

CHAPTER

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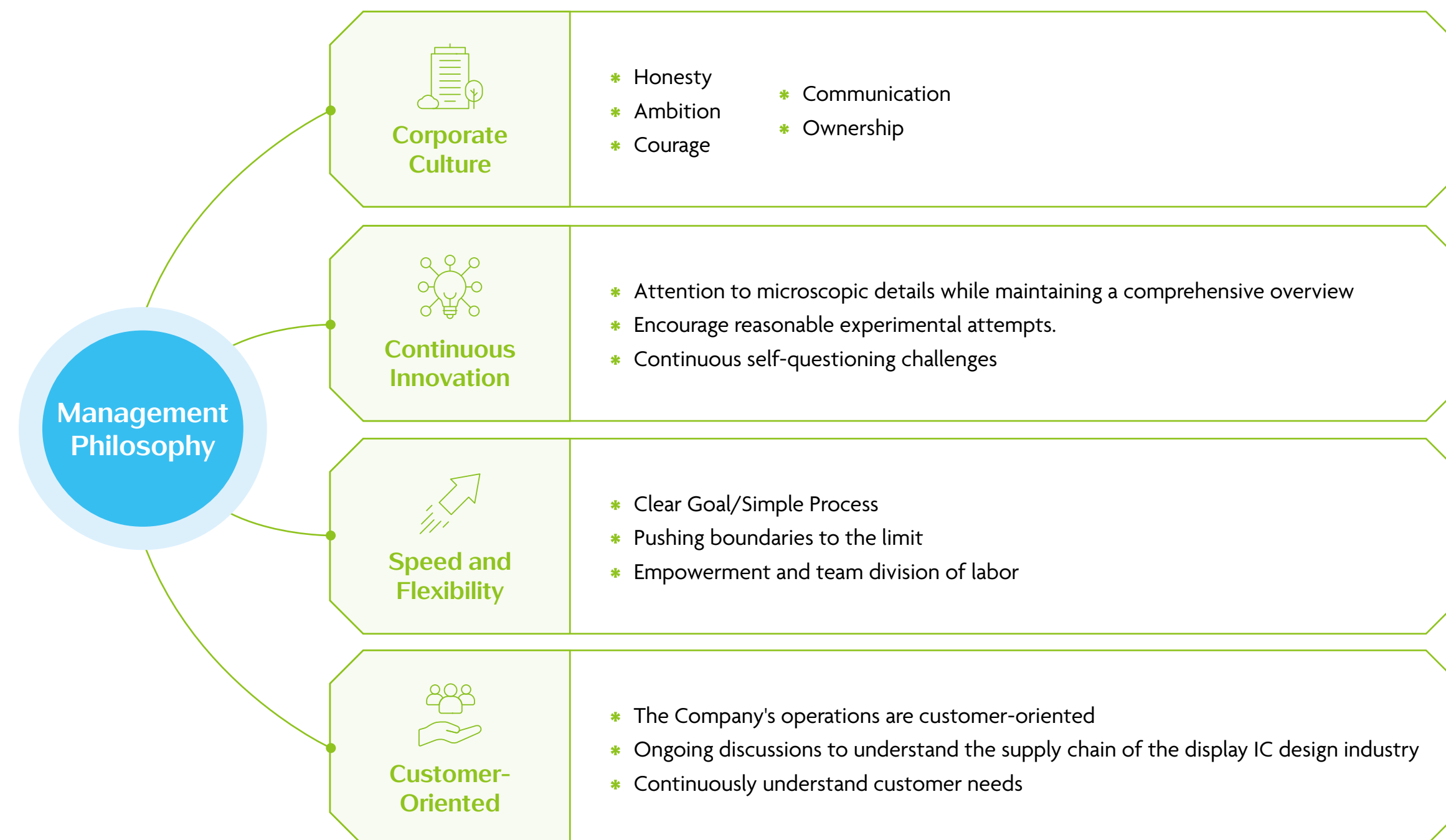
Sustainability Governance

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1.1 Corporate Management Philosophy and Sustainable Vision

Company Overview

ITH Corporation (hereinafter referred to as ITH) is a holding company established in January 2019 in the Cayman Islands. Its subsidiary, ILI Technology Corp., is a professional panel display driver and touch IC design company, possessing two core technologies in display and touch applications. For years, it has focused on the integration of panel display and touch-related technologies. The Group's primary customers include major panel suppliers from Taiwan, China, Japan, and Korea, as well as globally renowned brand customers. The product portfolio encompasses consumer product applications across large, medium, and small sizes, including mobile phones, tablets, notebook computers, industrial control, gaming, wearables, televisions, and automotive applications. The Group maintains precise control over market conditions and future industry trends to sustain its leading position across all sectors. ITH, through a people-oriented corporate culture, fulfills its mission as a sustainable enterprise, achieving the goal of deepening ESG governance while pursuing product innovation.



Company Background

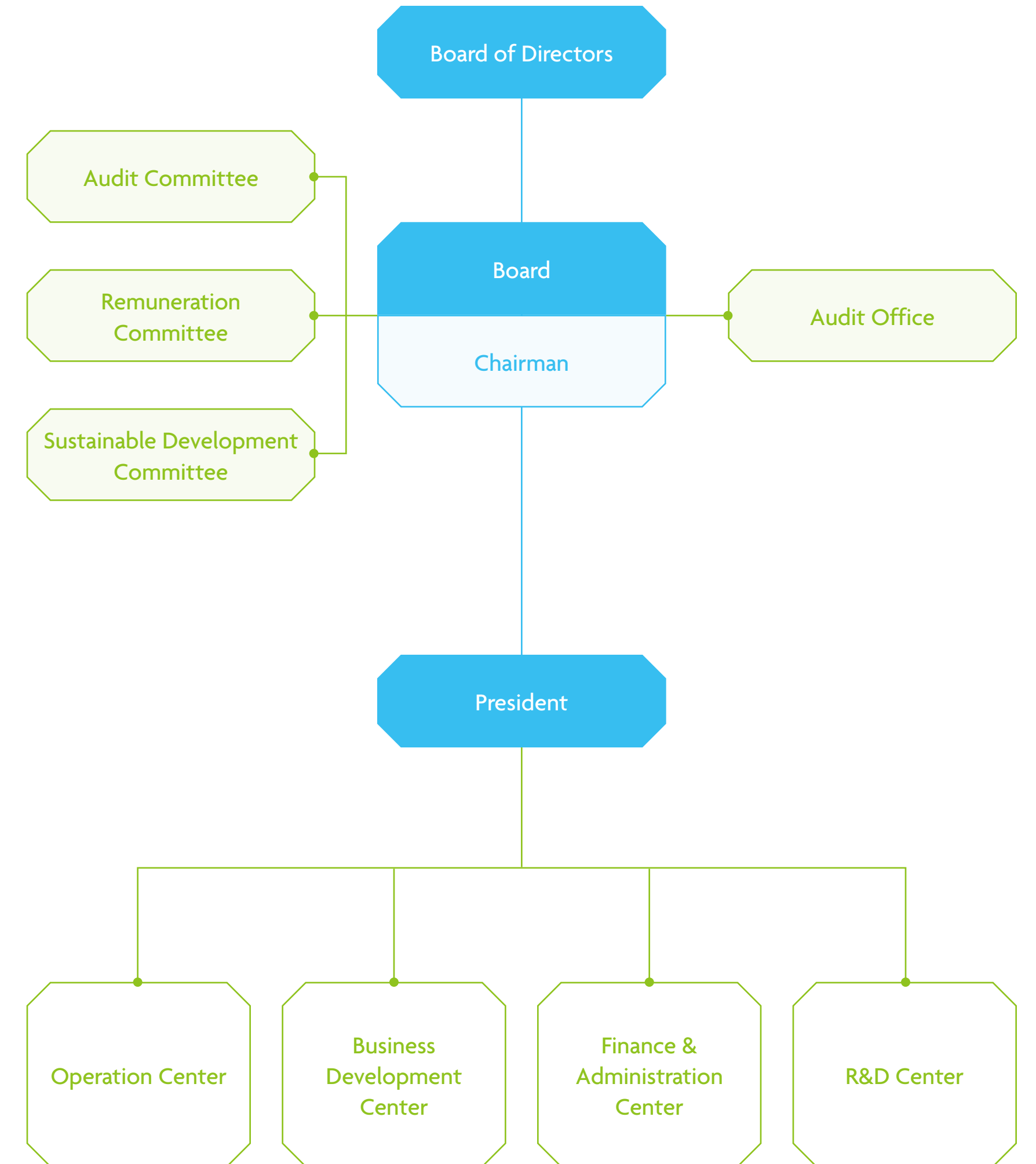
ITH uses Taiwan as its R&D base and core technology talent development hub. Through the Group's subsidiaries establishing operational bases worldwide, the Company provides local customers with the most immediate and robust service resources. ITH's superior products and services have earned the trust of major international brand manufacturers, opening up a continuously expanding market territory. ITH upholds management philosophy of integrity and customer-oriented principles, establishing domestic and overseas sales and technical service branches in Beijing, Shanghai, Shenzhen, Xi'an, Hefei, Xiamen, Wuhan, Korea, and Europe-Germany. This approach aims to closely understand customers, satisfy customers' evolving needs for innovation and change, providing immediate local technical support services to continuously create win-win situations with customers.

Company Full Name	ITH Corporation
Establishment Date	January 2019
Paid-in Capital	NT\$4,923,966 thousand
Chairman	Wayne Liang
President	Bruce Chen
Headquarters	10th Floor-1, No. 1, Taiyuan 2nd Street, Zhubei City, Hsinchu County
Number of Employees	969 People
Subsidiaries and Affiliates	ILI Technology Corp., Granda Microelectronics (Xiamen) Co., Ltd., ILITEK Holding Inc., W1 Technology Co., Ltd., Howdi Microelectronics (Shenzhen) Co., Ltd., Hefei Howdi Microelectronics Co., Ltd.
Operating Locations	Taipei, Hsinchu, Tainan, Beijing, Shanghai, Shenzhen, Xi'an, Hefei, Wuhan, Chengdu, Chongqing, Xiamen, Korea, Europe-Germany.



◆ ITH Organizational Structure

ITH has a comprehensive corporate operational structure with clear delineation of responsibilities and authority. The Chairman makes corporate strategic decisions, while the President manages overall operational execution. The organization is further subdivided into various business centers to implement the Company's decentralized management approach.

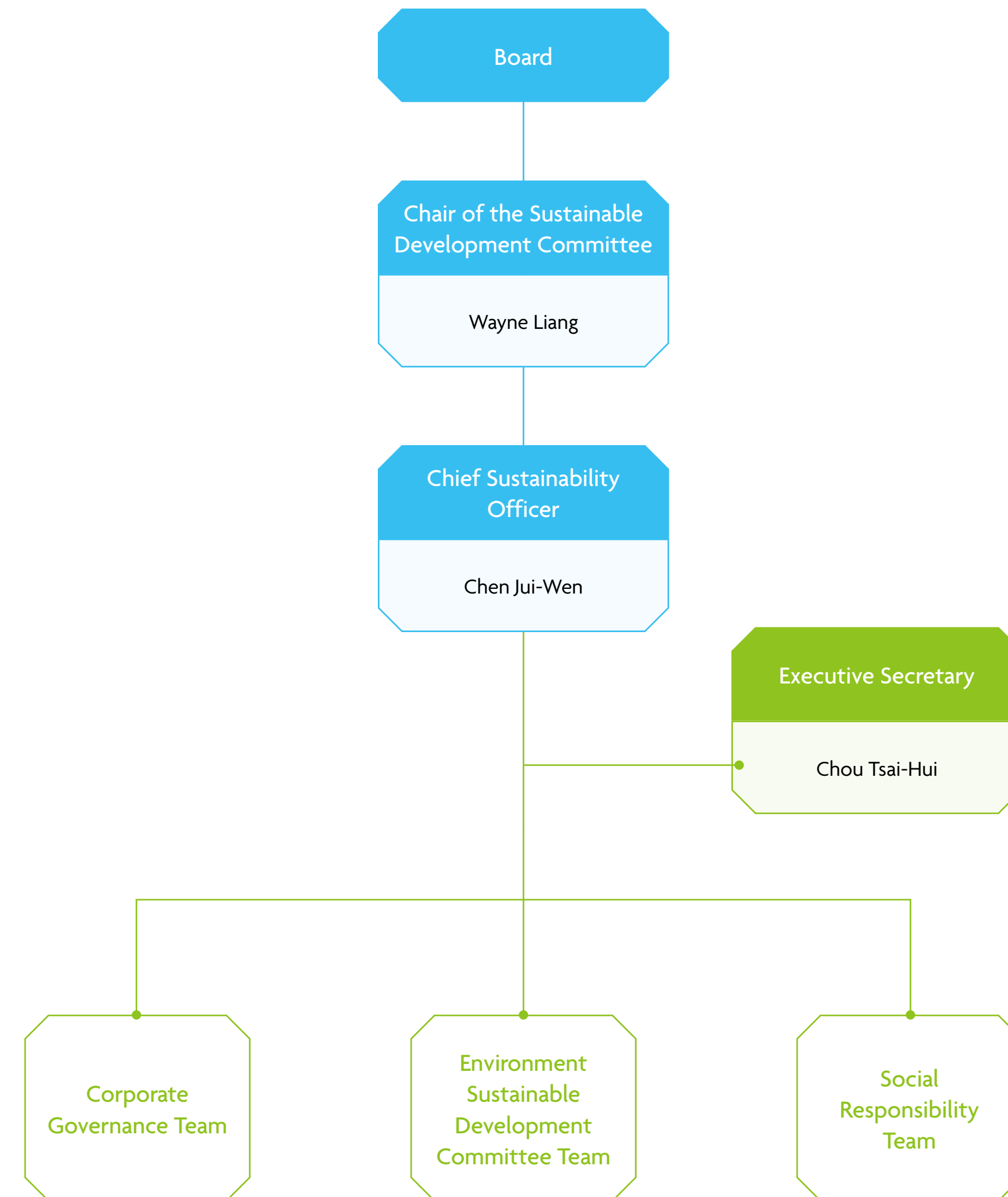
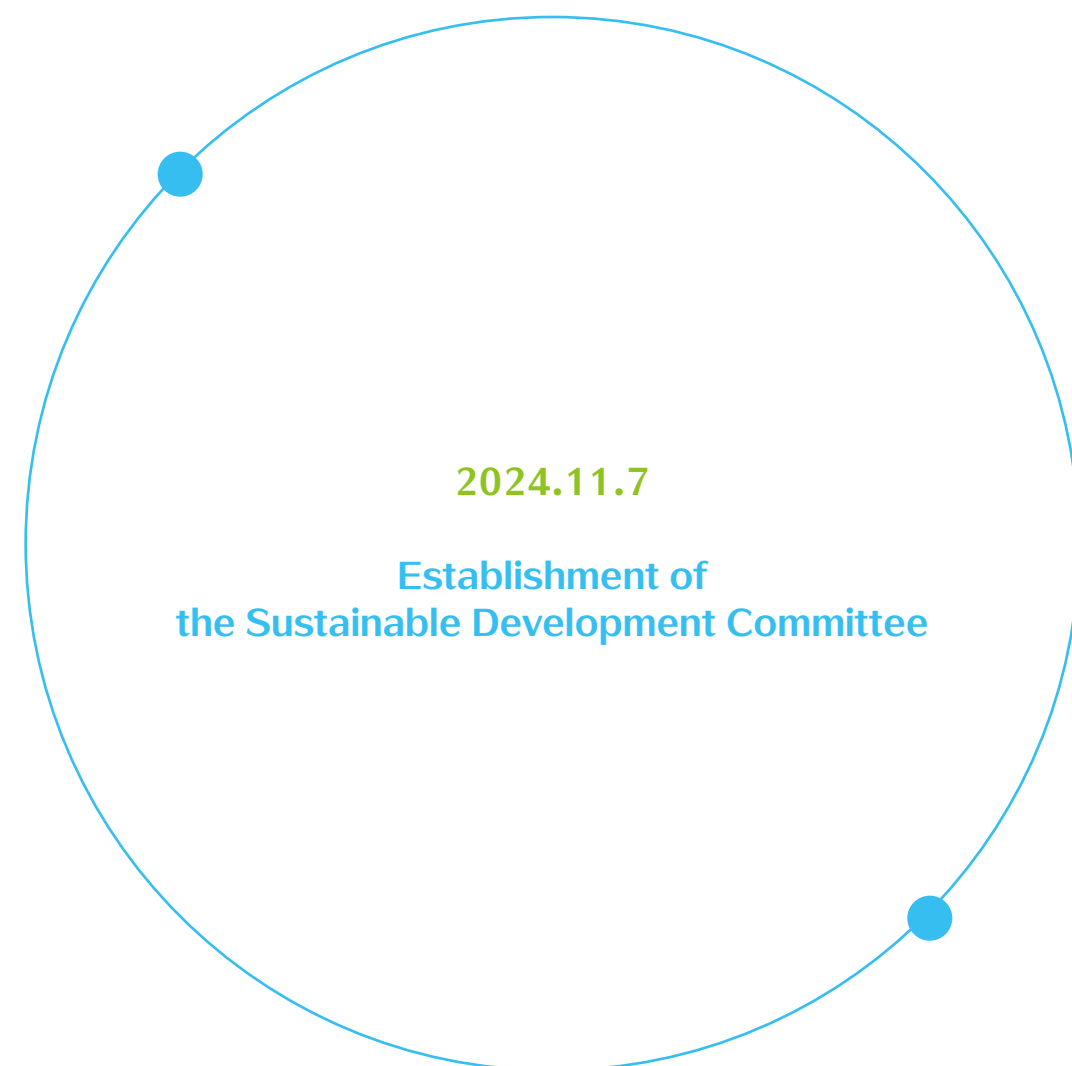


1.2 Sustainable Development Committee

On April 22, 2022, ILI Technology Corp. established a dedicated unit for sustainable development, with the Center for Corporate Sustainability Development as the managing unit. This move aligns with global sustainable development trends and the Company's growth vision, and it takes action to implement sustainable thinking to continuously create value for stakeholders. Following ITH-KY's successful listing in 2024, on November 7 of the same year, the Board of Directors authorized the establishment of a group-level Sustainable Development Committee, continuing the mission of the Center for Corporate Sustainability Development and further strengthening the implementation of sustainability actions.

The Sustainable Development Committee is chaired by the Chairman, with a Chief Sustainability Officer and an Executive Secretary reporting to the Chair, responsible for integrating core operational resources to manage the Company's sustainable action results, and formulating sustainable strategic directions and project initiatives based on international sustainable development trends and understanding stakeholder needs. The Committee has set up working groups for corporate governance, environmental sustainability, and social responsibility, responsible for formulating goals and implementation plans for material cross-departmental topics.

The Sustainable Development Committee regularly convenes meetings to track project progress and implementation results, and submits the Sustainability Report to the Board of Directors annually. This includes stakeholder engagement, material topics, risk assessments, response strategies, and other non-financial information related to business operations, ensuring that sustainable management receives appropriate oversight.



∴ Responsibilities and Authorities of the Sustainable Development Committee ∴

-01-

Plan the Group's sustainable development vision, policies, and goals.

-02-

Approve sustainable development-related charters, regulations.

-03-

Identify the risks and opportunities related to the Group's sustainable development issues, and determine response strategies and related investments.

-04-

Supervise the planning and implementation of the Group's sustainable development strategies.

-05-

Supervise the Group's sustainable development performance and information disclosure.

-06-

Report to the Board of Directors on the Group's sustainable development work plans and implementation performance, as well as other matters resolved by the Board of Directors to be handled by this Committee.

◇ ITH Sustainability Policy





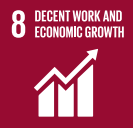
With its outstanding innovative R&D technologies and flexible market positioning strategy, ITH has emerged as a prominent player in the global touch and display driver IC sector. With the accelerated development of emerging technologies such as smart living, 5G networks, AI (artificial intelligence), smart cabins, and the Internet of Things (IoT), display screens as important interfaces for human-machine interaction will become a core component of future smart living.

ITH, with the core philosophy of sustainable coexistence with society and the environment, is committed to providing customers with green solutions and working together with suppliers to grow in the realm of social responsibility management, continuously enhancing ITH's organizational resilience.



◇ Important Resolutions of the Sustainable Development Committee in 2024

The ITH Sustainable Development Committee regularly convenes internal meetings to discuss the implementation results of ESG action plans. The agenda includes the Group's climate change adaptation plans, employee well-being plans, social care plans, and the formulation of future strategies and goals. The Committee submits the Sustainability Report to the Board of Directors annually.

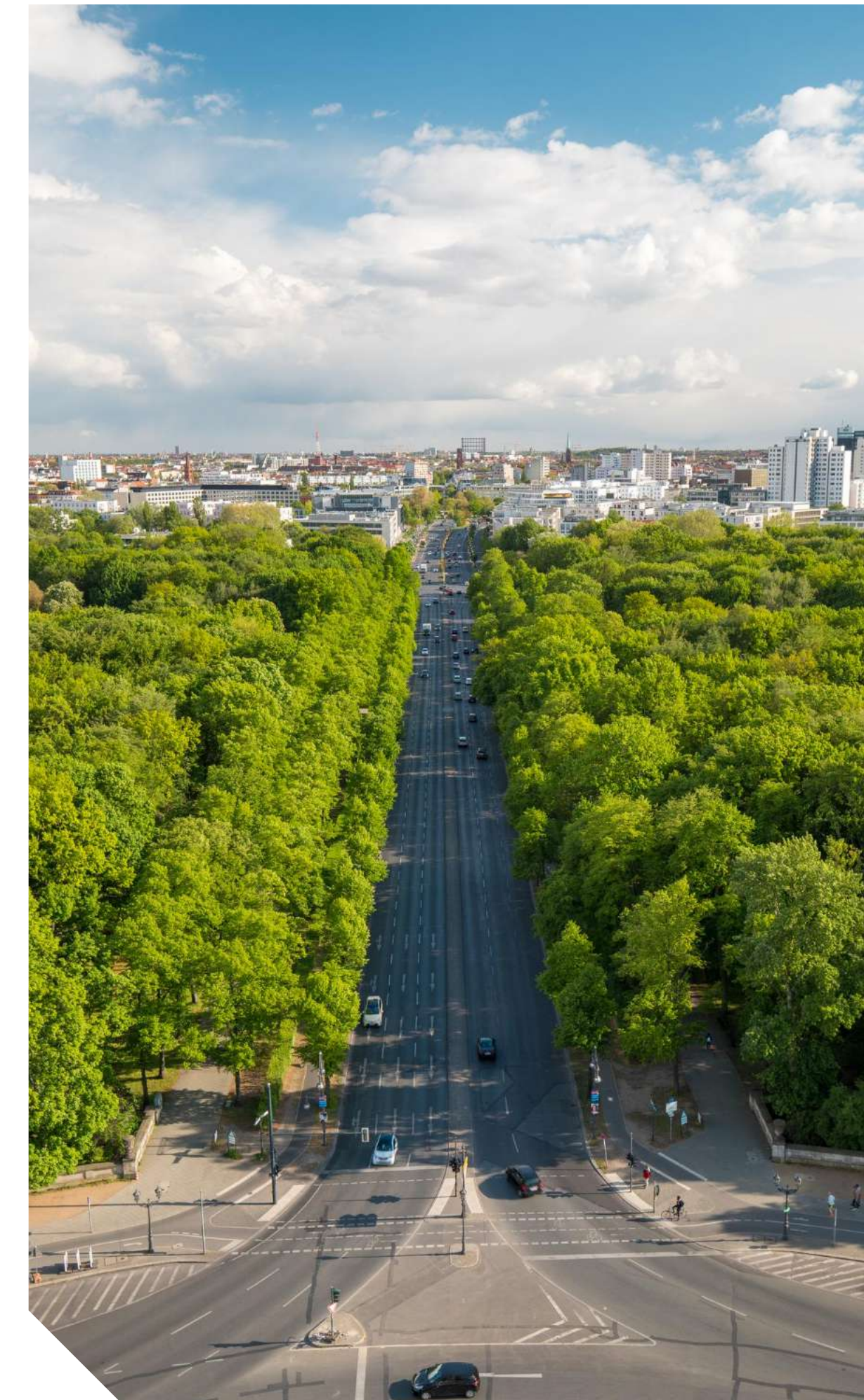
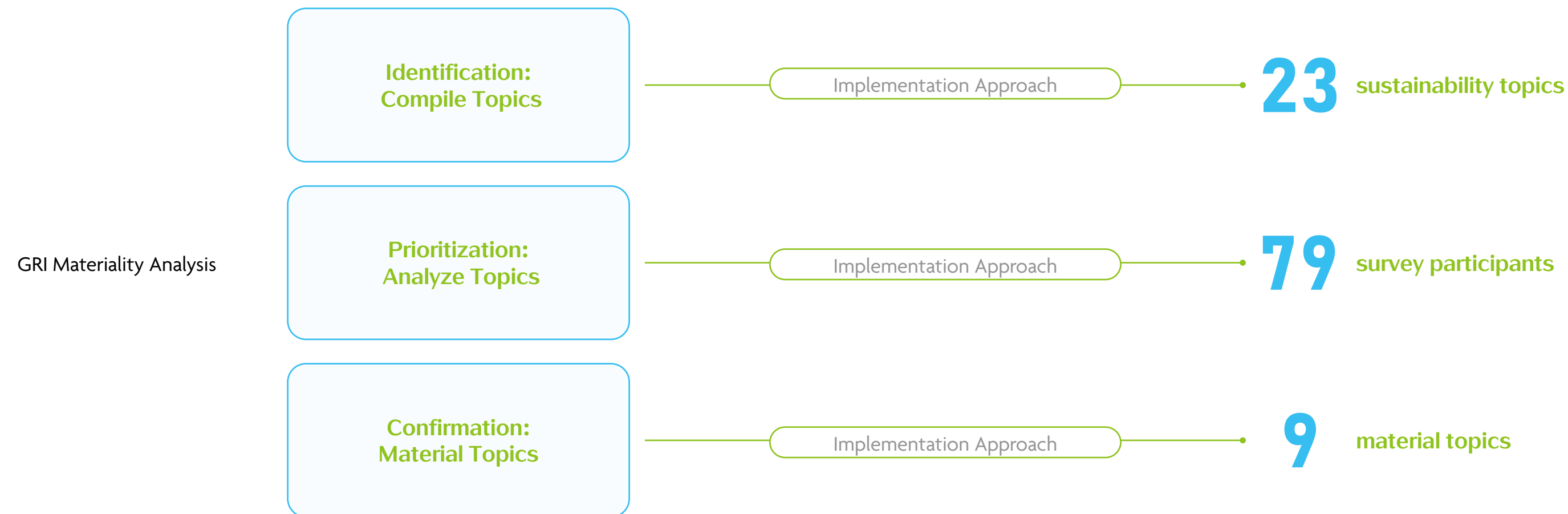
Theme	Project Items	Performance Highlights	Link to the UN Sustainable Development Goals (SDGs)
Climate Change Adaptation Plan	Greenhouse Gas Inventory Plan	Given the more severe than expected impacts of climate change, and in active response to global carbon reduction initiatives, we initiated greenhouse gas inventory planning in 2024. The Company plans to conduct a comprehensive inventory of the greenhouse gas emissions produced during its operations in 2025, setting it as the baseline for formulating future carbon reduction strategies and actions.	
	Set carbon reduction goals	We plan to use 2025 as the baseline year to evaluate the replacement of outdated major carbon-emitting equipment, implementing an Energy Management System (EMS), upgrading air conditioning systems, and promoting employee energy-saving initiatives. The goal is to reduce Scope 2 greenhouse gas emissions by 15% compared to the baseline year by 2030.	 Goal 13.2 Integrate climate change measures into policies and planning
	Task Force on Climate-related Financial Disclosures (TCFD)	To enhance the transparency and comparability of climate change information and assist investors in effectively evaluating the Company's capability to address climate risks and opportunities, we identify and manage climate-related risks and opportunities based on our existing risk management framework while referencing the TCFD (Task Force on Climate-related Financial Disclosures), and incorporate them into our operational decision-making processes.	
Employee Well-Being Plan	EAPFC program	ITH cares about the physical and mental well-being of employees, and has implemented comprehensive employee well-being plans, aiming to provide the most comfortable working conditions. Through survey outcomes and collaboration with external institutions, we have developed the EAPFC care programs and goals. We regularly review the implementation progress and achievement effectiveness of the plans.	 Goal 3.4 Promote Mental Health and Well-Being
Social Care Plan	Improvement of community health care quality.	ITH has implemented social care plans to contribute to societal well-being:	 Goal 3.8 Achieve universal health coverage.
	Assistance Program for Children with Disabilities	<ul style="list-style-type: none"> * Donated a robotic arm to the China Medical University Hsinchu Hospital * Sponsored the fundraising for Happy Work Community long-term care facility at Happy Work Association, as well as meal and learning programs for children with disabilities * St. Francis Children's Home Autonomy Enhancement Program * C.K. Robotics FRC international competition program * The Heping District Tbulan Elementary School baseball team training program in Taichung City. 	 Goal 4.5 Eliminate all discrimination in education
	Disadvantaged Institutions Assistance Program	<ul style="list-style-type: none"> * Charity Sale Event on Children's Day * Celebrate Mid-Autumn Festival Together, Cherish Your Pets 	 Goal 8.5 Full employment and work with equal pay

1.3 Stakeholder Engagement and Material Topics Identification

AA1000 Stakeholder Engagement Standards

Dependency + Accountability + Closeness + Influence + Communication Frequency

« Identification of 5 stakeholder groups »



◆ Stakeholder Engagement

The main stakeholders of this report are identified by referencing the five characteristics of "dependency, responsibility, tension, influence, and frequency" from the AA1000 SES Stakeholder Engagement Standard, and through comprehensive identification by internal management discussions, resulting in five major categories of stakeholders, including employees, customers, suppliers, government agencies, and shareholders/investors.

∴ AA1000 SES Stakeholder Engagement Standard ∴



Responsibility

Refers to stakeholders who have legal, economic, operational, and ethical responsibilities regarding current or future issues with ITH Corporation.



Influence

Refers to stakeholders who have strategic or decision-making influence on ITH operations.



Tension

Refers to stakeholders who have mutual concerns with ITH on financial, economic, social, and environmental issues.








Dependency

Refers to stakeholders who directly or indirectly rely on ITH's activities, products, and services.



Frequency

Refers to stakeholders who have a highly frequent communication with ITH.

Stakeholder	Significance to ITH	Communication Methods/Frequency	Topics of Concern	Yearly Communication Highlights and Results	
 Employees	<p>Employees are regarded as ITH's most important stakeholders, and the Company has a responsibility to take care of each one by providing a safe and healthy working environment, offering quality remuneration and benefits, strengthening internal communication channels, and effectively listening to employees' voices.</p>	<ul style="list-style-type: none"> * Electronic bulletin board and email announcements (immediately) * Reporting or complaint mechanisms (immediately) * Departmental meetings (weekly) * Labor-management meetings (quarterly) * Employee benefits committee (quarterly) 	<ul style="list-style-type: none"> * Training programs (irregularly) * Performance interviews (annually) * Occupational safety and health promotion (irregularly) * Evaluation of new colleagues (irregularly) 	<ul style="list-style-type: none"> » Talent attraction and retention » Talent development and cultivation, implementing education and training and skills development » Communication on company development strategy » Occupational safety and health 	<ul style="list-style-type: none"> * A total of 4 employee welfare committee meetings were held throughout the year, with 76 participants. * The average total training hours per employee over the entire year was 7.2 hours, with a total of 5,135.5 learning hours. * Organized a safety and health advocacy training attended by 48 people, with a total 86 hours of participation.
 Customers	<p>ITH follows a customer-oriented business philosophy, standing at the front line to understand customer needs, ensuring product quality and safety, and creating higher economic value.</p>	<ul style="list-style-type: none"> * Meetings, phone calls, and email correspondence (immediately) * Customer satisfaction survey (quarterly) * Customer quality meetings (semi-annually) * Customer audit meetings/on-site audits (annually) 	<ul style="list-style-type: none"> * Customer and supplier conferences (annually) * QTR, QBR, technology exchange meetings (irregularly) * External customer seminars (irregularly) 	<ul style="list-style-type: none"> » Customer relationship and privacy management » Business continuity management » Product quality and safety management » Innovation and R&D » Market image » Sustainable supply chain 	<ul style="list-style-type: none"> * 11 questionnaires were returned from the customer satisfaction survey, with an average customer satisfaction score as high as 90 points. * No major faults were identified in the annual customer audit. * Invited to participate in 12 QTR sessions organized by brand customers, and 4 sessions of annual customer and supplier conferences.
 Suppliers	<p>Suppliers are our important partners in sustainable operation, and in the future, we will work together with supplier partners to create new business models and enhance sustainability competitiveness.</p>	<ul style="list-style-type: none"> * Meetings, phone calls, and email correspondence (immediately) * Quality meetings (quarterly) 	<ul style="list-style-type: none"> * Supplier audits (quarterly/annually) * Customer grievance channel (irregularly) 	<ul style="list-style-type: none"> » Customer relationship and privacy management » Product quality and safety management » Sustainable supply chain » Market image » Financial performance » Business continuity management 	<ul style="list-style-type: none"> * 100% of suppliers comply with RoHS and REACH regulations, and 100% have signed conflict minerals non-usage survey forms.
 Government agencies	<p>We focus on the latest government regulatory trends, strictly implement compliance with laws and regulations, and work together with government policies to strengthen overall industry development.</p>	<ul style="list-style-type: none"> * Official correspondence and letter exchanges (irregular) 	<ul style="list-style-type: none"> » Green products » Water resource management » Waste management 	<ul style="list-style-type: none"> » Talent attraction and retention » Talent development and cultivation » Social welfare 	
 Shareholders/investors	<p>ITH's operations must be accountable to investors. We constantly monitor ITH's value and management to safeguard shareholder interests.</p>	<ul style="list-style-type: none"> * Shareholders' meeting, Board of Directors * Phone 	<ul style="list-style-type: none"> * Email correspondence * Corporate website 	<ul style="list-style-type: none"> » Energy management » Green products » Human rights maintenance » Information security » Innovation and R&D » Business performance 	<ul style="list-style-type: none"> * In 2024, there was 1 general shareholders' meeting, 1 extraordinary shareholders' meeting, and 9 Board meetings. * Corporate Governance: Disclose corporate governance-related information to investors and communication thereon. * Business Strategy: Explanation of the Company's medium- and long-term development direction and corresponding strategies.

◆ Compilation of Sustainability Topics

ITH places great importance on the voices of stakeholders. To identify material topics related to ITH, we have referred to industry-critical issues presented in GRI Standards, the United Nations Sustainable Development Goals (SDGs), and domestic and international semiconductor industry cases. These issues are categorized into three major aspects: economic, Environment, and Society. A total of 23 sustainability topics have been collected.

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Survey on the Impact of Sustainability Topics on Stakeholders

Following the definition of materiality by the GRI Standards, we extensively collected opinions from stakeholders. This year, we referred to sustainability assessment agencies (CDP, S&P Global Corporate Sustainability Assessment, Corporate Governance evaluations) and based on the results from the previous survey on the Impact Level of Sustainability Topics among ITH's key stakeholders. We received a total of 79 valid responses, including employees (27), customers (29), suppliers (17), government agencies (3), and shareholders/investors (3).



79 Stakeholders Participate in the Surveys

- Employees
- Customers
- Suppliers
- Government agencies
- Shareholders/investors

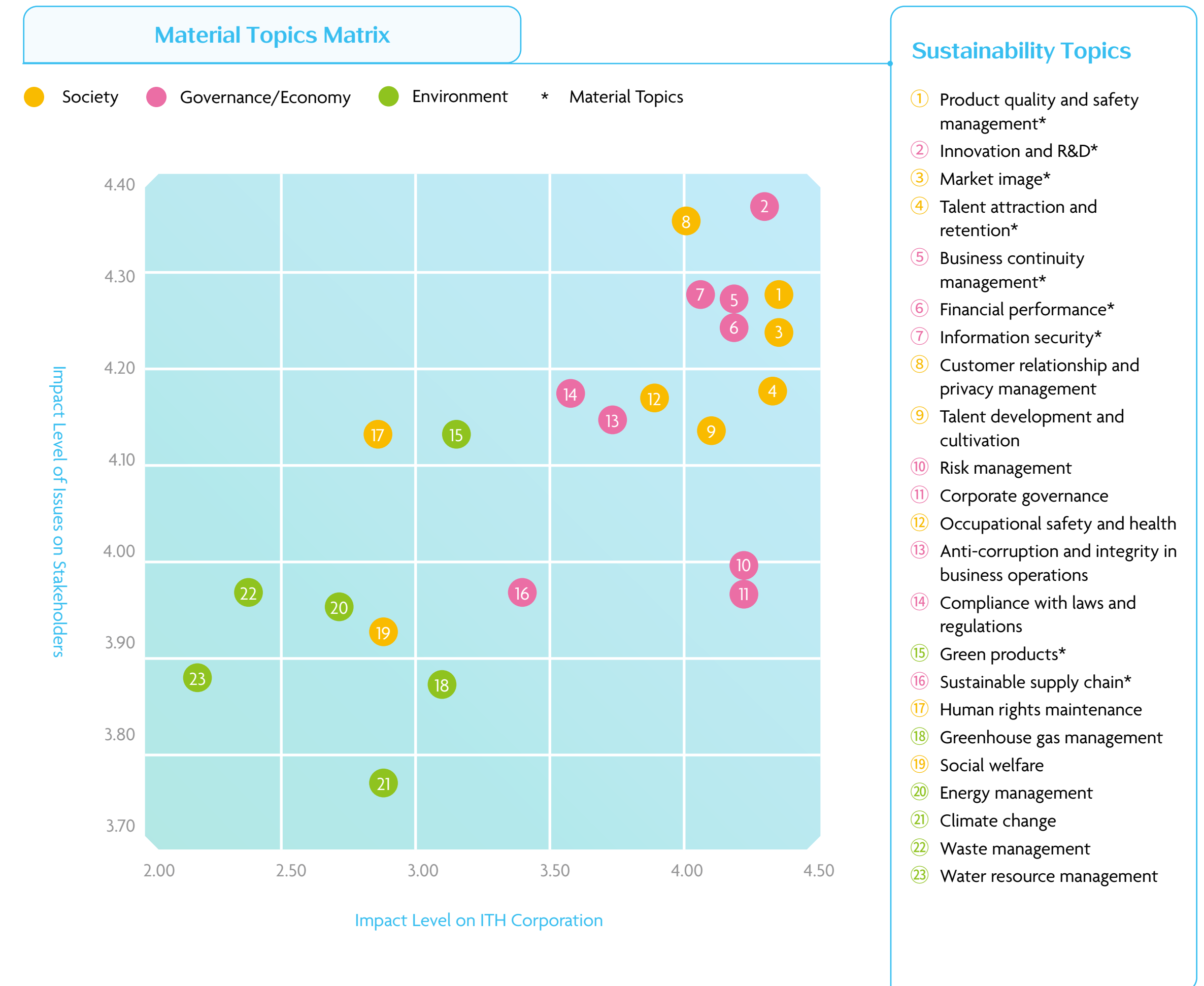
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Investigation of the Impact Level on Operations

In addition to the participation of major stakeholders in the investigation, we also invited ten colleagues, including department heads and the ESG Sustainability Committee, to assess and provide feedback on the impact level of each issue on ITH's operations, thereby integrating both internal and external perspectives to identify the impact level of each ESG issue.

◆ Material Topics Ranking

Comprehensive consideration and analysis of the ratings from 79 stakeholders and 10 executives on "Impact Level of Issues on Stakeholders" and "Impact Level of Issues on Business Operations" were conducted to create a "Material Topics Matrix." The material topics are first reviewed by the Chief Sustainability Officer and the Sustainable Development Committee. They are then ranked based on the context of sustainable development, industry environment, and opinions from external experts. Ultimately, the Sustainable Development Committee approves nine material topics that require response. In accordance with GRI reporting standards, internal information, data, and management approaches are collected and disclosed.



◆ Boundaries of Material Topics

ITH examines the impact boundaries of the 9 material topics from the perspective of supply chain, including both direct and indirect aspects.

Aspect	Material Topics	GRI Standards	Company Operations		Downstream Manufacturing			Management Approaches Disclosure Section
			IC Design	Wafer Fabrication	Assembly & Testing	End Use		
 -E- Environmental aspect	Green products	* Industry issues	●	●	●	●	3.4 Innovation and R&D and energy-efficient product design	
	Sustainable supply chain	* GRI 308 * GRI 414	●	●	●	●	3.1 Supply chain management	
 -S- Society aspect	Market image	* Industry issues	●	-	-	●	3.3 Customer service management	
	Talent attraction and retention	* GRI 401 * GRI 404 * GRI 405	●	-	-	-	5.1 Talent attraction and retention	
	Product quality and safety management	* GRI 416	●	●	●	-	3.2 Product quality management	
	Information security	* GRI 418	●	-	-	-	2.5 Risk management	
 -G- Governance aspect	Financial performance	* GRI 201	●	-	-	-	2.2 Financial performance	
	Innovation and R&D	* Industry issues	●	●	●	●	3.4 Innovation and R&D and energy-efficient product design	
	Business continuity management	* Industry issues	●	●	●	-	2.5 Risk management 3.1 Supply chain management	

● Direct Impact ● Indirect Impact - No correlation