

CHAPTER 6

Realization of Happiness in Workplace

6.1 General Conditions of our Employees

6.2 Talent Cultivation

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6.4 Wellness and Safety

6.5 Labor-management Communication

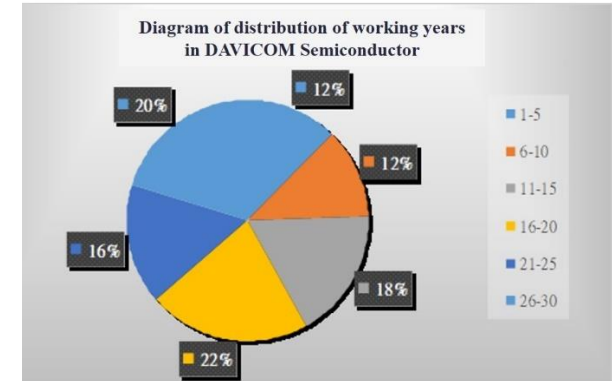
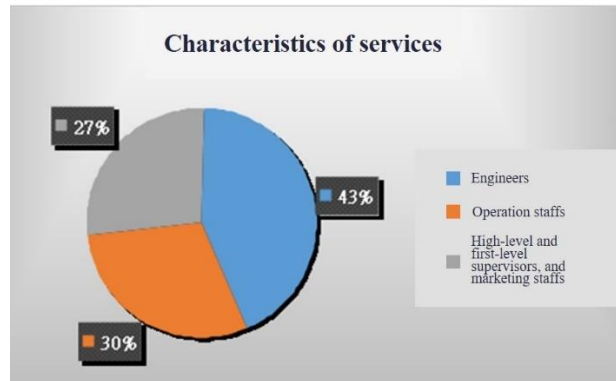
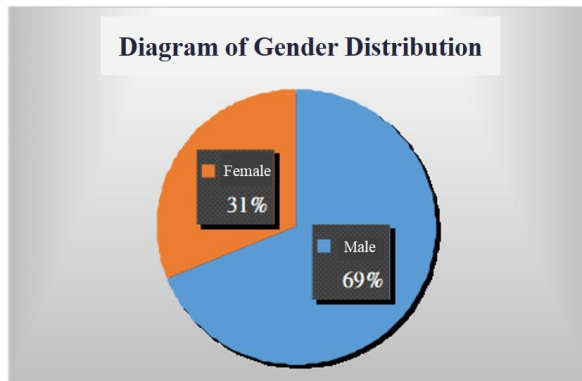
6.6 Human Rights and Tolerance



6. Realization of Happiness in Workplace

Davicom firmly believes that talent is the company's most valuable asset. We are committed to cherishing, nurturing, and caring for our employees, striving to create a diverse, equitable, and inclusive workplace. We provide a warm working environment with comprehensive compensation and benefits, ensuring that employees can work with peace of mind while caring for their families. We value transparent and open communication between labor and management, prioritizing the physical and mental well-being of every colleague, and are dedicated to safeguarding employee rights, as well as workplace health and safety.

6.1 General Conditions of our Employees



Employee Distribution

Characteristics of services	Total	Male	Female
Engineers	32	28	4
Operation staffs	22	6	16
Highg-level and first level supervisors, and marketing staffs	20	17	3
Total	74	51	23

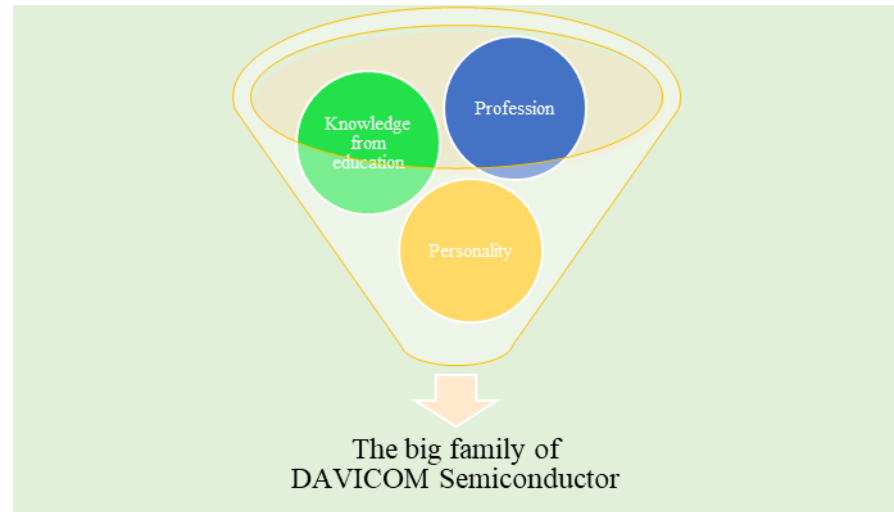
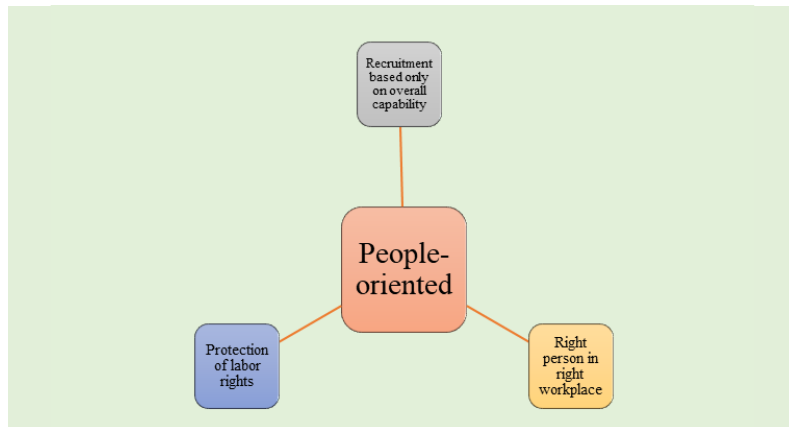
Employee turnover rates in the latest two years

Personnel change	2022				2023			
	Total number of employees	New employees	Resigning employees	Difference	Total number of employees	New employees	Resigning employees	Difference
Supervisors	10	1	1	0	9	0	1	(1)
Non-superviso	65	2	1	1	65	2	2	0
Total/proportion	75	3	2	1	74	2	3	(1)

6.2 Talent Cultivation

■ Human resources policies

To effectively utilize human resources and enhance business performance, Davicom advocates for workplace DEI (Diversity, Equity, and Inclusion), respecting the diversity of employees in terms of gender, identity, culture, experience, and professional skills, and striving for a balanced workforce. We implement workplace diversity and inclusion through three key approaches: recruitment based only on overall capability, right person in right workplace, and protection of labor rights. We have established human resource policies and seniority reward measures that surpass labor laws, institutionalizing management to protect employees' rights and ensuring a well-rounded work environment and company management system. We rehire retired senior engineers as consultants, allowing their wisdom to continue contributing to the workplace. We also warmly welcome new talent to join the Davicom family, aiming for an ideal workforce ratio of 1:1:1 across older, middle-aged, and younger generations, ensuring representation across all demographics.

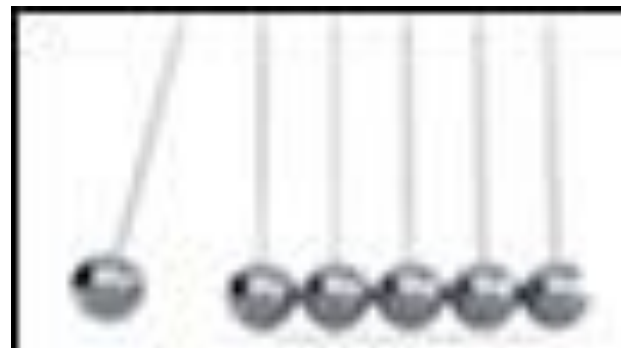


■ Talent recruitment and retention

We recruit talent openly via “human resource area-talent recruitment area” at our website. For talent recruitment, we abide by local labor regulations to employ people. For talent recruitment, we lay emphasis on applicants’ education background, professional records and personal character regardless of ethnic group, sex, age and religious belief and never discriminate against defective physical appearance. we select employees from applicants based on the principle of equal opportunities and our manpower needs and will not employ people aged below 16.



1. Company website
2. Campus recruitment
3. Overseas talent acquisition
4. Corporate mergers and acquisitions



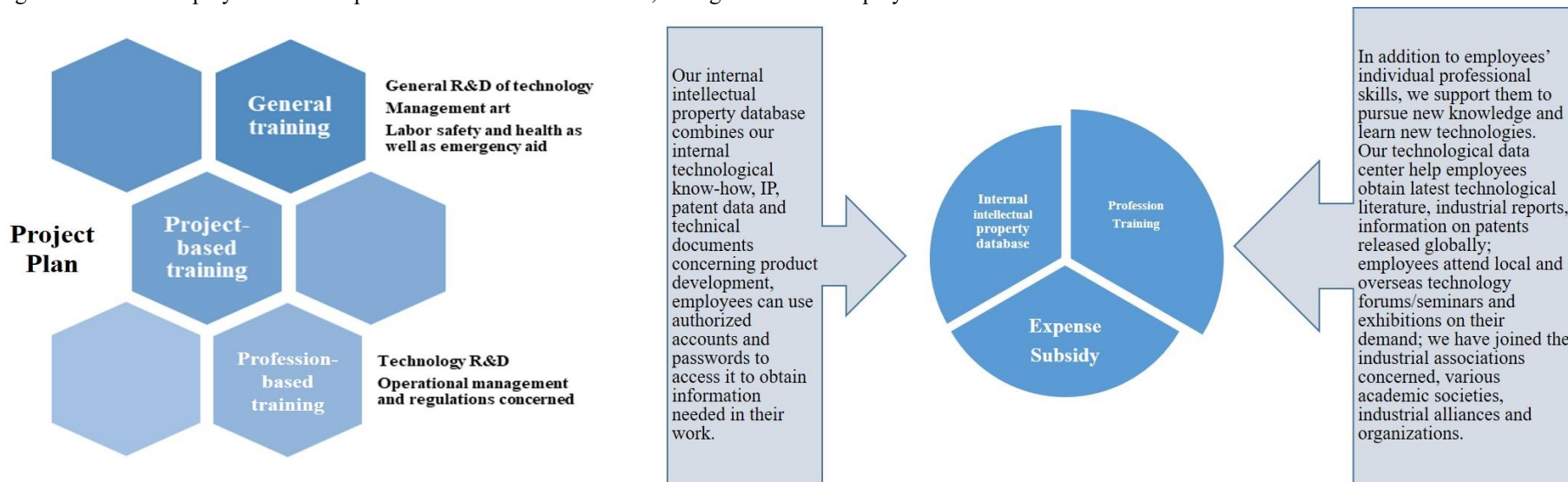
Talent Recruitment and Retention Performance: To protect employee rights, the company has established a leave without pay system in accordance with the Labor Standards Act. This system includes the extension of sick leave and the retention of positions during parental leave.

Performance in recruiting and retaining talent in the latest two years

Talent recruitment				Talent retention											
Estimated addition to manpower (number of persons)		New employees (number)		Extended sick leave (number of persons)		Parental leave (number of persons)									
2022	2023	2022	2023	2022	2023	The number of employees entitled for parental leave		The number of employees actually spending parental leave		The number of employees who resumed their job positions in 2023		The number of employees who still stayed in their job positions 12 months after resumption		Ratio of the number of employees resuming job positions to that of employees with job positions retained	
3	3	2	2	1	0	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
						1	1	0	0	1	0	1	0	100%	-

■ Employee further education and training

We spare no efforts in talent cultivation, for employees are our mostly cherished asset and we hope that every employee has opportunities of exploring and developing own capability and accepting challenges to become a top-level expert. There were 173 person-times in total for employees' receiving outside curriculums and an average of 3.2 hours for their receiving outside training in 2023. Four employees obtained professional certificates in 2023, taking 5.4% of all employees.



▲ We encourage employees to keep learning through offering learning and growth programs as above.

For general R&D of technologies, management art, labor safety and health as well as emergency aid, we adopt a model of seed students by assigning employees responsible for the respective areas to learn management regulations and latest conditions of technological research in these areas at research organizations concerned and put results of their learning into our knowledge management database to reach the goal of employees' common growth. As for professional learning, we encourage "team learning" for employees to develop cooperative team spirit and tacit understanding as well as apply learned knowledge to their work. Such as: R&D unit's "closed-door education" method (the content of education is not disclosed).

Along with guiding employees to reach our operational goals, we emphasize their individual growth and improvement in profession. In introducing new technologies, for example, we make efforts to help new employees get familiar with our model and mechanism of team operation to let them combine their individual knowledge competency with our operational goals as well as guide them to appropriately use our resources and learning tools and establish good interactive relations among team members. More important is that we hope every employee to enjoy these. For management executives, we offer a set of training focusing on strengthening professional management to cultivate their capability and methods of coordination and leadership. In order to lead a large team of talent, we keep hiking management quality and efficiency.

6.3 Compensation and Welfare

This chapter introduces our compensation and welfare policy that emphasizes our commitment to advancing employees' welfare, complying with local regulations, hiking our business performance and boosting our continued development on a long-term basis. We believe that excellent benefit policy, fair and just salary scheme are crucial to corporate success. We comprehensively evaluate our benefit solutions as well as refer to international standards and cases of the best practice of such standards including UN Sustainable Development Goals and covenants of international labor organizations. By virtue of transparent, open and responsible reports, we hope all stakeholders to understand our benefit policy and we welcome and appreciate their precious feedback opinions and recommendations.

■ Above legally required minimum salary levels

Our salary scheme complies with the regulations concerned: Including basic salary, living allowance, food allowance, etc. The criteria for employees' salaries are job requirements of their job positions, complicatedness of their jobs, their professional knowledge, skills and experience. With reference to salaries offered by fellow companies as well, we offer reasonable salary compensation and adjust salaries along with adjustment in job position. All employees' salaries are much above legally required minimum salary levels. The ratio of the average salary for our entry-level employees to legally required basic salary is 3.8:1, salaries for male employees are the same as those for female ones with the same ranking positions.

Table of comparison of employees' salaries with corresponding benefit expenses for non-executive job positions in 2023

Salaries				Benefit expenses	
Averages	Difference as compared with the preceding year (for average)	Median	Difference as compared with the preceding year (for median)	Total benefit expense	Difference as compared with the preceding year
NT\$ 1,183 ,000	Decrease by NT\$ 26,000	NT\$ 1,161,000	Decrease by NT\$ 16,000	NT\$ 73,371 ,000	Decrease by NT\$ 390,000

Reduction in welfare expenses: Due to a decrease in pre-tax net profit in 2023, the net amount allocated for employee compensation and benefits was reduced.

Table of comparison of salaries with total compensation for each rank of job positions

Items					Proportions
Ratio of the basic salary for our employees to local basic salary					3.8 : 1
Average percentage upward adjustment in salaries for full-time employees in 2023					
Salary ratios	Management job positions	High-level supervisors	General supervisors	Managing professionals	Average percentage adjustment
		0.1%	0.3%	1%	0.46%
	Technical job positions	Senior engineers	General engineers	Interns	Average percentage adjustment
		0.7%	1%	—	0.85%

Note 1: High-level supervisors (above assistant vice president), general supervisors (above assistant managers); senior engineers (experience of over 10 years), general engineers (experience of over 5 years)

Note 2: Basic salary is the salary for full-time employees (not including bonus, overtime pay); total compensation on average includes basic salary, living allowance, food allowance (not including year-end bonus)

Note 3: Consideration for raising employees' salaries: Profitability for the preceding year, attributes of jobs, the principle of priority given to entry-level employees

■ Evaluation of employees' performance and employee incentive mechanism

In order to fairly and justly evaluate employees' performance, excite employees' innovation and hike employees' capabilities, we draw up "guidelines of performance evaluation", with results of evaluation being criteria for allocating bonuses, adjusting salaries, promoting job positions as well as a basis for evaluating human resource.

Content of evaluating all employees' performance

Category	Content of evaluation	
	General employees	Supervisors
Quarterly evaluation	Working performance, attitudes, knowledge, professional skills	The same as general employee
Annual evaluation	Working performance, working attitudes, working ability	The same as general employees

Evaluation content of projects specifically for evaluating product R&D staff

Evaluation items			
Working efficiency in terms of time	Quality of work	Responsive actions and response	Documents and reports
Knowledge and skills	Initiative and active	Team spirit	Communication and coordination
Responsibilities and take the responsibilities	Dedication and self-discipline	—	—

Note: This table is the distribution of basic compensation for allocating project bonuses

Compensation distribution

Besides salaries, performance bonuses and other incentives, our articles of association stipulate “the company should appropriate at least 8.5% of pre-tax profit for the subject year as compensation for employees and up to 2% as compensation for directors”.

Conditions of paying employee salary compensation in the latest three years

Year	Total amount of salaries	Total amount of expenses	Total amount of compensation	Salaries/expenses (100%)	Compensation /expenses (100%)	Explanation
2021	93,517,144	139,841,733	9,492,879	66.87%	6.79%	1. Employees are our most important asset. 2. We minimize disbursement of various items of expenses and increase salaries for employees every year.
2022	106,508,197	151,600,153	10,158,927	70.26%	6.70%	
2023	100,927,029	143,999,397	6,610,850	70.09%	4.59%	

■ Employee benefit measures

Benefit-related facilities

We have set up employee dining area, free motorcycle/car parking space, a breastfeeding room for female employees as well as happy farm and a recreational center which can be used by employees for relaxing mind and emotions, doing exercises and relieving stress.

Subsidization as a benefit

All employees are covered by national health insurance, labor insurance and group insurance including accidental injury insurance, medical care insurance, cancer insurance, occupational accident insurance and travel insurance. Besides, employees can receive meal allowance, marriage allowance, funeral allowance, maternity allowance, scholarship for their children, cash or gift certificates for birthdays and three traditional Chinese festivals as well as other benefits, including free physical wellness checkups for employees, physical checkups and personal insurance for employees' families at discount prices.

Other benefits : We give employees maternity leave, paternity leave and parental leave, etc. in compliance with the labor regulation concerned.

Education and training : In order to hike employees' working skills, we offer on-the-job training, recruit training and training specifically for the employees whose job positions are adjusted.

Execution of employee benefits in 2023					
Category	Item	Number of persons	Category	Item	Number of persons
Subsidization as a benefit	Marriage allowance	0	Subsidization as a benefit	Group insurance for employees' families at discount prices	41
	Funeral allowance	9		Scholarship for employees' children	23
	Meal allowance	74	Education and training	Recruit training	2
	Maternity allowance	1		On-the-job training	67
	Hospitalization allowance	0		Transfer training	4
	Physical wellness checkups	74	Other benefits	Paternity leave	1
	Physical wellness checkups for employees' families at discount prices	0	Other allowance	Physical disability (NT\$6,000)	0

Employee retirement plan

Mode of retirement	Employee retirement plan	Procedure
Voluntary retirement	1. Work at the company for over 15 years, and above 54 years old. 2. Work at the company for over 25 years. 3. Work at the company for over 10 years, and above 60 years old.	Employees qualifying for retirement can apply for retirement, then we will have labor retirement reserve fund supervisory committee hold a meeting to examine applications according to the regulations concerned. Upon approval by the authorities concerned, we will apply with Bank of Taiwan for labor retirement fund according to the original pension scheme.
Mandatory retirement	1. Employees aged over 65. 2. Employees with mental disability or physical disability, and thus not qualified for the work.	

Select employees with excellent performance each year

Explanation	
Recommend candidates	1. Recommend three employees as the candidates for the best performing employee of the year. 2. The recommendation is made through the following process: primary candidates are selected from employees of operating units via the employees' general election, and then screened out to become the final candidates via the operating unit directors' examination.
Open election	1. Candidates' operating unit directors recommend their qualification to all employees. 2. Then all employees vote immediately to elect the winner
Open commendation	1. Confer cash prize and trophy upon the winner at year-end banquet. 2. Display the picture of the annual best employee at public space for one year.

- There was one employee qualifying and applying for retirement in 2023

In compliance with the Labor Standards Act, Regulations for Allocation and Management of Labors' Retirement Reserve Funds, and Labor Pension Act, we appropriate 6% of salaries monthly for the existing employees who choose new pension scheme and new employees to their personal pension accounts managed by Bureau of Labor Insurance under Ministry of Labor since July 1st, 2005. In addition, we reserve working years for employees choosing original pension scheme and those choosing new pension scheme specifically for the part of the original scheme they are entitled for, and thus appropriate total labor retirement reserve funds to our dedicated account at Bank of Taiwan.

- Re-employ original employees after their retirement
Specifically for retired employees with records of excellent working performance, we invite them to assume consulting positions in order for them to impart their rich experience to existing employees and provide consulting services for us, a bid to offer a development stage for retired employees to continue contribution of their expertise.



6.4 Wellness and Safety

We are committed to ensuring employees' wellness and safety in workplaces. In order for the goal, we have set up a complete management system of occupational wellness and safety. We aim to minimize unfortunate happenings and employees' health problems to provide safer and more health-oriented working environment. Therefore, we adopt the following strategies and measures:

1. Employ professionals to be in charge of affairs concerning occupational safety and wellness and make plans together with execution procedures to prevent accidents from happening.
2. They (professionals) assess risks occurring in working areas and grades of such risks and then adopt necessary control measures based on risk grades.
3. They supervise employees' health conditions and are, mainly for important points, concerned about employees' physical checkups and wellness problems.
4. They execute necessary programs of training employees on their occupational safety and wellness.
5. They decide on emergency processing rules to ensure that timely support and necessary emergency aid can be provided when accidents happen.
6. Change management: Monitor examination for approval of controlling all of planned/proposed changes.

■ 2023 execution concerning labor safety and health

Maintenance and inspection of equipment	<ol style="list-style-type: none"> 1. According to Fire Services Act, we commissioned qualified fire-fighting inspection/testing service providers to inspect our fire-fighting system on April, 2023, with it reported to the supervised authorities concerned on May, 2023. 2. According to Occupational Safety and Health Act, we commission qualified inspection/testing service providers to inspect our working environment and test carbon dioxide density as well as undertake related inspection/testing every half year. Inspection/testing completed in February and August 2023 showed carbon dioxide density of 500-1000ppm, meeting the regulatory requirement of below 5,000ppm. 3. We undertook inspection/testing on December 16, 2023 during annual maintenance period, and commissioned qualified consulting companies to inspect/test our high voltage power system in March and September 2023, with results all meeting regulatory requirements and the related data transferred to Taiwan Power Company. 4. We commission qualified professional service providers to maintain elevators twice every month to ensure safe and normal use of elevators anytime.
Safety and health	<ol style="list-style-type: none"> 1. Install ultraviolet lamps in the dining area of our headquarters building to disinfect the area at night. 2. Strengthen management for COVID-19 prevention measures, such as: wearing face masks, measurement of body temperatures, visitor management; enhanced disinfection of office areas, elevators, etc. 3. Give wellness subsidies to employees (March)
Insurance	<ol style="list-style-type: none"> 1. Finish process of continuing employees' group insurance covering accidents, medical care, occupational hazards, cancers (Nan Shan Life Insurance Company). 2. Finish process of continuing fire insurance (including being caused by natural disasters and non-natural disasters) for Davicom Building and public accident insurance for the public space of the building; also buy property insurance for our own assets and products to ensure safety of our company and employees.
Education and training	Fire Bureau under Hsinchu City Government helped us rehearse employees' escape from fire accidents on December 07, 2023.
Medical care professionals provide services on the spot	<ol style="list-style-type: none"> 1. Beginning 2023, nurses provide wellness services once every month at the company and doctors do so once every year. 2. Topics regarding employees' wellness and related hygiene are propagandized every month.

- **Occupational safety and accident incidents:** There were no occupational safety or accident incidents in 2023 (Note: Davicom has been established for 28 years and has never had any occupational safety or accident incidents).

- **Employee health management measures**

Level	Item	Details
During the Pandemic	Marketing staff	Recall marketing staff members stationed overseas and have them use the Internet, telephone and other communication equipment to avoid disruption of business execution. Decrease the number of business trips and subject personal calls on clients to directors' judging whether there are alternatives prior to calls, a bid to ensure employees' wellness.
	Employees other than marketing staff members	① Upon entering Davicom Building: Wear face masks, measure body temperatures, disinfect hands mainly. ② After entering Davicom Building: Separately use elevators to minimize gathering of people, use communication software instead of face-to-face discussion.
	Visitor management	Decline visitors during severe pandemic conditions; ask visitors to register and decline unnecessary visits when pandemic is eased.
	Year-end party	Common entertainment activities, award ceremony and prize draw were held on the third floor of the building, with seats arranged in compliance with government anti-COVID-19 regulation.
Daily-life management	Physical checkup	Mandatorily have every employee receive a physical checkup at large hospital every year.
	Sports and Recreation	Provide sports and recreational places, encourage employees to take part in sports such as aerobic exercise and yoga as well as use stairways as much as possible instead of elevators. Setting Happy Farm.
	Happy Farm	Set up a happy farm with farming materials and tools provided to encourage employees to get there to bask in the sun and plant vegetables and fruits, with such activities expected to be conducive to physical and mental cultivation, relief of stress, sense of accomplishment and, furthermore, inspiration for innovation.

6.5 Labor-management Communication

We think highly of communication and interaction with employees and draw up “working rules” according to Labor Standards Act and related regulations as well, pursuant to Regulations for Implementing Labor-Management Meeting, hold a labor-management meeting every quarter to extensively collect employees’ opinions. Management and labor cohere in power through birthday parties. Quarterly birthday parties provide opportunities of dialogues between supervisors and employees as well as emotional exchanges among employees of different operating units. Besides, we have an e-mail box at our internal network and website specifically for direct communications between supervisors/independent directors and employees, and any employee can complain or express opinions through the channel.

■ Davicom internal communication channels

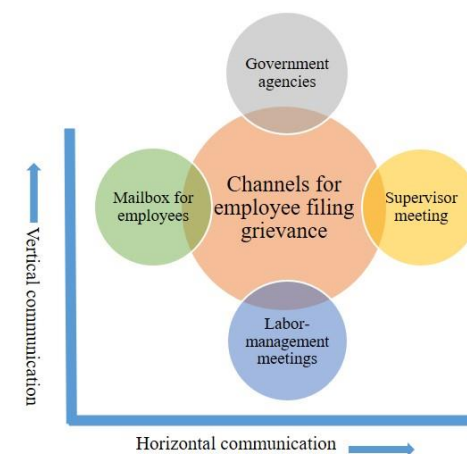
Mode	Explanation
Corporate internal information web portal	The web portal is a platform for internal transfer of information and communications to let employees quickly obtain information including announcement, regulations and rules, reservation for using resources, collaboration.
Labor-management meetings	Functioning as a bridge between management and labor, we hold a labor management meeting every quarter in a bid to actively respond to topics relevant to employees' work at the company.
Mailbox of employee's opinions	We establish e-mail box and telephone lines dedicated to employee services to let employees freely express their opinions and the units concerned timely respond and immediately provide relevant solutions.
Supervisor meeting	Supervisor of every operating unit attends weekly administrative supervisor meeting so as to integrate communications among operating units.
Welfare committee's discussion area	Allow employees to offer various suggestions to welfare committee.

Specific to projects or special activities (including curriculums of education) and topics (such as family day, travel), we survey employees as to their satisfaction. Besides, we discuss employees' opinions and suggestions which are reference for our improvement and track the improvement, and thus we hope to hike employees' participation and make employees substantially feel our sincere care for employees and our determination of creating happiness-appealing working environment.

Employee birthday and retirement :

We hold a birthday party every quarter, with chairman attending the party and personally blessing the subject employees and giving them cash gift as well as all employees sharing the joy of the party.

For thanksgiving to retired employees' dedicating the essence of their lives to Davicom, chairman confers mementos to them and employees get together to bless them.



▲ Employee grievance mechanism

6.6 Human Rights and Tolerance

■ Respect labor rights and interests

We give importance to labor rights and interests, abide by labor laws promulgated by the authorities concerned, refer to International Bill of Human Rights and comply with Act of Gender Equality in Employment via our management regulation and propaganda of working rules, thereby we draw up “preventive measures, grievance and punishment methods for sexual harassment at workplace” and establish grievance channels to maintain employees' rights and interests. Besides, we give employees maternity leave, paternity leave and parental leave in compliance with the regulation concerned.

Items	Substantial content and results of execution	
Protect employees' working rights	In order to protect employees' working rights, we sign formal labor contracts with all employees. (Working hours and employee care are above the required levels specified in the labor regulations concerned)	We have never forced employees to work. We have never discriminated against any employee
Prevention of sexual harassment	In order to maintain employees' working rights, we provide working environment free from sexual harassment. and, in addition, we draw up "prevention of sexual harassment, discrimination and guidelines for handling grievances" pursuant to Act of Gender Equality in Employment in order to prevent cases of sexual harassment and discrimination as well as correct and punish offenders.	No sexual harassment cases so far.
Job promotion and salary adjustment	We draw up "DAVICOM Semiconductor management for promoting job positions" as a basis for an open and fair channel of promotion to excite employees with excellent performance. We make a scheme of hiking salaries as a basis for executing our "hiking salaries for employees" policy.	According to "DAVICOM Semiconductor, Inc. Management for Promoting Job Positions", we have adjusted rank of job positions and salaries every year since September 1, 2015.
Employee care	Establish employee welfare committee to be in charge of employees' health, lives and demand for entertainment, with members of the committee recommended by employees under every operating unit.	Organize annual health check-ups, weekly meal subsidies, team-building activities, travel subsidies, birthday celebrations, birthday vouchers, and club subsidies.
Freedom of association	We respect employees' freedom of association and therefore will neither object to nor prevent or hinder employees' freedom of association. Our headquarters in Taiwan has 74 employees (100 ones globally) and holds a labor-management meeting every quarter, with the meeting becoming the best labor-management communication platform. The labor-management meeting is made up of five labor representatives and five management representatives.	1.As our service providing locations are concentrated and we have a relatively small number of employees and smooth channels of communication with employees, employees do not need to organize a labor union. 2.We hold labor-management meeting at least four times annually, with labor-management relation remaining harmonious.
Human rights examination for suppliers	Through procurement contracts, we ask suppliers to comply with version 6.0 of Responsible Business Alliance (RBA, formerly Electronic Industry Citizenship Coalition, EICC) Code of Conduct.	The requirement is included in items in evaluating and auditing suppliers.

■ Non-discrimination

Under no circumstances shall any discriminatory words, actions, or decisions be made based on race, gender, religion, sexual orientation, age, disability, nationality, or any other personal characteristics. Davicom treats all directors and employees with fairness and equality, respecting each person's uniqueness and ensuring that no one is subjected to unjust treatment or evaluation due to personal characteristics. The company's operations are founded on the values of diversity, equality, and inclusion, promoting social diversity and integration.

Item	Specific Content and Implementation Results on Diversity, Equality, and Inclusion:	
Board of Directors	Davicom emphasizes gender equality in the composition of the board of directors.	This term, the board consists of 7 directors, including 1 female director, with a gender ratio of 1:7.
Management	Davicom values gender equality in management and fairly promotes outstanding talents to department heads.	<ol style="list-style-type: none"> Based on employees' education, professionalism, character, contributions, and development potential, we promote outstanding female employees to supervisory positions. Currently, the heads of accounting and internal audit are female. Promotion: The principle of internal promotion to supervisory positions is upheld, with one person promoted in 2023.
General Employees	Davicom recruits talent based on expertise, without discrimination based on religion, nationality, characteristics, gender, or age.	<ol style="list-style-type: none"> Davicom recruits employees based on job expertise, with 51 male and 23 female employees. Male employees are primarily in engineering roles, while female employees are mainly in management roles. °
Labor-management Meeting	Davicom's labor-management meetings are jointly composed of labor and management, with a 1:1 ratio.	The labor-management meeting of Davicom consists of 5 labor representatives (3 women, 2 men) and 5 management representatives (0 women, 5 men).

Prohibition of Child Labor

Item	Specific Content and Implementation Results	
Child Labor	According to Article 44 of the Labor Standards Act, "Employees aged 15 but under 16 years old are considered child labor." Child labor often affects children's education, health, and development, potentially depriving them of educational opportunities and posing physical and psychological health risks.	<ol style="list-style-type: none"> Our company strictly complies with legal regulations and does not employ children under 16 for labor. Our company has been established for 27 years and has never employed any child labor. The nature of our company's business is highly specialized and not suitable for child labor.

HOG : Histogram of Oriented Gradients

