregivers serving high risk families: repeated services

for these families in the community several times a daily, in short notice, in mobility, and in small service circle to fill the gap of services left behind by the governments due to the lack of resources as a form of corporate social responsibility to every corner of the society.



Year	2019	2020	2021
Donation categories	<ul style="list-style-type: none"> ■ All In One service ■ Service to the caregivers ■ Taking a break ■ Care on festivities, support to the caregivers 		
Homes for the elderly	Hondao Senior Citizen' s Welfare Foundation		
Number of people served by the foundation per month	361	755	671
Amount of donation (TWD)	508,660	907,320	928,654

Sistema Taiwan

Sistema Taiwan set its root in Venezuela 40 years ago, and has flourished worldwide since then. This program aims at helping the disadvantaged and the children in rural areas for receiving education in music. Taipei Philharmonic Orchestra has launched this program in 12



daycare centers and homes for the youths since 2012 to fulfill the idea of equal opportunity to education of music. They use idle space in agility and provide musical instruments and good teachers to give an opportunity for musical learning. Conceived with the notion that “music gives an opportunity for a change of life,” MSI unveiled charity education in music and commits financial resources to support this program to find out how music germinates in the heart of children, which can change their fate and help to build up confidence and integrity. This really is very touching. The expenses incurred from sponsorship of musical instruments and teachers over the last 3 years:

Year	2019	2020	2021
Amount of donation (TWD)	382,400	219,800	311,500
Number of benefited persons	150	150	155



6.3 Supervision in education for better future

Education is a vital force to prompt social mobility and upgrade. Every person carries different genetic patterns and is brought up in different environments. Yet, all are entitled to the opportunity of fair, reasonable, universal, and good quality education. MSI gives intervening help through providing educational resources to help to improve the education environment for the disadvantaged students from unfavorable influence and fill the gap at the starting point of learning.

“Love from MSI to Students,” tutorial service and extracurricular activities to the disadvantaged students

MSI has been established in New Taipei for decades, and has long been caring about the rights of the disadvantaged students jointly with the New Taipei Government. MSI uses its resources to provide after school tutorial services and extracurricular activities for 44 senior high schools, junior high schools and primary schools in Raifang, Luzhou, Banqiao, and Zhonghe in New Taipei. Tutors for after school tutorial or extracurricular activities were employed under this program to provide an opportunity for the disadvantaged students to learn in diversity. Further to helping them to improve the school subjects of their weakness, the service also provides a variety of other activities such as language, folk arts, sports or aerobic dance to help them to build up confidence. In addition, the arrangement also helps them to develop their strength and potential, which in turn help to shape up a society of mutual care and assistance. In 2021, MSI has provided assistance to more than 2,500 students. MSI has donated about NT\$20 million for this cause cumulatively since 2012.



Donation categories	Amount of donation	Number of benefited students	Benefited schools (number)	Number of classes opened	Number of class lessons
“Love from MSI to Students,” tutorial service and extracurricular activities to the disadvantaged students	3,422,857	2,598	44	150	9,477

Scholarship Fund

The Scholarship Fund was established in 2005 that subsidized about an average of 200 students in public and private schools with domicile registration in New Taipei every year. MSI has long been a member of the Scholarship Fund Committee in New Taipei, and helps outstanding students of misfortune families. MSI also cares about those living in rural areas of New Taipei and helps the misfortune students in these areas to live a decent life so that they can concentrate on education without worrying about livelihood and funding for education, and can complete proper education with a fruitful and happy campus life.

Donation categories	Amount of donation	Number of benefited students
Scholarship Fund	3,000,000	211

★ Total amount of donation to date (from 2010): NTD\$ 20,000,000



Gap of Learning & Field (GOLF)

For the effective connection between schools of higher education and the enterprises in terms of the professional capacity of the industry, and the strength of the fresh people to adapt to work environment, MSI joined a number of industry peers in the computer industry to establish a platform for diversity of education since 2018. This platform helps to develop self-motivated learning, and provides cross-disciplinary, cross-industry, and cross-expertise sharing of knowledge, and will bolster the mechanisms of performing practical works in different functional areas for proper response to the changes and challenges at the workplace. This program aims at mending the gap between learning and field application under the joint effort of MSI and a few other industry peers in five aspects of recognition of credit, online training of expertise skills, accumulation of work experience in the field, matching students and enterprises through assessment of performance in practical training, and seminars on sharing of experience on campus. This helps the students to fulfill the ideal of employment follows graduation.

In 2021, MSI provided two forms of cooperation to the students so that they can get some experience in practical work in the industry:

Practical training in 3rd Year	Practical training in 4th year
<ul style="list-style-type: none"> - Continue study in school in the 4th year - Strengthen the bonding between curriculum and employment 	<ul style="list-style-type: none"> - Employment after graduation - Shorten the adaptation period from school to workplace
<p>Influence on the employees → Redesign jobs to move the level of technical skills of existing employees upward, enhance the awareness and achievement of the employees and train internal tutors on specific professional topics. Benefit to the student trainees → decide the career path through practical work with room for further adjustment and thinking. They can also go for help and support from the enterprises. This helps to upgrade the quality of human resources of the enterprises and makes the fresh people to workplace less anxious and uneasy.</p>	

In addition, MSI is also responsible for the recruitment of corporate and school members, advocacy and planning in marketing, and campus events in the capacity as the Director-General of GOLF. As of the end of 2021, GOLF has 83 school and corporate members with more than 20,000-member ID applied, and has completed field work for 325 participants by head count and 7 seminars on campus. MSI was invited to participate for 4 times

- ※ March @Tatung University – Co-organizer
- ※ May @National Taiwan University – Lecturer “From thinking of creation to marketing worldwide”
- ※ October @NKUST – Co-organizer
- ※ October @Christian Chung Yuan University – Lecturer, “The Foremost Optimistic Innovator of R&D in Technology”



▲ Marketing Vice President Sam gives lecture in GOLF campus

6.4 Caring for the rural districts for social inclusiveness

MSI treasures the idea of growth in diversity and social inclusiveness. While going for innovative know-how and breakthrough in frontier technologies, MSI also reaches out to communities in rural districts. Through the subsidy of wholesome lunch resources, bonding of community cultures and protection of the local environments, MSI pursues its corporate social responsibility to its entirety and flourish this spirit to the outside world.



Subsidy for wholesome lunch and purchase of food in rural districts

The pupils in rural districts are mostly living far away or in misfortune families such that they cannot access normal nutrition. It was echoed with the inadequate resources of the schools in rural districts such that nutritional value of lunch becomes a luxury. MSI understand the problem and has provided financial support to the rural districts for a long time so as to improve the





nutritional value of the food for the pupils there. The effort of MSI helps to provide a balanced diet for these pupils to avoid malnutrition and related physical deficiencies. The warmth and effort of society will earn positive feedback from these pupils. In addition, MSI also assists the promotion of local crops through subsidizing the schools in rural districts purchase rice or vegetables from Taiwan. This helps to subsidize the schools with meal service to pupils. The warmth and effort of society will earn positive feedback from these schools. MSI has donated more than NT\$46.70 million since 2010 to help tens of thousands of pupils in rural districts for barrier free access to wholesome lunch.

Donation of wholesome lunch

In 2021, MSI has helped **110** pupils of Qin Xian Junior High School and Lian Dong Junior High School in Ruifang District of New Taipei through donation of **NT\$410,000**.

Subsidy for food purchase at schools in rural districts

In the first half of 2021, MSI has subsidized **7,562** pupils in **66** schools in rural districts of New Taipei amounting to **NT\$2.52 million**.

In the second half of 2021, MSI has subsidized 2 more schools, and totally helped **7,161** pupils in **68** schools

Community bondage and mutual assistance

Relief to New Taipei with double return

MSI supported the relief effort of New Taipei Government through offering the prices for the lucky draw to encourage consumption and stimulation of the economy in the post-pandemic era.



Donation of helmets for the police and supplies for the police and firemen for fighting the pandemic

MSI deeply realizes the effort and hardship of the police in the period of fighting the pandemic, and donated supplies to the substations at Zhonghe and Zhongyuan. The donation in 2021 totaled approximately NT\$500,000.

The fire station plays a pivotal role in local communities in recuse both at the time of the epidemic infection and in our daily lives. In 2021, MSI donated medical supplies to the fire stations, including protective gears, N95 face mask, and cloves totaling NT\$790,000.



▲ Donation of police and fire safety equipment and supplies

Guarding the environment for an inclusive society

Environmentally friendly is the manifestation of friendly behaviors of human beings to the natural environment. This requires the advocacy of environmental culture and ecological civilization so that we could maintain a proper balance between economic benefit and environmental sustainability and the perpetuation of natural resources.

Fostering of “Growing Good Crops” in natural fields of Nanao

Organic farming thrived over the years for the sustainability of lands and healthy diet. Yet, there are problems in the inspection and accreditation of lands, and the transformation of the contaminated fields in the neighboring areas. This will be too heavy a burden and too high a risk for the farmers. Under the “contract farming” system, consumers offer a fixed price for purchasing the crops of the farmers in good quality. This system is very friendly, as it does not rely on moral persuasion or cumbersome inspection system, and could be launched smoothly. This also helps to materialize the ideal of sustainable agriculture for “clean food and clean land.” MSI recognizes the idea of contract farming in Nanao and fostered 4,850 m² of farmland. The natural field in Nanao is responsible for the milling and growing of rice. The yield from the harvest in excess of the guaranteed quantity will be allocated to the contract-farming farmers. In 2021, 1,700 kg of brown rice was harvested, and all were donated to a number of welfare organizations or business partners. MSI has purchased some 7,400 kg of organic rice through the fostering system since 2017.

Good tea starts with conservation of reservoir

MSI cares about the sustainability of global environment and conservation and acts to protect the water resources in Pinglin and the Feitsui Reservoir in order to take care of the health and livelihood of the tea farmers in Pinglin. MSI adopted the produce of the tea farms under the organic tea plantation and promotion program in Pinglin advocated by Taipei Organic Cooperative. The tea will be donated to the “Good Day” platform of New Taipei so that the disadvantaged elderly can get together to have a decent cup of tea. In 2021, MSI has donated 13,000 packs of organic tea.



▲ Organic Tea Donation

Conservation plan for the wetland at Wugu

The wetland at Wugu is the habitat for the largest population of birds in north Taiwan. With the effort of the Society of Wilderness, this place is rated as an important wetland. MSI shares the cause of the Society of Wilderness for the environment, and has



▲ Conservation of the wetland at Wugu as habitats for birds



donated in 2021 for the recovery and conservation of the wetland at Wugu. Further to the adoption of the wetland at Wugu, MSI also holds seminars on environmental education and life to help to develop the habit of environmental protection with a view to reminding people of valuing our living environment.

Support the "Danshui River Covenant" to do just one thing for Danshui River

Danshui River, Xindin River and Dahan River at its upper course, are a vital artery in greater Taipei. According to the research findings of the International Ocean Cleanup Foundation, there are 20 seriously polluted rivers in the world with Danshui River ranking 16th place. There is an average of 1.47 metric tons of plastic wastes drifted from Danshui River to the ocean annually. The whole world is clouded by the crisis of climate change. The scarcity of water resources resulted in the extinction of many species in great diversity. This not only causes impacts on the ecology of Danshui River and the habitats of plants and animals, but also affects each family and enterprise from the upper course to the lower course of the river. For this reason, MSI promises:

- No discharge of untreated wastewater (pollutants) falling below the discharge standard;
- Monitoring of the waste cleanup contractors to prohibit indiscriminate dumping of wastes;
- Pursuit of green purchase, including sustainable items, green electricity, and low carbon products;
- Encouragement of employees to play an active role in the public governance of Danshui River as a responsible corporate citizen in the water system.



Scan me to know more about "Danshui River Covenant"

6.5 Love in MSI, Care in joint effort

Diversity of service for an inclusive society

With "Promotion of Good Society" as the sense of mission, MSI performs its responsibility as a good corporate citizen through "MSI Volunteers" and "Giving to communities." MSI cares about the environment, and concerns for the local communities and supports social charity. With the use of the optimized resources of the company and the employees, MSI can strengthen its cause for public good.

Favorite Club	Yoga Club	Volunteer Club	Donation of commercial invoices for Ferdinand Lantern
There were 110 employees who took part in the donation of commercial invoice for red packet campaign that helped to collect 450 invoices for donation of all to the Help-Save-A-Pet-Fund Taiwan.	The Yoga Club participated in the 2021 year-end thanksgiving charity fund fair organized by Taiwan Fund for Children and Families and subscribed tickets for the games. This event can help the fund and many handicapped students, which is the manifestation of the spirit and notion of the Yoga Club in social service.	MSI participated in the 30th Arthur Cup Athletics Meet for the Handicapped in Taipei and volunteered for the work in the Guide Team and Service Support Team to assist the teams of the schools to complete the game. In 2021, MSI spent 120 hours of service and provided service to some 5,600 disadvantaged people.	The Lantern Festival is not far away. MSI Employee Welfare Committee initiated the exchange of commercial invoices in January – February 2021 for Ferdinand Lantern. About 200 employees joined the cause and 600 invoices have been collected, and all were donated to Taiwan Fund for Children and Families.
21 Days of Green Life	You are invited to take green action for your love of the earth on the World Earth Day	"Love Water Resources" & A little step for water saving	<p>珍惜水資源</p>
This event was initiated by the Employee Welfare Committee where employees are invited to live a green life for 21 days. This campaign started from 7 aspects of our daily lives. Through the sustainability exploration behind each activity, employees can understand this campaign in depth.	Employees are invited to donate the obsolete or to be phased out used items. The Employee Welfare Committee will sell these used items and the proceeds will be donated to the Taiwan Fund for Children and Families.	MSI holds the Water Saving Campaign on the World Water Day. Employees can take part in a lucky draw just by sharing their different modes of water saving and photos showing the efficient use of water resources. This alerted all to treasure water and protect water resources in different forms of actions. The campaign will be extended to people around you.	

"Love Spread From MSI" – blood donation campaign

MSI launched the blood donation campaign in 2002. The plants in Taipei, Taoyuan, and China organize blood donation campaigns from time to time so that many of MSI contribute to this social cause to show their love of the society. The medical centers of MSI arranged a blood donation truck to attend the plant and rally for the support of the employees in blood donation to save lives. There were 176 blood donors by head count in the reporting period with a total of 279 bags of blood donated.



Annex I. GRI Standards Content Index

GRI 102: General Disclosures

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	102-7	Scale of the organization	2.1 Company Overview	18	
	102-8	Information on employees and other workers	3.1 Overview of the Employee 3.6 Occupational Safety and Health	34 48	
	102-9	Supply chain	1.3 Stakeholder Engagement and Analysis of Material Issues 4.3 Supplier Management	11 61	
	102-10	Significant changes to the organization and its supply chain	About this report	2	No major changes during the year
	102-11	Precautionary Principle or approach	2.4 Risk Management	25	
2. Strategy	102-12	External initiatives	–	87	<ul style="list-style-type: none"> Comply with the requirements of Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies and Sustainability Best Practice Principles for TWSE/GTSM Listed Companies. Respond to external initiatives such as the UN SDGs, RBA Guidelines, ISO 26000, Responsible Minerals Initiative (RMI).
	102-13	Membership of associations	2.1.2 Relations with Associations	19	
3. Ethics and Integrity	102-14	Statement from senior decision-maker	Letter from the Chairman and President(CEO)	4	
4. Governance	102-16	Values, principles, standards, and norms of behavior	2.5 Business Ethics 2.6 Legal Compliance	28 30	
	102-18	Governance structure	2.2 The Framework of Corporate Governance	22	
5. Stakeholder Engagement	102-40	List of stakeholder groups	1.3 Stakeholder Engagement and Analysis of Material Issues	11	
	102-41	Collective bargaining agreements	N/A	-	MSI has not signed a collective bargaining agreements with employees, and the Chinese factory has replaced it with a labor union.
	102-42	Identifying and selecting stakeholders	1.3 Stakeholder Engagement and Analysis of Material Issues	11	
	102-43	Approach to stakeholder engagement	1.3 Stakeholder Engagement and Analysis of Material Issues	11	
	102-44	Key topics and concerns raised	1.3 Stakeholder Engagement and Analysis of Material Issues	11	
6. Reporting Practice	102-45	Entities included in the consolidated financial statements	About this report	2	
	102-46	Defining report content and topic Boundaries	1.3 Stakeholder Engagement and Analysis of Material Issues	11	New Sustainability Issue: Social Engagement
	102-47	List of material topics	1.3 Stakeholder Engagement and Analysis of Material Issues	11	
	102-48	Restatements of information	–	-	Update of historical data.
	102-49	Changes in reporting	–	-	"Occupational health and safety" is new additions to the material topics compared to last reporting year.
	102-50	Reporting period	About this report	2	
	102-51	Date of most recent report	About this report	2	
	102-52	Reporting cycle	About this report	2	
	102-53	Contact point for questions regarding the report	About this report	2	
	102-54	Claims of reporting in accordance with the GRI Standards	About this report	2	
102-55	GRI content index	GRI content index	87	This table	
102-56	External assurance	Third Party Assurance Statement	92	Refer to Annex 4	





Material Topics & Related GRI Standards

Material Topics	GRI Standardsnote	Disclosure Items	Related Report Sections	Page
Operational performance	GRI 103 Management Approach	103-1 Explanation of the material topic and its boundary 103-2,3 The management approach & its components and Evaluation	1.3 Stakeholder Engagement and Analysis of Material Issues 2. About MSI	11 18
	GRI 201 Economic Performance	201-1 Direct economic value generated and distributed	2.3.1 Operation Performance 2.3.2 Distribution of Economic Value to Stakeholders	24 25
Corporate governance	GRI 103 Management Approach	103-1 Explanation of the material topic and its boundary 103-2,3 The management approach & its components and Evaluation	1.3 Stakeholder Engagement and Analysis of Material Issues 2. About MSI	11 18
	GRI 405 Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	2.2 The Framework of Corporate Governance	22
Legal compliance	GRI 103 Management Approach	103-1 Explanation of the material topic and its boundary 103-2,3 The management approach & its components and Evaluation	1.3 Stakeholder Engagement and Analysis of Material Issues 2. About MSI	11 18
	GRI 205 Anti-Corruption GRI 307 Environmental Compliance GRI 419 Socioeconomic Compliance	205-1 Operations assessed for risks related to corruption 307-1 Non-compliance with environmental law and regulations 419-1 Non-compliance with laws and regulations in the social and economic area	2.5 Business Ethics 2.6 Legal Compliance	28 30
Legal compliance	GRI 103 Management Approach	103-1 Explanation of the material topic and its boundary 103-2,3 The management approach & its components and Evaluation	1.3 Stakeholder Engagement and Analysis of Material Issues 4. Product and Service Value	11 56
	GRI 308 Supplier Environment Assessment GRI 414 Supplier Social Assessment	308-1 New suppliers that were screened using environmental criteria 414-1 New suppliers that were screened using social criteria	4.3.1 Sustainable Supply Chain Management and Goals 4.2.1 Green Product Management (GPM) Platform 4.3.2 Supplier Management Mechanism 4.3.3 Responsible Minerals Management	61 60 62 63
Product responsibility	GRI 103 Management Approach	103-1 Explanation of the material topic and its boundary 103-2,3 The management approach & its components and Evaluation	1.3 Stakeholder Engagement and Analysis of Material Issues 4. Product and Service Value	11 56
	GRI 416 Customer Health and Safety	416-1 Assessment of the health and safety impacts products and service categories 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	4.1.2.2 Product Review Mechanism 2.6 Legal Compliance	58 30
Climate change	GRI 103 Management Approach	103-1 Explanation of the material topic and its boundary 103-2,3 The management approach & its components and Evaluation	1.3 Stakeholder Engagement and Analysis of Material Issues 5. Environmental Value	11 68
	GRI 305 Emissions	305-1 Direct (Scope 1) greenhouse gas (GHG) emissions 305-2 Energy indirect (Scope 2) greenhouse gas (GHG) emissions 305-4 GHG emissions intensity	5.4.1 GHG Emissions	71

Talents cultivation	GRI 103 Management Approach	103-1 Explanation of the material topic and its boundary 103-2,3 The management approach & its components and Evaluation	1.3 Stakeholder Engagement and Analysis of Material Issues 3. Employee Value	11 34
	GRI 404 Training an Education	404-1 Average hours of training per year per employee 404-3 Programs for upgrading employee skills and transaction assistance programs	3.3.1 Career Development Overview 3.3.3 Performance review	41 44
Employee rights and interests and friendly workplace	GRI 103 Management Approach	103-1 Explanation of the material topic and its boundary 103-2,3 The management approach & its components and Evaluation	1.3 Stakeholder Engagement and Analysis of Material Issues 3. Employee Value	11 34
	GRI 202 Market Presence GRI 401 Employment	202-1 Ratios of standard entry level wage by gender compared to local minimum wage 202-2 Proportion of senior management hired from the local community 401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees 401-3 Parental leave	3.1.2 Employment 3.2 Remuneration and Benefits 3.1.4 Retaining Employees- Maternity leave and paternity leave	36 39 37
OH and S	GRI 103 Management Approach	103-1 Explanation of the material topic and its boundary 103-2,3 The management approach & its components and Evaluation	1.3 Stakeholder Engagement and Analysis of Material Issues 3. Employee Value	11 34
	GRI 403 Occupational Health and Safety 2018- Management Approach	403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment, and incident investigation 403-3 Occupational health services 403-4 Worker participation, consultation, and communication on occupational health and safety 403-5 Worker training on occupational health and safety 403-6 Promotion of worker health 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.6.1 MSI Occupational Safety and Health (OSH) Organization Structure 3.6.2 Risk Control and Disaster Prevention, 3.6.5 Result of Occupational Safety and Health Management 3.6.4 Occupational Health Service 3.6.6 The Participation, Consultation, and Communication with the Workers Pertinent to OSH 3.6.3 Education, Training and Promotion 3.5.2 Health Management 3.5.2 Health Management, 3.6 Occupational Safety and Health	48 50 51 53 51 46 46
Human rights management and labor-management relations	GRI 403 Occupational Health and Safety 2018	403-8 Workers covered by an occupational health and safety management system 403-9 Work-related injuries 403-10 Work-related ill health	3.6.1 MSI Occupational Safety and Health (OSH) Organization Structure 3.6.5 Result of Occupational Safety and Health Management	48 52
	GRI 103 Management Approach	103-1 Explanation of the material topic and its boundary 103-2,3 The management approach & its components and Evaluation	1.3 Stakeholder Engagement and Analysis of Material Issues 3. Employee Value	11 34
Human rights management and labor-management relations	GRI 402 Labor/Management Relations GRI 406 Non-Discrimination	402-1 Minimum notice periods regarding operational changes 406-1 Incidents of discrimination and corrective actions taken	3.1.2 Employment- Minimum Notice Periods Operational Changes 2.6 Legal Compliance	36 30

Note: The GRI standards without year mark indicates that issued in 2016.



Other sustainable development issues

GRI Standards ^{note}	Disclosure Items	Related Report Sections	Page	Note/Omissions
GRI 407 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	4.3.2 Supplier Management Mechanism	62	
		4.3.3 Responsible Minerals Management	63	
GRI 408 Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	3.1.2 Employment- No employment of child labor 4.3.1 Sustainable Supply Chain Management and Goals	36 61	
GRI 409 Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.6 Legal Compliance 4.3 Supplier Management	30 61	
GRI 417 Marketing and Labeling	417-1 Requirements for product and service information and labeling	4.1.2.2 Product Review Mechanism	58	
	417-2 Incidents of non-compliance concerning product and service information and labeling	2.6 Legal Compliance	30	
GRI 418 Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.5 Protection of Privacy Rights and Personal Information of the Customers 2.6 Legal Compliance	65 30	

Note: The GRI standards without year mark indicates that issued in 2016.

Annex II. ISO 26000 Index

Core Subjects and Issues		Related Report Sections	Page	Note
Organizational Governance	Decision-making processes and structures	2.2 The Framework of Corporate Governance	22	
	Due diligence	2.6 Legal Compliance 4.3 Supplier Management	30 61	
	Human rights risk situations			
	Avoidance of complicity	2. About MSI	18	
Human Rights	Resolving grievances	2.5.3 Complaints and Report Mechanisms 2.6 Legal Compliance 3.4.3 Channels for Employee Complaints	29 30 45	
	Discrimination and vulnerable groups	–	–	All MSI operating policies and systems are not subject to the influence of gender, religion, race, nationality, or political parties.
	Civil and political rights	4.3 Supplier Management 3.6.6 The Participation, Consultation, and Communication with the Workers Pertinent to OSH	61 53	
	Economic, social and cultural rights	3. Employee Value	34	
	Fundamental principles and rights at work	3. Employee Value	34	
Labor Practices	Employment and employment relationships	3.1.2 Employment 3.2 Remuneration and Benefits 3.3.3 Performance review	36 38 44	
	Conditions of work and social protection	3.1.2 Employment 3.2.2 Magnanimous Benefits 3.6 Occupational Safety and Health	36 39 48	
	Social dialogue	1.3 Stakeholder Engagement and Analysis of Material Issues	11	
	Health and safety at work	3.5 Healthy Workplace 3.6 Occupational Safety and Health	45 48	
	Human development and training in the workplace	3.3 Employee development	40	
The Environment	Prevention of pollution	5.5 Pollution Prevention	73	
	Sustainable resource use	4.1 Product Sustainability 4.2 Management of Hazardous Substances	56 59	4.1 Product Sustainability 4.2 Management of Hazardous Substances
	Climate change mitigation and adaptation	5.3 Climate Change Management	69	
	Protection of the environment, biodiversity and restoration of	–	–	The MSI operating plants are all located in industrial parks, all of which have passed the EIA and have no relevant impact or influence on the surrounding organisms.





	Anti-corruption	2.5 Business Ethics 2.6 Legal Compliance	28 30		
Fair Operating Practices	Responsible political involvement	–	–	MSI maintains a neutral stance on politics, does not engage in any political donations or lobbying, and does not participate in relevant political activities.	
	Fair competition	2.6 Legal Compliance	30		
	Promoting social responsibility in the value chain	4.3 Supplier Management	56		
	Respect for property rights	2.5 Business Ethics	28		
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	2.5 Business Ethics	28		
	Protecting consumers' Health and safety	4.1.2 Product Responsibility	58		
	Sustainable consumption	4.3.1 Sustainable Supply Chain Management and Goals	61		
	Consumer service, support, and complaint and dispute resolution	4.4 Customer Service and Satisfaction	64		
	Consumer data protection and privacy				
	Access to essential services				
	Education and awareness	–	–	Through digital forums, such as technology forums and online communities, MSI combines the experiential marketing of key stores with business partners in different sectors to allow users to understand the industrial development and technological exchanges. For relevant information, please visit the MSI official website: https://www.msi.com/index.php .	
Community Involvement and Development	Community involvement	6. Love in MSI	83		
	Education and culture	6. Love in MSI	78		
	Employment creation and skills development	3.3 Employee development	40		
	Technology development and access	2.1 Company Overview	18		
	Health	Weight and income creation	2.1 Company Overview	18	
			2.3 Operation Performance	24	
			3.2 Remuneration and Benefits	38	
	Health	3.5 Healthy Workplace 3.6 Occupational Safety and Health	45 48		
	Social investment	6. Love in MSI	78		

Annex III. United Nation Global Compact Comparison Table

Category	10 Principles	Related CSR Report Section	Page
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights;	2.5 Business Ethics 2.6 Legal Compliance	28 30
	Make sure that they are not complicit in human rights abuses.		
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	MSI conducts collective bargaining agreements in accordance with local laws and regulations.	–
	The elimination of all forms of forced and compulsory labor;		
	The effective abolition of child labor; and		
	The elimination of discrimination in respect of employment and occupation.		
Environment	Businesses should support a precautionary approach to environmental challenges;	5. Environmental Value	68
	Undertake initiatives to promote greater environmental responsibility; and		
	Encourage the development and diffusion of environmentally friendly technologies.		
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	2.5 Business Ethics 2.6 Legal Compliance	28 30



Annex IV. Assurance Statement



INDEPENDENT ASSURANCE OPINION STATEMENT

2022 Micro-Star Sustainability Report

The British Standards Institution is independent to Micro-Star International Co., Ltd. (hereafter referred to as MSI in this statement) and has no financial interest in the operation of MSI other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of MSI only for the purposes of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by MSI. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to MSI only.

Scope

The scope of engagement agreed upon with MSI includes the followings:

1. The assurance scope is consistent with the description of 2022 Micro-Star Sustainability Report.
2. The evaluation of the nature and extent of the MSI's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the 2022 Micro-Star Sustainability Report provides a fair view of the MSI sustainability programmes and performances during 2021. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the MSI and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate MSI's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that MSI's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to MSI's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 2 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

Inclusivity

2022 report has reflected a fact that MSI has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the MSI's inclusivity issues.

Materiality

MSI publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of MSI and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the MSI's management and performance. In our professional opinion the report covers the MSI's material issues.

Responsiveness

MSI has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for MSI is developed and continually provides the opportunity to further enhance MSI's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the MSI's responsiveness issues.

Impact

MSI has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. MSI has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the MSI's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

MSI provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the MSI's sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

The sustainability report is the responsibility of the MSI's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan



Statement No: SRA-TW-2021082
2022-05-18

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