

25TH ANNIVERSARY

2020 永續報告書

RADIANT
OPTO-ELECTRONICS
CORPORATION



瑞儀光電股份有限公司
Radiant Opto-Electronics Corporation

EXECUTIVE SUMMARY
SUSTAINABILITY REPORT 2020

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SUSTAINABILITY REPORT 2020

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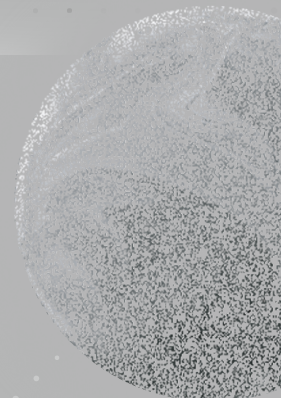
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About the Report

Since 2015, Radiant Opto-Electronics has voluntarily issued a sustainability report (formerly CSR report, renamed in 2020) with the aim of disclosing its sustainable practices and performance. In 2021, we publish the English abridged version of the report for the first time, focusing on the key information of sustainability to enable more stakeholders of Radiant Opto-Electronics to have a better understanding of our belief and direction of corporate sustainable development.



2019



2018



2017



2016



2015



2014

Scope and Management

The report covers the information disclosure period from January 1 to December 31, 2020, with the entities including the head office in Kaohsiung, Taiwan and three production bases in Wujiang, Nanjing and Guangzhou, Mainland China. The members of the Corporate Social Responsibility team of each department of Radiant Opto-Electronics are responsible for the statistics and investigation included in the report, and the supervisors of each department commence review of the truthfulness and completeness of the contents. The report is then submitted to the Corporate Social Responsibility Committee editorial team for editing and compilation before reported to the Corporate Social Responsibility Committee.

Third Party Verification

The sustainable report is verified by the British Standards Institution (BSI), a third-party verification institution in accordance with GRI Standards and the Account Ability 1000AS Assurance Standard, type 1 moderate level of assurance. The financial statement data are publicly available information after the certification by KPMG. The greenhouse gas emission inventory (ISO 14064-1) data are also verified by the BSI.

Contact Information



If you have any suggestions or inquiries, please feel free to contact us. Contact information is as follows:

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Sustainability Governance

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1.1 Chairman's Letter

Dear stakeholders:

We have unflinchingly weathered the downturns together in 2020, and I sincerely hope that you are still well as you read the report.

With the ups and downs of the global pandemic of COVID-19, coupled with the impact of new trade protectionism on global economic activities in recent years, it is inevitable that the operations of Radiant Opto-Electronics have been affected by such fluctuations. The global climate emergency, the floods in southern China and the forest fires in Australia reminded us to take actions in response to the indisputable fact of the climate change.

Fortunately, there are still reasons to be optimistic as we have survived the industry cycle. In the 25th year of operation, Radiant Opto-Electronics has achieved a new record in both gross profit margin of over 20% for the first time since its listing, and monthly shipment of automotive electronics of over 200,000 units. The consolidated revenue for the year amounted to NT\$56 billion, achieving three consecutive years of earning one equity.

Meanwhile, 2020 is also a fruitful year for the development of the CSR of Radiant Opto-Electronics. In addition to proactively participating in the DJSI, FTSE, CDP and other international assessments, we also won three awards in the TCSA Taiwan Corporate Sustainability Awards, namely "Taiwan Corporate Sustainability Awards", "Social Inclusion Award" and "Taiwan Corporate Sustainability Report Golden Award", the best results ever.

"Sustainability" is a process of continuous pursuit and practices. During this period of time, we continued to adjust our corporate operation strategy in line with the "2025 Sustainable Development Goals". Moreover, in response to the release of the FSC's "Corporate Governance 3.0", in addition to continuing to strengthen the functions of the Board of Directors, the Company further keeps abreast with international norms and enhances information transparency, with its aim of creating good communication with stakeholders and deepening the Company's culture of sustainable governance to another level. In addition, to enhance supplier ESG management, we have embarked on a series of plans to strengthen sustainable supply chain management, including

establishing a supplier code of conduct, formulating supplier management programs, and integrating the Group's supplier sustainability management system, etc., in an attempt to leverage the value and influence of Radiant Opto-Electronics and the positive cycle of the supply chain.

"Climate change" is another long-term sustainability concern. We may face irreversible global environmental damage in the aftermath of this pandemic if we do not take any actions in response to such changes. Radiant Opto-Electronics urges the "Corporate Social Responsibility Committee" to pay continuous attention on the issue with "mitigation" and "accommodation" approaches from basic optimization of energy resources management and expansion of greenhouse gas inventory, to analysis of risk scenarios and simulation of possible disasters, and further to product design, manufacturing, and transportation, aiming to reduce the impact of our operations on the environment and the impact of climate change on our operations.

In recent years, we have strived to create a sense of "accomplishment" and "happiness" for our employees. We hope to create a friendly and inclusive workplace through various systems and activities based on the needs of our employees to enable them to do their best at work, and engage in social commitment together with Radiant Opto-Electronics after work, so that Radiant Opto-Electronics, which shines behind the screen, can shed a light that belongs to us.

In particular, in order to extend the life of intangible cultural assets, Radiant Opto-Electronics has cooperated with the Kaohsiung Museum of Shadow Puppet to transfer and support the core technology of light guide plates to contribute to three remaining traditional shadow puppet troupes in Taiwan with the use of its technology, and to assist in the innovation and cultural preservation of traditional theatres with its R&D expertise while preserving the traditional characteristics. Meanwhile, Radiant Opto-Electronics also provides external assistance to support the interpretation of traditional theater in contemporary languages, and to reach out to schools to advocate traditional art preservation, enabling the enterprise to become a critical force in enriching the cultural heritage in the society.

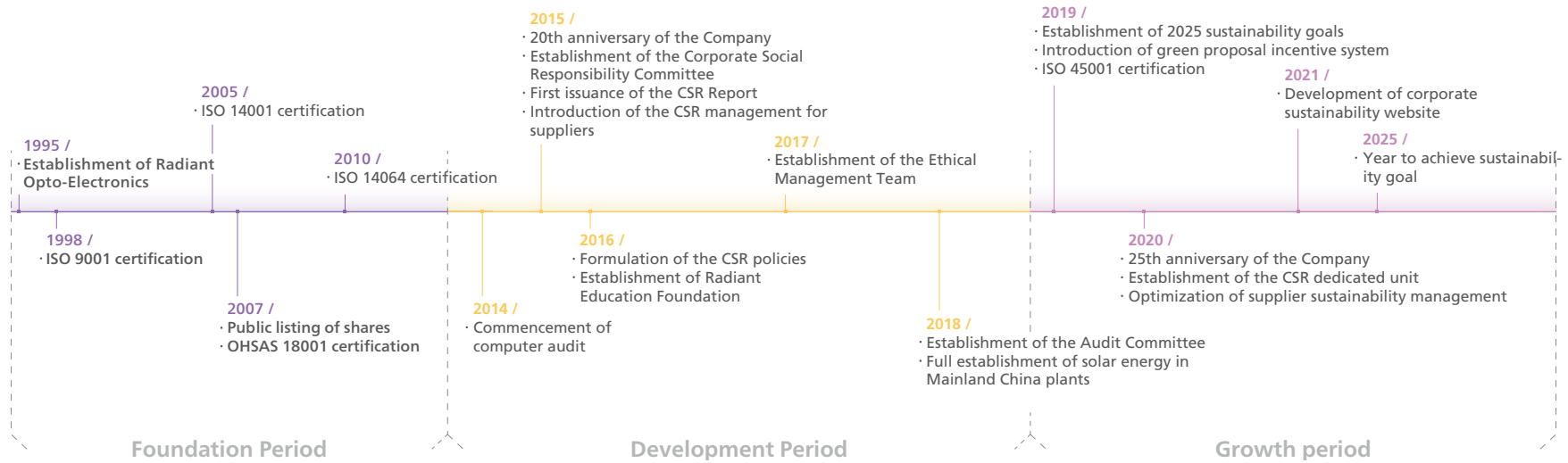
In the endless future, as long as we stride forward, we will be able to notch up success; as long as we work together, we will be able to conquer the difficult challenges. With the gradual accumulation of transformation energy, we continue to be optimistic about the diversified value-added applications of the core technologies of Radiant Opto-Electronics and deepen our partnership with customers, which we believe will contribute to our future revenue.

In the year ahead, we must look beyond the horizon. With the sustainable goal of "Environmental Symbiosis, Social Sustainability, and Mutual Benefit", Radiant Opto-Electronics will continue to create value, replicate the successful model, and embrace all the changes in the future.



Radiant Opto-Electronics Corporation
Chairman Pen-Jan Wang

1.2 Sustainable Commitment of Radiant



Corporate Social Responsibility Policy



We are committed to creating a sustainable environment by continuously developing green products, improving energy/resource utilization efficiency, reducing waste and strengthening pollution prevention, mitigating the impact of climate change, and achieving environmental symbiosis.



We create a healthy and safe working environment for our employees, emphasize respect for human rights, establish a comprehensive talent cultivation system, and actively participate in public welfare activities to reach the goal of social sustainability.



We uphold our original intention of ethical operation, establish a sound corporate system, pay attention to risks and opportunities, strive to create the best interests of all stakeholders, and make a positive impact on the supply chain for mutual benefit.

In Line with UN Sustainable Development Goals



With "Employee Care, Social Care" as its workplace health promotion development strategy, Radiant Opto-Electronics creates a healthy and safe workplace culture and actively encourages employees to realize healthy living through practical participation.



From the perspective of green design, Radiant Opto-Electronics incorporate environmental, safety, and energy-saving factors since the development stage, and work in parallel from various aspects to create a sustainable production model, whether in the use of raw materials or energy efficiency improvement or the packaging and shipment of final products.



The mission of Radiant Education Foundation is to engage in education for the public good. Through a variety of projects coupled with the expertise of related organizations, Radiant Education Foundation visits schools in rural areas and neighboring communities to transform the existing educational environment and reveal the original purpose of learning for students.



In response to the impact of climate change, Radiant Opto-Electronics continues to strengthen energy management and proposes various energy saving improvement projects every year. At the same time, a greenhouse gas inventory standard mechanism is established to regularly investigate and obtain the information on the Group's greenhouse gas emissions, as well as implement carbon management.

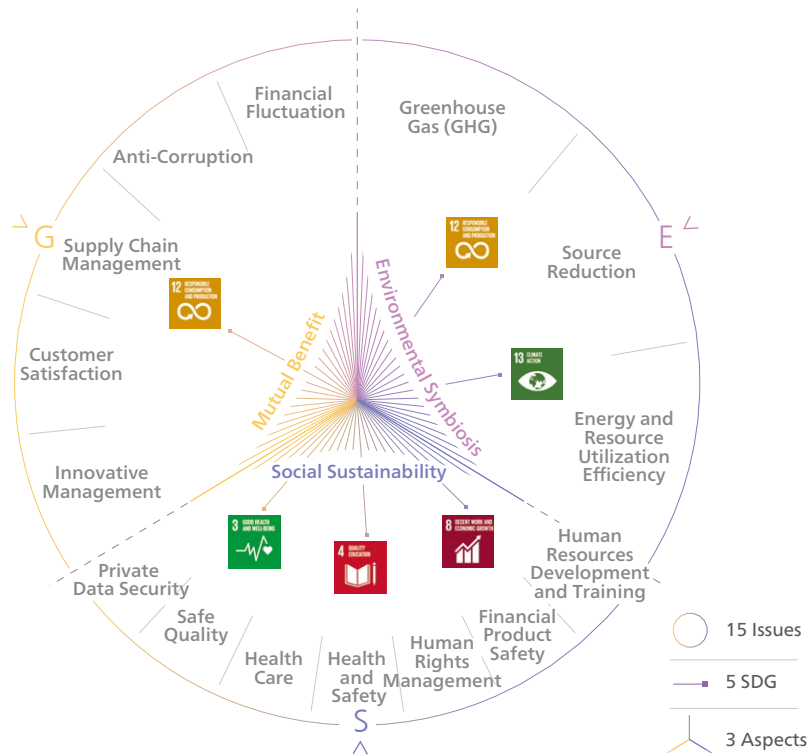


In order to attract talent and enhance the Company's competitiveness, Radiant Opto-Electronics has designed a competitive compensation system. Through a sound supplier management system, we are able to leverage our influence and value in the supply chain and drive the positive cycle of the supply chain.



2025 Sustainability Goals of Radiant

Radiant Opto-Electronics has entered a new phase of corporate sustainability, from a performance-based approach to presentation of its future goals and visions. Radiant Opto-Electronics has also drawn up a vision for its future management strategy. In 2019, the Corporate Social Responsibility Committee initiated a rigorous development process to progressively tighten and set the 2025 Sustainability Goals for Radiant Opto-Electronics, the overall content of which is in line with the UN SDGs.



Environmental / 2025

Environmental Symbiosis



- GHG Management**
 - Continue to adopt optimized technology to mitigate the impact of the climate change
- Energy Resource Management**
 - 20% reduction in the Group's GHG emissions per unit of product compared to 2015
 - Cumulative number of over 150 green project cases filed by the Group
- Waste Disposal Management**
 - Reduce the amount of waste generated in the production process and increase the recycling rate
 - 30% reduction in the Group's waste disposal volume per unit of product compared to 2015

Society Aspect / 2025

Social Sustainability



- Human Resources Development and Training**
 - Provide diversified resources and encourage employees to learn on their own
 - 20 hours of global education training per capita for the year
 - A total of 125 in-house trainers
 - 50% completion rate of counseling improvement plan for low performers
- Labor Rights and Management**
 - Taking into account welfare of employees and the rights of shareholders, and to protect the rights of workers
 - Annual parental leave retention rate reaching 85% for Taiwan plant and 60% for Mainland China plants
- Employee Safety**
 - Enhance safety culture and create a quality working environment
 - Annual disability injury composite indicator ≤ 0.03
 - No major occupational injury and occupational disease cases
- Employee Health Care**
 - Integrating external resources and care for the health and safety of our employees
 - Health promotion activities reaching 8,000 participants
- Product Safety and Quality**
 - Considering the impact of the product production process on the environment and society
 - 100% compliance or better than regulations regarding non-hazardous substances of products
 - Zero complaint cases of abnormal harmful substances in products
- Privacy and Data Security**
 - Continuously strengthening the awareness of information security management
 - No complaints from customers about invasion of customer privacy or leakage of confidential information

Mutual Benefit



Anti-Corruption ∨
Continuously strengthening the awareness of information security management

- No major violations (Fines exceeding NT\$1 million)

Supply Chain Management ∨
Extending the influence to suppliers and grow together with suppliers

- 100% of CSR assessment completed by raw material suppliers

Customer Satisfaction ∨
Proactively responding to customers feedback and exceeding customer expectations

- Customer service assessment satisfaction rate for the year reaching 85%

Innovative Management ∨
Continuous patent deployment to create Company value through innovation

- Accumulative number of patent applications exceeding 1,500 worldwide
- Introduction of Taiwan Intellectual Property Management System (TIPS) to be in line with ISO 50505
- Ranked among the top 100 patent applications by juridical person in Taiwan

1.3 Sustainability Performance for the Year

- Selected for the "TIP Taiwan Market CSR Small/Mid-Cap index"
- Selected as a constituent company of the "TWSE RAFIR Taiwan High Compensation 100 Index (HC100)"
- Awarded the TCSA "Taiwan Corporate Sustainability Awards", "Social Inclusion Award" and "Report Award – the Gold Award in Manufacture of Electronics and Information Industry"
- Earnings exceeding one share capital for three consecutive years, with gross operating margin of 19.03%, net income ratio of 9.32% and earnings per share of NT\$11.24
- Awarded BSI "Outstanding Sustainability Award", SGS "Environmental Sustainability Award", and Export Processing Zone, Ministry of Economic Affairs "Contribution to Public Welfare Award"
- Shipment of approximately 121,384,000 backlight modules for the year
- Excellent performance evaluation by the Board of Directors
- Establishment of CSR dedicated department
- Certified by Taiwan Intellectual Property Management System (TIPS)
- Ranked among the top 100 patent applications by juridical person in Taiwan and accumulated more than 1,200 patent applications worldwide
- Over 257 stakeholder survey responses
- Integration of the Group's "CSR Management Regulations for Suppliers"
- A total of 223 suppliers were evaluated through the "New Supplier CSR Self-Assessment Form"

Mutual Benefit

- The Group's electricity consumption intensity decreased by 26% compared to 2019
- The Group's water consumption intensity reduced by 26% compared to 2019
- The Group's package material recovery rate reaching over 96%
- Development of magnetic suction board packaging to reduce the use of plastic by more than 90% for each backlight module
- Development of flat panel light which obtains DLC Premium certification

Environmental Symbiosis

- Approximately 650,000 hours of educational training for the personnel of the Group
- A total of 940 hours of volunteer services for social welfare activities
- Radiant Education Foundation held 29 events for the year with a total of 22,699 participants

Social Sustainability

1.4 About Radiant

Founded in July 1995, Radiant Opto-Electronics is now in its 25th year of operation. As the first professional backlight modules R&D and manufacturer in Taiwan, Radiant Opto-Electronics has become a global leader in backlight module manufacturing. Our services cover backlight module design, manufacturing, assembly and sales. Through the value-added core technology, we have extended our operation to the lighting business and are dedicated to LED lighting fixtures R&D and design. With our advanced technology and professional team, we have built an inseparable partnership with our customers.

Company full name	Radiant Opto-Electronics Corporation
Number of Employees	20,229
Capital	NT\$4.65 billion
Date of Establishment	July 24, 1995
Major products	LCD backlight modules, LCD light guide plates
Responsible person	Pen-Jan Wang
Headquarter	No. 1, Central 6th Rd., Qianzhen Dist., Kaohsiung City
Operating Site	Kaohsiung, Wujiang, Nanjing, Guangzhou

For relevant financial information, please refer to the website of Radiant Opto-Electronics.



1.5 Governance



Diversity of Board Composition

In 2016, the Board of Directors of Radiant Opto-Electronics approved the "Corporate Social Responsibility Best Practice Principles", committing to consider environmental, social and corporate governance development while engaging in business operations. The ninth session of the Board of Directors has been re-elected for a term of three year since June 2018, and is expected to be re-elected in 2021. The Board of Directors convenes regular meetings at least once a quarter and held a total of 8 meetings in 2020, with an attendance rate of 97.22% of directors.

The Board of Directors is composed of nine members with rich industrial operation and academic experience, and we also arrange advanced courses from time to time to fully implement the concept of diversified membership. In addition, we have also established Audit Committee, Remuneration Committee, Corporate Social Responsibility Committee and Ethical Management Team.

• Diversity of the Board of Directors •

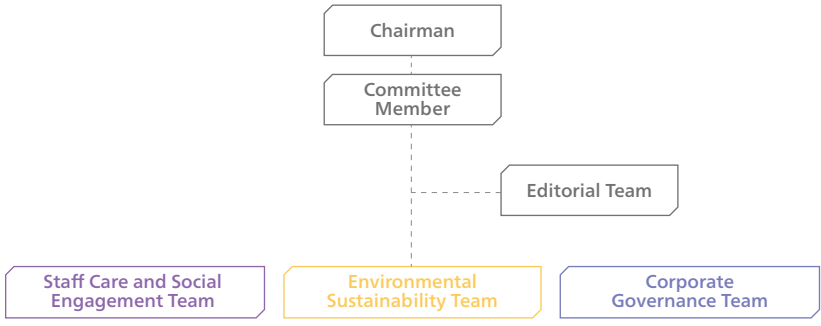
Position	Name	Gender	Operational Judgment	Business Administration	Decision-Making	Industrial Knowledge	Finance and Accounting	International Market Perspective	Crisis Management	Environmental Management and Social Engagement
Chairman and CEO	Pen-Jan Wang	Male	•	•	•	•	•	•	•	•
Director	Hui-Chu Su	Female				•	•			•
	Been-Fong Wang	Male	•	•	•	•		•		•
	Pen-Chin Wang	Male				•		•		
	Pen-Tsung Wang	Male		•		•	•	•		
	Hsiang-Kuan Pu	Male	•	•	•	•	•	•	•	•
Independent Director	Yao-Chung Chiang	Male	•	•	•	•	•	•	•	•
	Tzi-Chen Huang	Male	•	•	•	•	•	•	•	•
	Lun-Pin Tseng	Male	•	•	•	•	•	•	•	

1.6 Risk Management

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee is under the Board of Directors, with the Chairman being the chairman and the top executives of each business center as members. Its responsibilities cover the management of economic, environmental and social issues. The committee also sets the direction for corporate social responsibility development. The Committee meets at least semi-annually and reports regularly to the Board of Directors on the results of its performance. An editorial team is responsible for planning and coordinating the editing issues of annual sustainability report.

Organization Chart of the Corporate Social Responsibility Committee



Radiant Opto-Electronics regularly convenes a series of business strategy meetings involving heads of departments every year to continuously compile and analyze the strengths and weaknesses of each department and identify possible risks through horizontal information exchange between units. In addition, Radiant Opto-Electronics also keeps an eye on industry trends and market changes over the long run, as well as keeps abreast with the trend of risk changes by referencing research reports from relevant domestic and overseas institutions and the Global Risks Report published by the World Economic Forum (WEF) every year. Radiant Opto-Electronics also formulates management strategies for major potential risk scenarios and regularly identifies and tracks the effectiveness of reviews.

Risk Type	Focus Points
Regulatory Risk	Pay attention to the changes of local regulations of each plant and adjust the practices at any time
Credit Risks	Accurately capture and update customer credit ratings and accounts receivable status on a timely basis
Exchange Rate Risk	Adjusting exchange rate strategies at any time in response to changes in international conditions
Market Risks	Speed and cost of new product and technology development
Raw Material Disruption Risk	Avoiding shortages that lead to increased procurement costs

Risk Type	Focus Points
Climate Change Risks	Understand the potential for disaster in the plants through natural disaster simulation
Energy Price Risk	Focusing on energy utilization efficiency and reduce dependence on fossil energy
Human Resources / Human Rights Risk	Focusing on the relations between production capacity and staff recruitment at each production site and relevant early warnings
Information Security Risk	Strengthening educational training to prevent the leakage of confidential information internally and to prevent the system from being attacked externally
EHS Risk	Implementing system optimization and enhance the awareness of environmental safety and health among employees

Business Continuity Management

Radiant Opto-Electronics regularly convenes relevant units to identify and evaluate relevant internal and external risks to formulate emergency response plans according to the risk level and establish relevant management measures so as to ensure that all manufactured products continue to meet customer specifications after incidents occur and production resumes while protecting customers' rights and interests as well as minimizing the impact.

In 2020, in response to the development of the COVID-19 pandemic, a response team was assembled from relevant departments to adjust various practices on a rolling basis across the Group and plan management measures for different risk levels, while actively implementing various pandemic prevention measures in line with local government policies at each plant to minimize the impact on the Company.

Information Security

Meanwhile, Radiant Opto-Electronics also reviews the major system vulnerabilities that have been announced and takes the initiative to repair systems and prevent from attacks through updates, as well as formulates information security policies applicable to the Company in accordance with information security threat information. In addition, Radiant Opto-Electronics regularly engages a third party to conduct external system penetration tests every year. Through regular vulnerability scans, Radiant Opto-Electronics reviews internal system vulnerabilities to ensure that the information system and network environment are in compliance with the information security mechanism. Specific control strategies and practices are as follows:

Information Security Aspects	Control strategies/practices
Risk Prevention	<ul style="list-style-type: none"> • Information service abnormal notification grading mechanism • Information security policy promotion • Proactive notification mechanism for important system or hardware abnormalities by mail or telephone • Confidential information protection to avoid data leakage
Protective facilities	<ul style="list-style-type: none"> • Infrastructure establishment • Intelligent software and hardware protection • Information security technology advancement

Information Security Aspects	Control strategies/practices
Emergency Response	<ul style="list-style-type: none"> • Prepare disaster response plans for information facilities and formulate flowchart documents for emergency operations • Implement recovery verification every year for important host disaster recovery mechanism to ensure the restorability of important systems • Daily backup of important folders for emergency data recovery • A power generation project was established for Kaohsiung plant to extend the power backup of the equipment in the machine room when there is no warning for a long time power outage, and to provide mainland plants with all information systems connection

Internal Control

In addition to assisting the Board of Directors and management in overseeing internal systems and processes, implementing annual audit plans and continuous monitoring of related operating systems to ensure that operational, financial, and management information is accurate, reliable, timely, transparent, and in compliance with relevant laws and regulations, the Audit Office provides timely suggestions for improvement and adjusts the design and implementation of the internal control system in response to changes in the environment, so that the Company's internal systems can be effectively implemented, the monitoring mechanism can be put into practice, and the implementation of risk management can be controlled.

• Audit Procedures •



Ethical Operation

Integrity and honesty are not only the most important core values of Radiant Opto-Electronics but also important values that all employees of the Group must possess. We will continue to implement the concepts of "fairness", "honesty", "trustworthiness" and "transparency", and adhere to good business integrity to prevent the occurrence of corruption and malfeasance. All of the Group's operating sites have been included in the corruption and malfeasance risk assessment. In 2020, no financial and accounting-related cases were reported; 100% of the Group's employees received ethics and integrity awareness courses; the Group maintains a politically neutral stance with no political contributions.

Ethical Management Code of Radiant Opto-Electronics

- Prohibition of bribery and receiving bribes
- Prohibition of illegal Political Contributions
- Prohibition of improper charitable donations or sponsorship
- Prohibition of unreasonable presents, hospitality or other improper benefits
- Prohibition of infringement of intellectual property rights
- Prohibition of unfair competitive practices
- Prevention of products or services that impair the rights of stakeholders



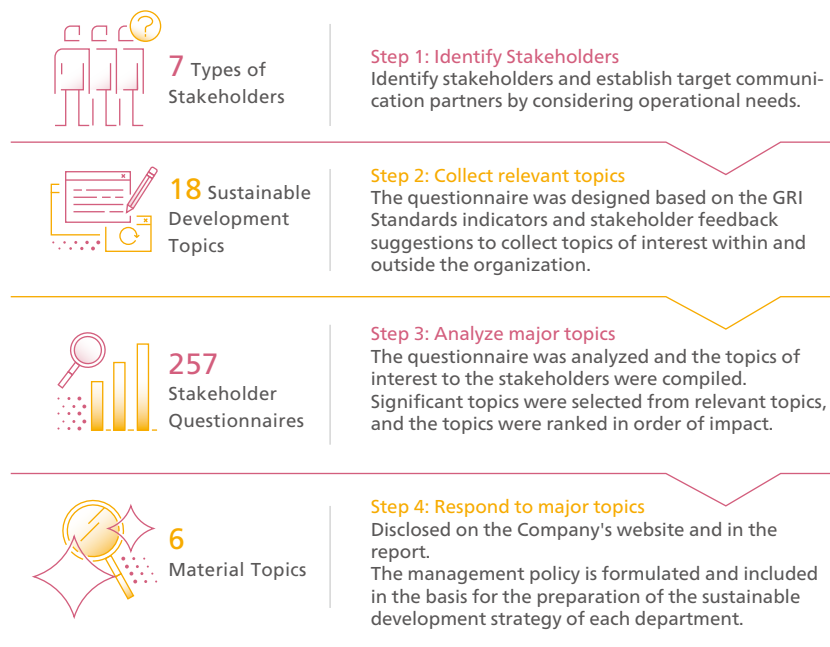
2 Mutual Benefit

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2.1 Stakeholder Interaction

In order to strengthen the interaction with stakeholders, Radiant Opto-Electronics has established diversified communication channels and set up an online feedback area, where the collected information will be reported by the Corporate Social Responsibility Committee to the responsible units for corresponding handling. In recent years, we have been working on a new version of our sustainability information website, hoping to reduce the inequality of information in a more open and transparent way. In addition, Radiant Opto-Electronics distributes online questionnaires to understand the sustainability topics of interest to our stakeholders, and rank and select such topics according to the level of interest. For more information, please refer to the full report - Stakeholder Interaction.

• Analysis Steps of Major Topics •



2.2 Customer Relationships

The global service locations of Radiant Opto-Electronics provide comprehensive technical support and in-plant services. In addition, the customer service department collects information from customers, regularly reviews and examines the verified line reject ratio (VLRR) feedback from customers to monitor the quality condition, and improves the abnormalities in plants through defect analysis to achieve the level of customer satisfaction as much as possible. Moreover, through the annual "customer satisfaction survey", we understand and analyze the needs as an important basis for continuous improvement of our products and service procedures. The survey covers five major items, including "delivery", "quality", "service", "development" and "no harmful substances/green products". The overall customer satisfaction score for 2020 was 94.6, representing an increase for three consecutive years.

Quality Management

Strict quality control has always been the goal of Radiant Opto-Electronics. We have established a management system in accordance with international standards such as ISO 9001, IATF 16949, QC 080000, etc. We set relevant quality policies and objectives every year, and formulate quality manuals as a guideline for the implementation of comprehensive quality management and the basis for each department to achieve quality objectives, creating a corporate culture of full participation and continuous improvement.

• Management System Validation/Verification Scope •

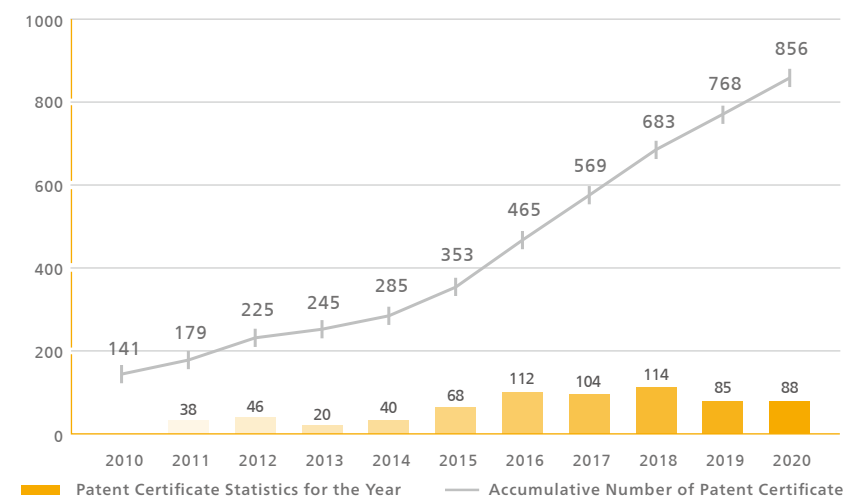
Category	Standard System	Plant Area			
		Kaohsiung Plant	Wujiang Plant	Nanjing Plant	Guangzhou Plant
Quality Management	ISO 9001 Quality Management System	•	•	•	•
	IATF 16949 Automotive Quality Management System ^{Note 1}	•	•	Note 2	
	UL Product Safety	•	•	•	•
	QC 080000 Hazardous Substance Process Management System ^{Note 1}		•	•	•
Environmental Management	ISO 14001 EMS International Certification	•	•	•	•
	ISO 14064-1 GHG Emissions Verification	•	•	•	•
Occupational Safety and Health	ISO 45001 Occupational Health and Safety	•	•	•	•

Note 1: Some plants have not obtained verification due to the production configuration
 Note 2: Application for verification ceased at the end of 2020

R&D and Innovation

In 2020, our R&D expenses amounted to NT\$1,758,213,000, accounting for 3.13% of our revenue. We have advanced our R&D in optical design, mold design and manufacturing technology, injection LGP technology, non-injection LGF and Mini LED process, and have mastered a number of core technologies, including optical dot design, LGP process, LCM design, etc. We are the industry leader in technology R&D capability and product competitiveness, and have been recognized by well-known domestic and international customers. In view of future process technology innovation and new product development, we expect to invest approximately 3% to 4% of our operating revenues in 2021.

• Patent Certificate Statistics over the Years •



Over the past years, Radiant Opto-Electronics has obtained more than 856 domestic and foreign patents, and will be included in the top 100 invention patent applications of Taiwan juridical person in 2020. Radiant Opto-Electronics has focused its patent applications China, Taiwan and the United States. In the future, we will evaluate the introduction of high-quality patents, improve quality, strengthen our own patent portfolio, and raise the technical barriers for competitors to enter the market in order to maintain our technological advantage.

Intellectual Property Management

The management of intelligent property is receiving increasing attention. The Guangzhou plant of Radiant Opto-Electronics first implemented the "Enterprise Intellectual Property Management Standard" promoted by the Chinese government in 2018, and received certification for the first time in 2019 and again in early 2021. The Kaohsiung plant also followed up in 2019 by introducing the Taiwan Intellectual Property Management System (TIPS), which is based on the existing procedures to build an intellectual property management system applicable to Radiant Opto-Electronics.

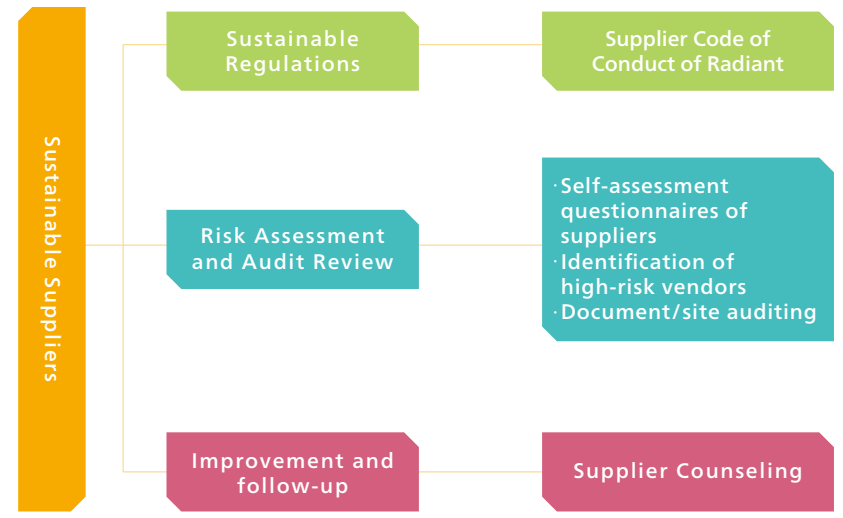
Intellectual Property Management Policy

- Continuous accumulation of intellectual property capability
- Optimize the patent awareness and qualification of R&D employees
- Raising the awareness of confidentiality or the concept of intellectual property among new employees and existing employees

Confidential data protection procedures

Recognizing the importance of confidential information to suppliers, customers and the Company itself, Radiant Opto-Electronics has established corresponding "Confidential Information Management Regulations" in accordance with the Trade Secrets Act. Over the years, Radiant Opto-Electronics has continued to protect confidential information at the institutional, management and legal levels, effectively safeguarding the Company's confidential information. In mid-2020, Radiant Opto-Electronics did not receive any complaints from its partners regarding the protection of confidential information, and there was no leakage of confidential information.

2.3 Supply Chain Sustainability Management



Sustainable Compliance of Suppliers

Radiant Opto-Electronics formulates "Supplier Code of Conduct of Radiant Opto-Electronics" in accordance with the Code of Conduct of Responsible Business Alliance, the UN Guiding Principles on Business and Human Rights, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO) and the UN Universal Declaration of Human Rights. The Supplier Code of Conduct of Radiant Opto-Electronics requires suppliers to comply with the Code and all applicable laws and regulations. Such compliance will be taken into consideration when evaluating procurement decisions.

The Supplier Code of Conduct of Radiant Opto-Electronics includes five aspects: labor, health and safety, environment, business ethics, and management systems, with a total of 43 corresponding contents, which are publicly disclosed on the Company's website.



Supplier Code of Conduct of Radiant

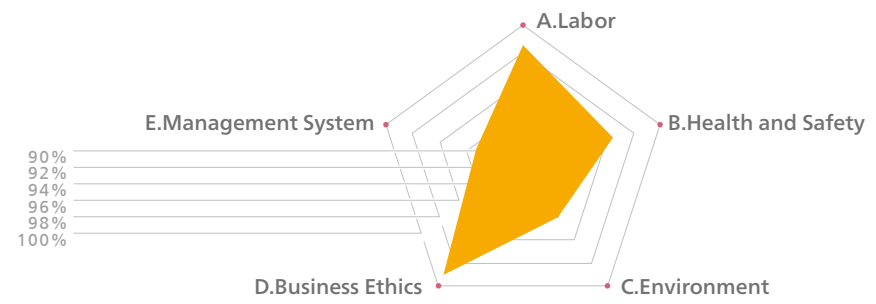
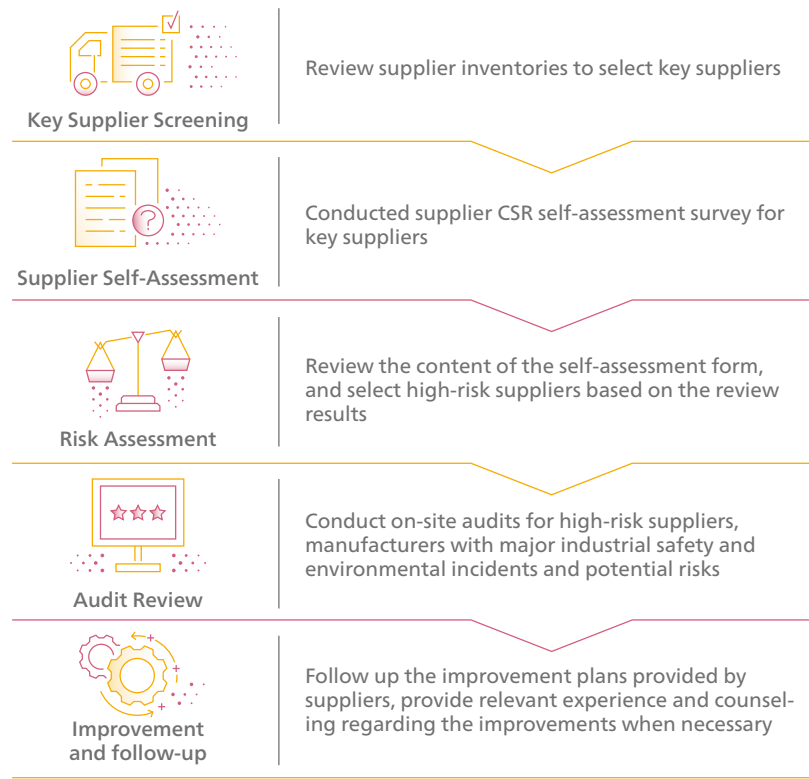
Labor	Health and Safety	Environment	Business Ethics	Management System
<ul style="list-style-type: none"> · Freedom to choose occupation · Young workers · Working hours · Wages and benefits · Humane treatment · Non-discrimination · Freedom of association 	<ul style="list-style-type: none"> · Occupational safety · Emergency preparedness · Occupational injury and disease · Industrial hygiene · Physical labor work · Machinery protection · Public health and accommodation · Health and safety communication 	<ul style="list-style-type: none"> · Environmental permit and reporting · Pollution prevention and resource conservation · Harmful substances · Solid waste · Emissions · Material control · Water resources management · Source exchange and greenhouse gas emissions 	<ul style="list-style-type: none"> · Ethical Operation · No unlawful income · Information disclosure · Intellectual property · Fair trade, advertising, and competition · Identity protection and retaliation prevention · Responsible sourcing of minerals · Privacy 	<ul style="list-style-type: none"> · Corporate commitment · Management obligations and responsibilities · Legal and customer requirements · Risk evaluation and risk management · Improvement goals · Training · Communication · Employee opinions, participation and complaints · Review and evaluation · Corrective measures · Documents and records · Supplier's responsibility

Supplier Sustainability Risk Audit

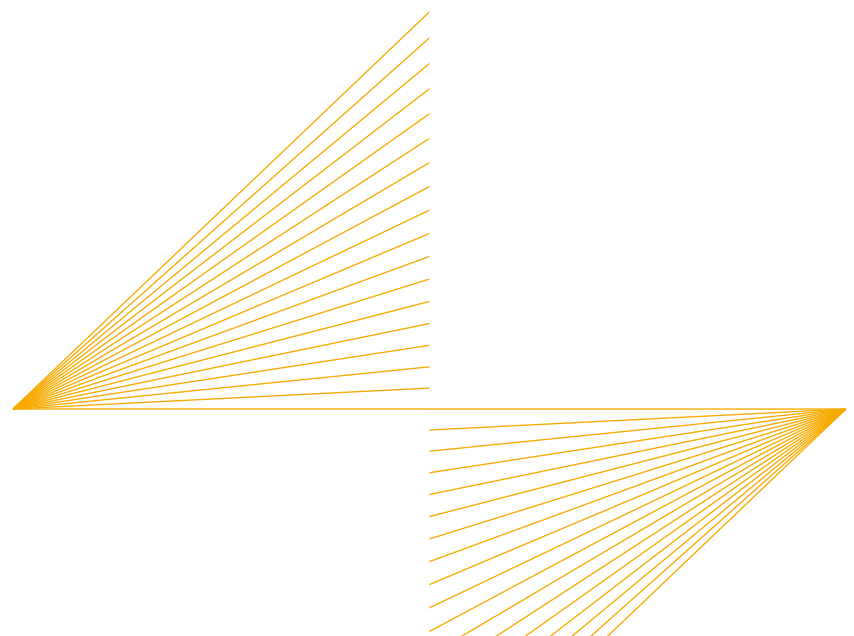
In 2020, Radiant Opto-Electronics completed the formulation of the "CSR Management Regulations for Supplier" and designed the regulations in accordance with the principles of the five major aspects of the Supplier Code of Conduct. The supplier sustainability risk audit starts with the selection of key suppliers as defined by Radiant Opto-Electronics. The key suppliers for the year are selected by examining their transaction amounts, whether they are important component suppliers, whether they are the only supplier, whether they have any major industrial safety and environmental accidents, and whether they encounter potential risks. In 2020, a total of 12 supplier self-assessment forms were distributed with 100% of response rate. All suppliers were classified as low risk according to their risk level. We also selected 10 key suppliers to conduct on-site audits, and classified audit deficiencies into four categories: priority, major, minor, and observation to follow up. In 2021, a new version of supplier auditing will be launched, which will make supplier screening more comprehensive. In 2022, we expect to incorporate sustainable supplier evaluation into the Quarterly Business Review (QBR) assessment.



• 2020 CSR Supplier Self-Assessment Audit Results •



In addition, new suppliers will be evaluated for risks in five major aspects through the "New Supplier Self-Assessment Form". Radiant Opto-Electronics will not engage in transactions with unqualified suppliers and provide them with improvement counseling. In 2020, 223 suppliers were evaluated using the "New Supplier Self-Assessment Form", accounting for 79.93% of the total new suppliers with a 100% approval rate, and no supplier terminated the business relationship accordingly.





3 Environmental Symbiosis

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3.1 Green Services

Environmental Policy of Radiant

- Energy conservation and resource recycling
- Effective utilization of resources and natural resource protection
- Environmental protection and implementation of pollution prevention
- Employees participation for environmental protection
- Regulations compliance and Company image enhancement
- Continuous improvement to ensure sustainable operation

Green Design

Material-saving design

Radiant Opto-Electronics continues to develop a wide range of thin products to meet customer needs. Overall, the material-saving design not only reduces the amount of raw materials used, but also helps to reduce the thickness of the products, and effectively reduces the energy consumption of the product in the manufacturing and transportation process. In addition, in 2018, we invested in R&D of product packaging, hoping to reduce the production of plastic in the production process and contribute to a better society and environment together.

Energy conservation design

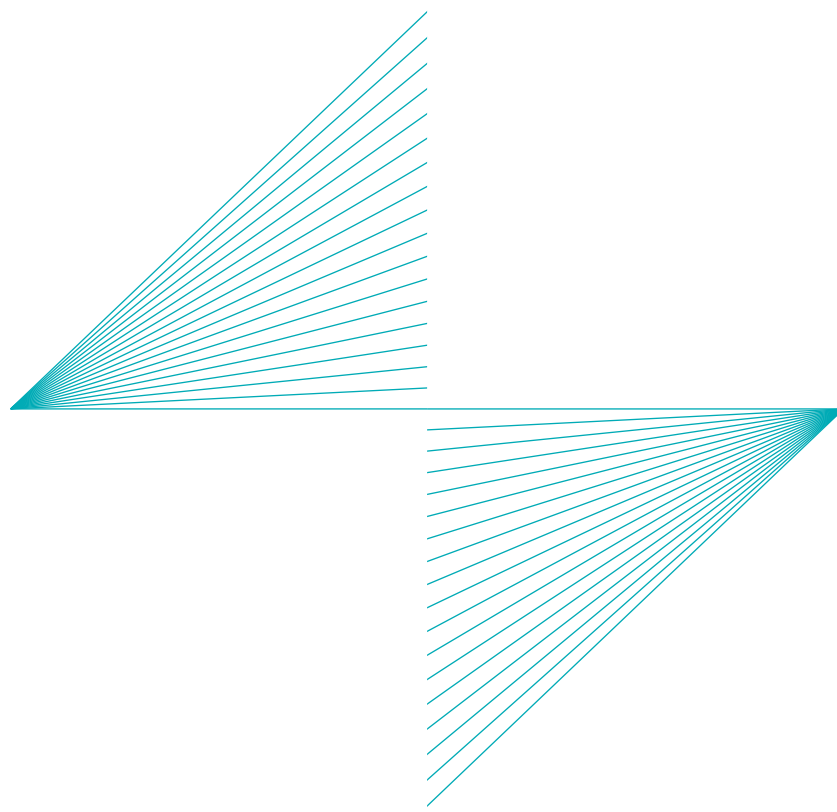
With the optical reflector cavity design and local dimming technology of the LEDs, Radiant Opto-Electronics delivers the best lighting, significantly reducing power consumption while improving the picture quality of LCD displays.

To keep abreast with the market trend in recent years, luminaire products of Radiant Opto-Electronics take advantage of its core competencies. In addition to the safety certifications such as UL (Underwriter Laboratories Inc.) and ETL (Electrical Testing Laboratories), we also obtained the DLC (Design lights Consortium) certification for energy saving labels. Radiant Opto-Electronics continues to develop high value-added luminaire products with quality of light, controllability and efficacy changes.

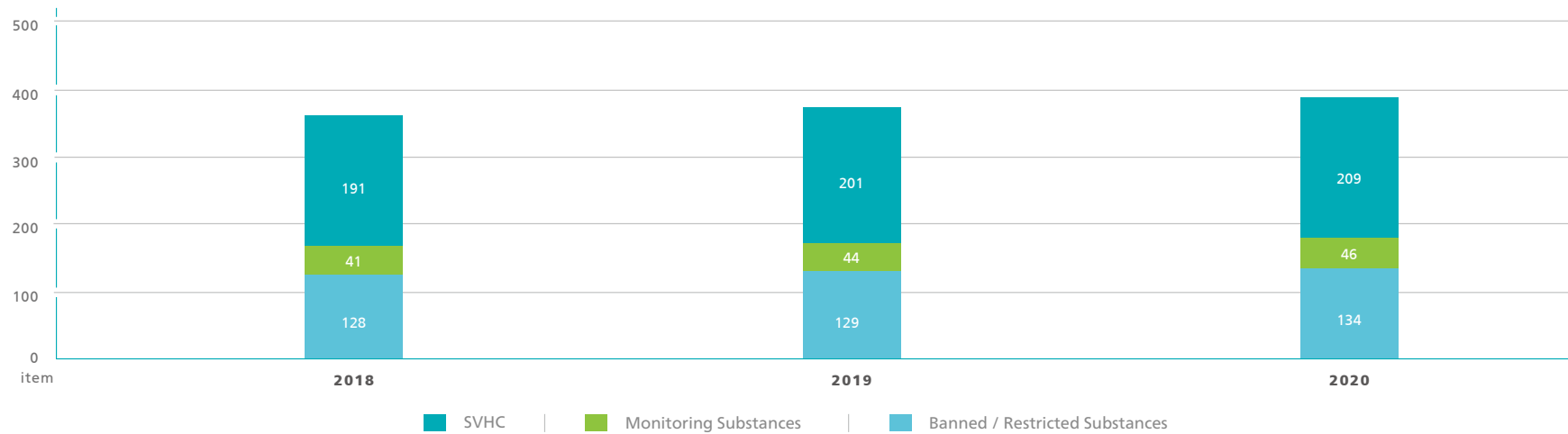
Green Products

Green Product Management

From the beginning of product R&D and design to the final inspection and shipment, Radiant Opto-Electronics has incorporated the green product control requirements into the standard control and implementation at all stages. In recent years, Radiant Opto-Electronics has established a green product team and continued to strengthen its chemical control project based on the Restriction of Hazardous Substances Directive (RoHS) announced by the European Union for waste electrical and electronic equipment, and in compliance with the spirit of REACH, strictly regulating the use of chemical substances with a 100% compliance rate in 2020.



• Number of banned/restricted substances over the years •



Conflict Minerals Declaration

Radiant Opto-Electronics strictly prohibits the use of conflict minerals in its products. Since 2012, we have established the "Environmental Management Substances Management Standard" to strictly investigate the source of metals used by our suppliers to ensure that high-risk metals, namely gold (Au), tantalum (Ta), tungsten (W), cobalt (Co) and tin (Sn), provided to Radiant Opto-Electronics are not mined in the conflict zones of the Democratic Republic of Congo, by anarchist groups, or by illegal groups. If components and parts provided by suppliers are found to contain conflict minerals, necessary measures will be taken, and Radiant Opto-Electronics would immediately stop using such products. As of the end of 2020, no such issues had been found.

Green Logistics

Package recycling and reuse

Radiant Opto-Electronics has made "package recycling" a management priority. The logistics department reviews the recycling status of each plant every month. If the recycling target is not reached, we will require sales and customer service to assist in confirming the occupancy status of our customers, and urge customers to withdraw the packages immediately, aiming to improve the recycling rate of the packages. In recent years, the recovery rate has reached over 96%.

• Recycling rate of packaging materials at each plant •

Plants	Category of packaging materials	2018	2019	2020
Taiwan Plant	Vacuum Forming Box	99.89%	96.47%	96.70%
	Cardboard boxes	99.96%	98.83%	98.11%
Mainland Plant	Vacuum Forming Box	99.83%	99.75%	99.00%
	Cardboard boxes	99.67%	99.64%	99.04%

Use of recycled materials

We take stock of the materials that can be used as recycled materials in the manufacturing process. The vacuum forming box is used as a carrier for product shipment. Wujiang plant makes its own vacuum forming box and adds damaged vacuum forming box as recycled material during the manufacturing process. A total of 3,968 tons of vacuum forming box were added from 2013 to 2020 to reduce the use of new material and achieve the purpose of resource reduction.

Transportation Optimization

In recent years, Radiant Opto-Electronics has continued to optimize the model of delivery and transportation, and has established three transportation principles, such as combined

truck delivery, full truck delivery, and return truck pickup of recyclables, in order to reduce the greenhouse gas emissions generated during the transportation process and reduce the impact of operations on the environment. In addition, in order to effectively collect the information on carbon emissions of finished goods shipping and transportation, we started the related inventory operation in 2020 and gradually established a more complete carbon emissions database.

Green Innovation

In 2019, as the first year of green innovation, the CSR Committee launched a green proposal incentive system, ranging from source product design and introduction of energy and material saving solutions to packaging, process and material changes to improve yields, reduce energy use, replace toxic chemicals with non-regulated chemicals, end waste water and waste recycling, transportation changes to reduce employee travel and commuting, product transportation, and other activities so as to encourage brainstorming of all plant staff from senior executives to junior employees. Through a high reward mechanism and a rigorous review process, we expect to encourage employees to improve and enhance their existing practices and make a breakthrough from the previous structure, and to drive more green initiatives to enhance the Company's sustainable value.

As of the end of 2020, a total of 28 cases have been raised with the amount of savings exceeding NT\$2 million.

• Category of Green Proposal Cases •



3.2 Environmental Management

Climate Change

Governance

In response to the operational impact of the climate change, Radiant Opto-Electronics urges the Corporate Social Responsibility Committee to continuously focus on such sustainable development issue and report to the Board of Directors on a regular basis in accordance with the Corporate Social Responsibility Best Practice Principles.

Strategy

In order to systematically address the issue of the climate change Radiant Opto-Electronics has made reference to the Task Force on Climate-related Financial Disclosures (TCFD) framework of Financial Stability Board's (FSB) Task Force since 2020 to gradually initiate the identification of climate risks and opportunities in order to enhance the transparency of climate change risk management.

Risk Management

In the face of possible risks and opportunities caused by the climate change, Radiant Opto-Electronics engaged an external risk management consultant to conduct a natural disaster model analysis, comparing the historical data of typhoons and floods in the database with the latest inundation potential map to obtain the maximum possible impact caused by different regression periods. In the future, Radiant Opto-Electronics will conduct a more comprehensive identification of transformation risks and physical risks, and will further consider different scenarios of climate change for evaluation to be closer to the real situation.

Targets and Objectives

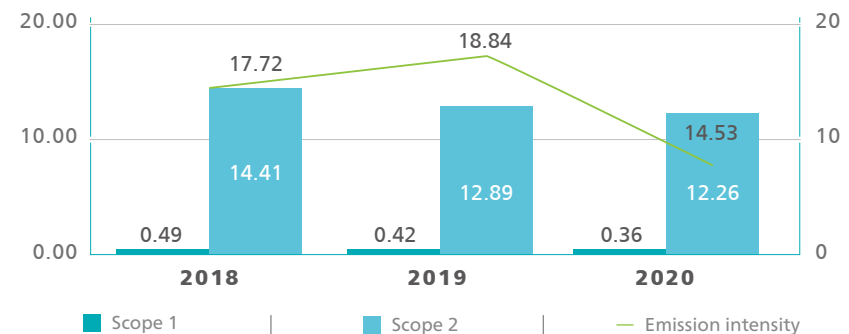
In response to the climate change, Radiant Opto-Electronics has adopted both "mitigation" and "accommodation" approaches. On the mitigation side, we continue to adopt optimized technologies and establish specific quantitative targets, hoping to reduce the Group's GHG emissions per unit of product by 20% in 2025 compared to that in 2015. On the accommodation side, we coordinate with insurance companies to purchase relevant insurance policies so as to reduce the impact of climate disasters on the operations.

GHG Inventory

With reference to ISO 14064-1 and the inventory guidelines of domestic and foreign organizations, Radiant Opto-Electronics regularly conducts annual inventory stock-take of greenhouse gas emissions from its Taiwan and Mainland China plants to fully collect the information on greenhouse gas emissions and implement carbon management. Since 2010, the Taiwan plant has been conducting annual independent greenhouse gas emissions inventory stock-take. The inventory data from 2013 onward have been verified by a third party. The Mainland China plants have been conducting internal self-inspection since 2011.

In 2020, the total greenhouse gas emissions of Radiant Opto-Electronics amounted to approximately 126,200 tons of CO₂e, representing a decrease of 5.21% compared to that in 2019, which was mainly from indirect greenhouse gas emissions in the Scope 2, accounting for approximately 97%. Currently, the Taiwan plant is undergoing external verification in accordance with the annual plan. Relevant data will be disclosed in the next report if there is any revision.

• Greenhouse gas emission intensity •



Energy Resource Management

• Energy Consumption •

Category	Item	Consumption
Direct Energy	Natural Gas	13,350 GJ
	Gasoline	2,296 GJ
	Diesel	184 GJ
Indirect Energy	Purchased Electricity	625,776 GJ

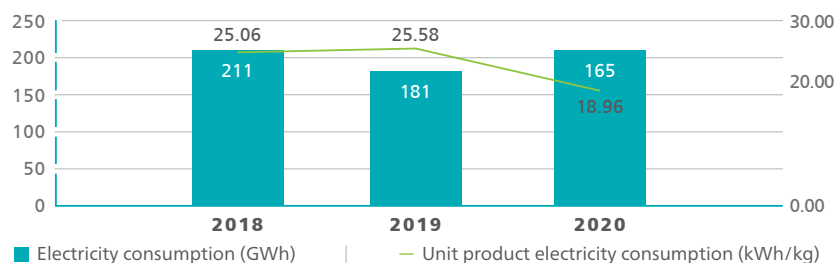
Note: 1 GJ (gigajoule) = 10⁹ J (joule)

Electricity use

The overall electricity consumption of Radiant Opto-Electronics in 2020 was approximately 165 GWh, a 22% reduction compared to that in 2015, the base year of the 2025 sustainability goal. The intensity of electricity consumption was 26% lower than that in 2019, with the main electricity usage from the in-process injection molding machine. In addition to the change in the number of products shipped, the energy saving projects implemented over the years have also been gradually taking effect, which is reflected in the overall electricity consumption of the Group.

Moreover, the solar power system had been fully installed in the production bases of our Mainland China plants since 2018, with a total installed capacity of 3,562 kW. The Wujiang plant has the largest generation capacity of 1,762 kW, with a total annual generation of approximately 2.3 million kWh (8,280 gigajoules), which can reduce CO₂e emissions by approximately 690 tons per year (calculated based on an average electricity factor of 0.30025 Kg CO₂e/kWh in 2019 in Eastern and Southern China).

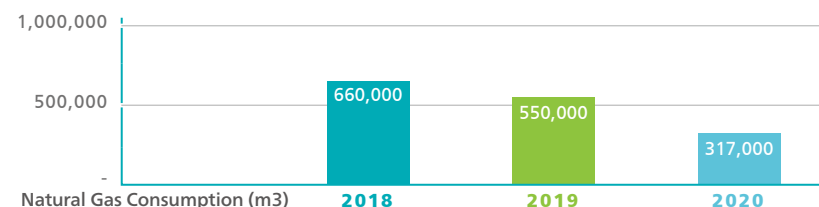
• Electricity consumption intensity •



Natural Gas Consumption

The natural gas consumption of Radiant Opto-Electronics is used to heat the hot water boilers for washing in the dormitory of the Wujiang plant, and the old boiler equipment uses natural gas as the energy source. Since 2017, we have set up a heat recovery system to reuse the waste heat generated by the air compressor, which is estimated to save 361 m³ (14,079 joules) of natural gas per month.

• Natural Gas Consumption •



Water resources management

There is no large amount of water used in any of the manufacturing processes of Radiant Opto-Electronics, and the proportion of water used in the manufacturing process to the total water consumption is low, mainly for the livelihood and air-conditioning equipment. In addition, the Group is located in the processing and export area or the development area, and the source of water is water from a third party (tap water). No surface water, groundwater, seawater or produced water has been used, and no significant impact on water sources has been identified.

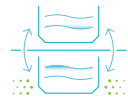
In spite of this, various water management measures of Radiant Opto-Electronics are still regularly followed up by senior executives on a monthly basis to keep track of water consumption. We also continue to improve the operational efficiency of existing equipment, build additional spare units and increase operational flexibility to avoid water-related risks such as heavy rains or droughts caused by extreme weather that may affect the Company's operations.

In 2020, at the request of our customers, we conducted an evaluation of the clean water program at our production sites. The evaluation was divided into four items: water management, water conservation, wastewater management and wastewater reuse, with the goals of reducing the use of fresh water, increasing the reuse rate of wastewater,

reducing the impact on water quality, and equipping the plants with water management capabilities. The results of self-evaluation by the Mainland China plants and customer review are in line with customer requirements. Statistically, the Group's third-party water (tap water) consumption of 1,712 million liters in 2020 was 30% lower than that in 2015, the base year of the 2025 sustainability goal. Water consumption intensity was 26% lower than that in 2019.



Reduction of fresh water consumption



Increase of wastewater reuse rate

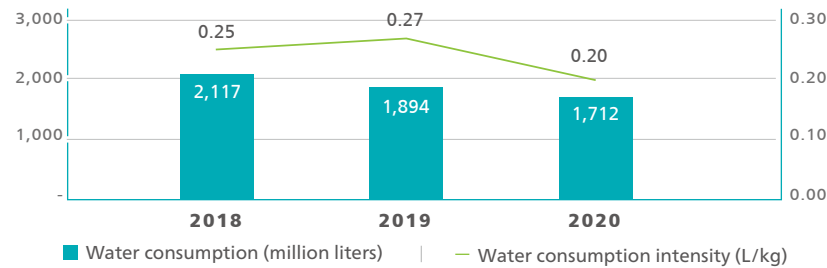


Reduction of the impact of water quality



Water management capabilities of plants

• Water Consumption Intensity •



Pollution Prevention

Air pollution prevention and control

Radiant Opto-Electronics regularly monitors air pollution-related emission data and is committed to reducing air pollution emissions. Since the plant is mainly for assembly process, the air pollutants are Volatile Organic Compounds (VOCs) without sulfur oxides and nitrogen oxides.

Unit: tons			
Air Pollutants	2018	2019	2020
Sulfur Oxides (SOx)	0	0	0
Nitrogen Oxides (NOx)	0	0	0
VOCs	3.6	2.2	2.4

Water pollution prevention and control

The water quality of the drainage water from each plant of Radiant Opto-Electronics meets the discharge criteria of the park, and is discharged into the waste water sewer system. In addition, regular tests are conducted to ensure that there is no impact on nearby waters. The results of the 2020 tests comply with the water quality standards required by the laws and regulations.

• Water Quality Test Results (Taiwan Plant) •

Item	pH	COD(mg/L)	BOD(mg/L)	SS(mg/L)
Test Results	7.8	ND	ND	<1.5
Discharge Criteria (Note 1)	5-9	600	450	450
Conformity	Yes	Yes	Yes	Yes

Note 1: Acceptance of water quality limits of Kaohsiung City public sewerage

• Water Quality Test Results (Mainland China Plants) •

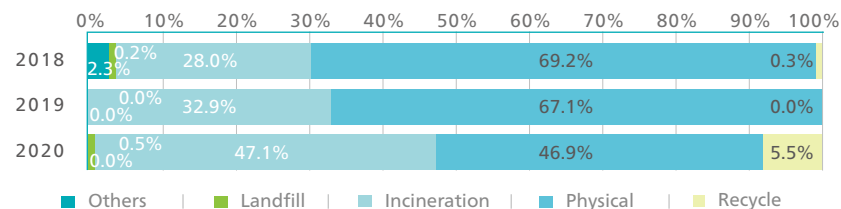
Item		pH	COD(mg/L)	SS(mg/L)
Test Results	Wujiang Plant	7.04	191	22
	Nanjing Plant	7.25	118	12
	Guangzhou Plant	8.13	89	43
Discharge Criteria (Note 2)	Wujiang Plant	6.5~9.5	500	400
	Nanjing Plant	6~9	500	400
	Guangzhou Plant	6.5~9.5	500	400
Conformity		Yes	Yes	Yes

Note 2: Water quality standards for sewage discharged into town sewers (Wujiang plant, Guangzhou plant) and standards for acceptance of sewage of the Nanjing Economic Development Zone sewerage system (Nanjing plant)

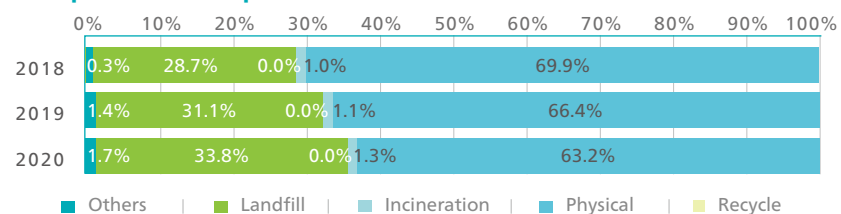
Waste Disposal Management

In order to ensure that the storage, removal and disposal of waste meet the requirements of the law, the waste generated by Radiant Opto-Electronics is classified into two categories: hazardous waste and non-hazardous waste. The total amount of waste in 2020 was approximately 6,218 tons, of which 6,146 tons (approximately 99%) was non-hazardous waste and 72 tons (approximately 1%) was hazardous waste, which was pure in nature.

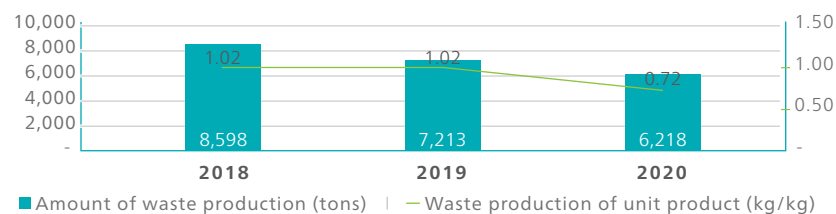
• Proportion of disposal channels for hazardous business waste •



• Proportion of disposal channels for non-hazardous waste •



• Waste production of unit product •

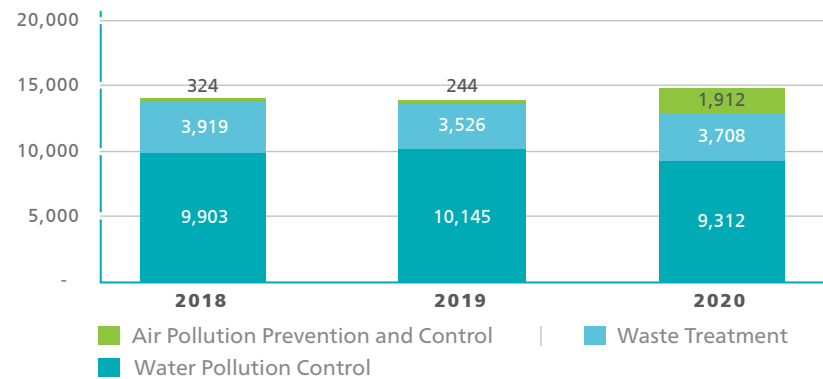


Environmental Protection Related Expenses

Radiant Opto-Electronics continues to reduce the environmental impact of our production activities by investing in environmental-friendly air pollution control facilities and waste treatment, and commence proper waste disposal and wastewater discharge control. At the front end, we maintain, replace and add new equipment with the best possible solutions during the manufacturing process to reduce pollutant emissions; at the end of the process, we treat all waste properly to continuously increase the recycling rate.

In 2020, Radiant Opto-Electronics invested approximately NT\$14,971,000 in environmental protection, mainly for water pollution prevention and control. The increase in air pollution prevention and control costs is mainly due to the construction of air pollution prevention and control equipment at the Guangzhou plant.

• Statistics of the Group's Environmental Protection Expenditure •





 Social
Sustainability

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4.1 Friendly Workplace

Labor and Ethics Policy of Radiant

- Integrity - Refuse to take improper advantages and strictly protect customers' trade secrets
- Openness and transparency - Open channels of communication and honest disclosure of Company information
- Friendly workplace - Emphasize employee welfare and create harmonious labor relations
- Equal and respect - Protecting basic human rights and treat all employees fairly

Human Rights Policy

Radiant Opto-Electronics focuses on professional work ability. We regard human rights at work, gender, equal pay for men and women and anti-discrimination as the core philosophy of the Company in treating employees. We provide equal employment opportunities and do not discriminate on the basis of race, nationality, gender, sexual orientation, age, physical or mental disability, religion or any other characteristic protected by relevant laws.

In addition, we value each employee's freedom of employment and have no forced or compulsory labor in any of the Company's internal operations. Relevant labor conditions are implemented in accordance with local laws and regulations for human resources planning. The Company has established specific management measures to ensure the implementation of labor human rights (LHR) commitments, including the "Promotion of Humane Treatment and Ethical Behavior" and the "Management of Workplace Violence Prevention Measures", etc. The "Recruitment Management Measures" also explicitly prohibits the employment of child labor and verifies the age and identity of all applicants to ensure that no child labor is misused.

In 2020, there were no violations of aboriginal rights, child labor, gender or racial

discrimination cases, nor were there any incidents of external human rights audits or impact assessments at the Taiwan plant of Radiant Opto-Electronics. No discrimination or related issues mentioned above occurred at the Mainland China plants in compliance with local regulations. The labor relations were harmonious with no additional collective labor agreements signed. In addition, the Company established a labor union in accordance with the law. 86.4% of the employees in the Taiwan plant participate in the labor union (all employees below the managerial level participate in the labor union). The labor union was also established in the Mainland China plants in accordance with the law.

Compliance with the Code of Conduct of the Responsible Business Alliance

The Code of Conduct of the Responsible Business Alliance has always been the highest principle to which Radiant Opto-Electronics has adhered. At the same time, we take this opportunity to strengthen our own management system, conduct annual self-audits and cooperate with customer audits, and strive to provide suitable and compliant working conditions and environment so that every employee can develop and realize themselves at the Company. In addition, on-the-job training has been arranged for all employees of the Group every year, and the above-mentioned courses are included in the training courses for newcomers in each tier. The training ratio for the Group was 100% as of 2020.

We believe that only by creating a harmonious working environment among the Company, the community and the employees can an enterprise grow steadily and sustainably. Therefore, in terms of "labor and work ethics", Radiant Opto-Electronics makes the following commitments.

- Adhere to local regulations and take action to support international labor human rights norms.
- No forced labor, respect for individual freedom of employment.
- No child labor, strict in protecting children.
- No discrimination and abuse, ensure equal respect and humane treatment.
- No bribes, perform the business with integrity and honesty.
- No conflict minerals are purchased and used, value compliant suppliers.

Practical Assessment of Security

In order to maintain the safety and order of the plant, Radiant Opto-Electronics employs a total of 148 security personnel, including members of the Group's own staff and outsourced personnel. To provide security personnel with a clearer understanding of the work system and contents, one-hour training is arranged by the relevant units every quarter. The course content includes security personnel obligations, anti-discrimination, handling of workplace violence, and explanation of the notification mechanism, etc. In 2020, all security personnel completed the relevant education and training, totaling 592 hours.

Salary and Welfare

Employee Compensation

Based on market salary standards, external competitiveness of talent and labor market supply and demand, Radiant Opto-Electronics designs a competitive salary system to attract outstanding talent and enhance the Company's competitiveness, while meeting the basic salary requirements set by local governmental regulations and outperforming industry salary standards.

In addition, candidates will be considered for positions based on their academic background, professional and technical skills, and work experience, regardless of gender, religion, race, nationality, or party affiliation. Salaries and promotions are based on individual abilities and qualifications, regardless of age, gender, or location. Employees are entitled to profit sharing according to their performance and the Company's profitability, as well as year-end bonuses, performance bonuses, proposal bonuses and annual gifts. The average salary adjustment for the Kaohsiung plant in 2020 was 3.29%.

Comparison of standard salary of new entry-level staff and local minimum wage in each plant

Plant	Local minimum wage	2018		2019		2020	
		Female	Male	Female	Male	Female	Male
Kaohsiung Plant	1	1	1	1	1	1	1
Wujiang Plant	1	1.02	1.02	1.00	1.00	1.00	1.00
Nanjing Plant	1	1.04	1.04	1.05	1.05	1.05	1.05
Guangzhou Plant	1	1.03	1.03	1.00	1.00	1.00	1.00

Note: The standard salary calculation does not include production, performance and other allowances and bonuses

Full-time employee salary information for non-supervisory positions in the Taiwan plant

Item	2019	2020	Increase or decrease from 2019
Number of full-time employees for non-supervisory positions	1,047	1,020	-2.6%
Average salary of full-time employees for non-supervisory positions (in thousands)	1,069	1,064	-0.5%
Median salary for full-time employees for non-supervisory positions (in thousands)	797	826	+3.6%

Parental leave without pays

In accordance with local laws and regulations, Radiant Opto-Electronics provides paid leave: annual leave, wedding leave, funeral leave, childbirth/parental leave, maternity leave, paternity leave, physiological leave, etc., to help employees balance work and life. In 2020, the Taiwan plant has a total of 70 employees eligible for parental leave, including 45 men and 25 women; the Mainland China plant is not regulated by local labor laws and regulations for parental leave, so it is calculated by applying for maternity leave.

Item	Taiwan Plant			Mainland Plant		
	Male	Female	Total	Male	Female	Total
Number of employees eligible for parental leave	45	25	70	-	-	-
A:The actual number of employees applying for parental leave in 2020	1	3	4	1	6	7
B:The number of employees expected to apply for reinstatement in 2020 after parental leave	1	6	7	2	5	7
C:The actual number of people who returned to work in 2020 after the parental leave	0	5	5	2	5	7
D:The number of people working for more than 12 months after the reinstatement of parental leave in 2019	0	2	2	3	14	17
E:Actual number of people returning to work after the parental leave in 2019	0	2	2	4	17	21
Reinstatement rate: C/B	0%	83%	71%	100%	100%	100%
Retention rate: D/E	0%	100%	100%	75%	82%	81%

Insurance Planning

In order to enable our employees to work without any worries, Radiant Opto-Electronics has purchased various types of insurance on the day they report to work. In addition to applying for social insurance according to the law, we also provide employees with group insurance protection in accordance with the relevant laws. In addition, spouses, parents and children of the Taiwan plant employees can also enjoy preferential self-insured plans. Other than the general group insurance, Taiwan-based cadres are additionally insured with high amount accident insurance to provide different protection in all aspects and take proper care of employees.

Furthermore, Radiant Opto-Electronics plans a complete retirement system for its employees and complies with local government regulations. The current participation rate of employees in the retirement plan is 100%. Monthly contributions are made to the employees' individual pension accounts according to the monthly contribution scale and the contribution rate set by the government.

Friendly Workplace

Radiant Opto-Electronics is committed to creating a work-life balance environment, and is moving toward a balanced development of the three aspects covering "work-life, health-life, and family-life". We continued to promote the "Newcomer Orientation Program" and "Breastfeeding Room Optimization and Improvement Program" implemented in 2019. In 2020, we introduced the power of digital information, the bimonthly employee care e-newsletter and the mobile employee care card to the Group to provide employees with mental health information and establish the correct way for them to relieve stress.

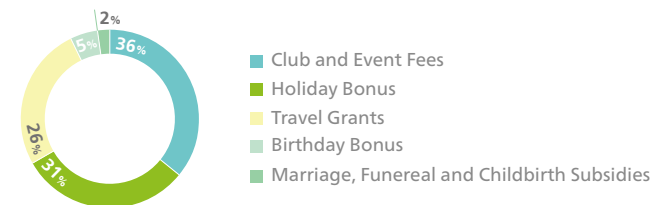
Employee Benefits

Radiant Opto-Electronics regularly plans rich and diversified employee welfare activities. We not only hope to achieve a work-life balance, but more importantly, to establish a link between our employees and the Company, and to integrate the resources of the Labor and Welfare Committee, hoping to become a solid support for our employees and moving forward towards a happy enterprise with diversified employee benefits.

In addition, in order to assist employees in achieving work-life balance, Radiant Opto-Electronics encourages employees to organize various clubs to interact with each other and enrich their lives through interests outside of work. At present, there are a total 9 clubs, which can be generally classified into sports, recreation, and technology, and are funded by the Welfare Committee.

In addition to the Taiwan plant, as the Mainland China plants has a large number of employees, we pay more attention to daily life care, and regularly hold various labor and economic activities. By doing so, employees can relax and relieve stress after work, and at the same time to unite the cohesion among employees. However, due to the impact of the COVID-19 pandemic, large group activities were suspended. The plants still replaced such gatherings with non-interactive activities, such as a pandemic prevention poster drawing contest, etc.

• Fee Analysis of the Employee Welfare Committee •



4.2 Talent Development

To establish a learning organization, Radiant Opto-Electronics takes talent development as a prerequisite and includes education and training as part of its talent development plan. At the same time, according to the concept and principle of Talent Quality-management System (TTQS), we use SWOT (TOWS) analysis to carry out the management guidelines and construct the training policy. Through systematic needs analysis, curriculum design, training implementation and training evaluation, we strengthen employees' knowledge, skills and attitudes to enhance their future job performance.

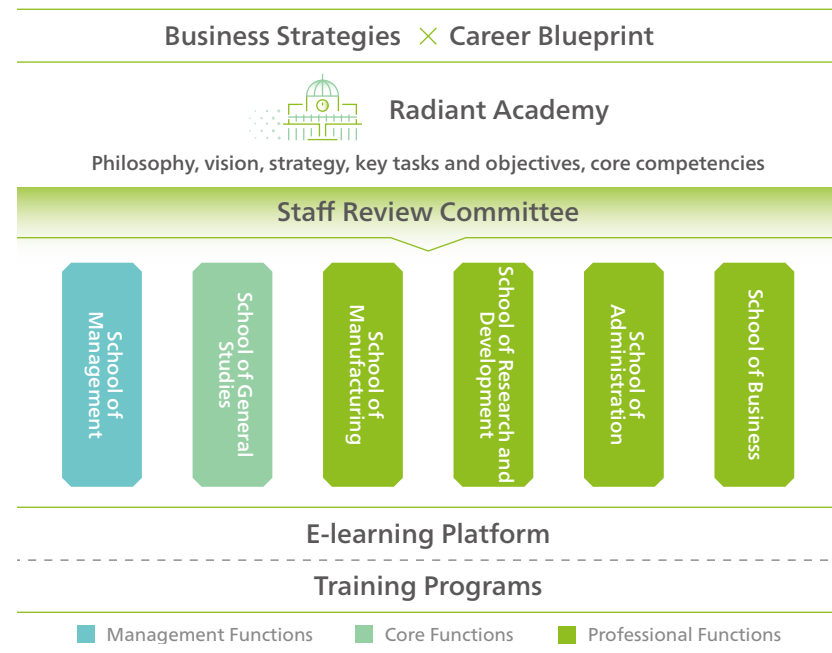
Training Policy

- Constructing a professional blueprint for staff development
- Shaping the learning culture within the organization
- Building a high-quality training system

Education and Training System

Radiant Opto-Electronics established "Radiant Academy" as an internal learning system, which is the main platform for employee education and training. It provides many management and professional online courses (e-Learning) according to the management direction and planning for various positions to systematically plan learning development and launch a comprehensive talent cultivation program. Meanwhile, we also provide external training resources to encourage employees to continue learning and accept new external stimuli to help them develop their careers and face work challenges.

Radiant Academy introduces three main functions, namely core, professional and management. The professional functions are divided into four faculties according to the different professional areas of each center, with additional faculties of management and general studies.



Youth Power Cultivation

From 2015 to 2019, Radiant Opto-Electronics continues to cooperate with Kaohsiung Cheng Shiu University for internship and education. In 2020, Radiant Opto-Electronics commenced industry and academic cooperation with National Yunlin University of Science and Technology to provide workplace internship opportunities to increase the integration of academic and practical work, guiding students' career development and creating more internship and training opportunities for students.

In addition, BinMao Junior High School, Zuojhen Junior High School, Chimei Junior High School, Baisha Elementary School, etc., have been visiting the corporate headquarters since 2018. Even children from as far away as Peru in South America and Lesotho in Africa have been coming to visit. The staff of Radiant Opto-Electronics planned the visit with the career plan "A Day of a Little Engineer" as the blueprint. Through the introduction of backlight modules, luminescence principles, interactive scenario plays, production line tours and clean room experiences, children can have a different career perspective and cultural stimulation.

Training Effectiveness

In 2020, the number of hours of education and training provided by Radiant Opto-Electronics were 650,000, with 77,000 participants and 8.4 hours per person. The total number of training hours in the Taiwan plant was 13,272, accounting for 2%. The total number of training hours in the Mainland China plants was 637,982, accounting for 98%. We started to plan the mobile learning APP system in 2020. The system can improve the convenience of online learning for employees after implementation.

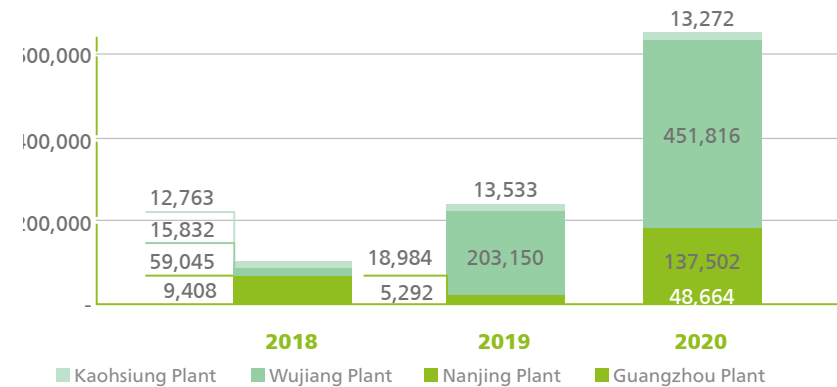
• Training Profile Analysis •

Category	Group	Taiwan Plant			Mainland Plant			The Group		
		Number of people	Total hours	Hours per capita	Number of people	Total hours	Hours per capita	Number of people	Total hours	Hours per capita
Gender	Female	413	3,894	9.4	18,484	170,615	9.2	18,897	174,509	9.2
	Male	452	9,378	20.7	57,739	464,748	8.0	58,191	474,126	8.1
Job category	Non-management positions	709	9,075	12.8	75,923	633,273	8.3	76,632	642,348	8.4
	Management positions	156	4,197	26.9	300	5,008	16.7	456	9,205	20.2
Total		865	13,272	15.3	76,223	637,982	8.4	77,088	651,254	8.4

Note: Management positions - supervisors above the section level, non-management positions - other non-management positions

In 2020, due to the impact of the COVID-19 pandemic, Radiant Opto-Electronics encouraged its employees to take online courses to avoid gatherings. In addition, the Mainland China plants also cooperated with the government to convey the concept of pandemic prevention through e-Learning, resulting in an increase in learning hours at each plant.

• Total training hours for each plant •



4.3 Health and Safety

Occupational Safety and Health

• Occupational Safety and Health Policy •

Compliance and Commitment

Undertake to comply with occupational safety and health regulations and other requirements.

Safe Environment, Healthy Workplace

Construct an intrinsically safe working environment, shape a friendly and healthy workplace, and promote a corporate health and safety culture.

Eliminate hazards, Reduce Risks

Implement hazard identification and risk assessment, strengthen source management, eliminate hazards and reduce risks through engineering control or management measures.

Full Participation, Continuous Improvement

Through the consultation and participation mechanism of workers or their representatives, we can have a better understanding of the needs of occupational safety and health in the workplace, and improve the performance of occupational safety and health through regular performance monitoring and review and improvement of the management model.

Occupational health and safety

In response to the replacement of "OHSAS 18001 Occupational Health and Safety" with "ISO 45001 Occupational Health and Safety Management System", all of our plants have started the system conversion process and were certified by 2020. In the future, each factory will continue to improve the performance of occupational safety and health management through the implementation of the management system and compliance with regulatory requirements to establish a safe environment and a healthy workplace.

Equipment Security Management

In order to ensure the safety of the plant, all of our facilities are managed and closely linked to the management system. For new machinery and equipment, we commenced source safety risk assessment before purchase, conducted safety acceptance by the environmental safety unit after entering the factory, and confirmed the safety label of the equipment with the user unit through the standardization of management procedures. We even carried out regular safety check, repair and maintenance, education and training to implement safety management in a systematic way. As for other public electrical equipment, infrared (IR) inspection of electrical equipment is conducted twice a year. The environmental safety unit understands the electrical load condition of the plant according to the electrical distribution map of each plant, and judges the risk level of electricity consumption based on the measurement results. By early implementation and predictive maintenance, we reduce the chance of electrical fires and avoids the risk of operational interruptions.

Chemical Safety Management

Since 2015, the Taiwan plant has introduced Chemical Control Banding (CCB), which evaluates the risk level and takes corresponding control measures according to the health hazards, distribution status and usage of chemicals by the concept of banding. Since 2019, we also strengthened the safety risk assessment of new chemicals at source by changing the management procedures, and strictly prohibited the purchase of such chemicals from suppliers who cannot provide the Safety Data Sheet (SDS) to comply with the occupational safety and health regulations and to prevent occupational accidents and diseases. In addition, Radiant Opto-Electronics engages a qualified environmental monitoring company to conduct workplace environmental monitoring on a semi-annual basis to identify, evaluate and control the hazards associated with the workplace.

Emergency Response Mechanism

Radiant Opto-Electronics formulates a series of emergency response procedures for each emergency situation. In the event of an emergency, the safety of personnel is the first priority in order to improve the emergency response capability of the organization's

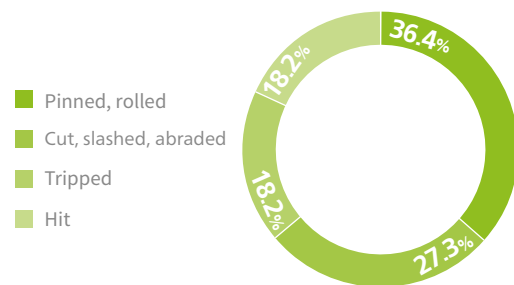
personnel. Meanwhile, to familiarize employees with the emergency response process and raise their awareness of crisis, Radiant Opto-Electronics regularly holds emergency response drills every year and organizes various educational training at each plant. Radiant Opto-Electronics actively encourages each unit to hold its own evacuation drills to strengthen the sensitivity of the relevant personnel in case of emergency. Moreover, we also familiarize our staff with the operation of fire-fighting facilities through regular training for both internal and external members of the organization.

Occupational Hazards

In 2020, there were a total of 11 cases of occupational injuries and no fatal occupational accidents within the Group. Further analysis revealed that there were 6 work-related injuries with less than one year of seniority, accounting for 55% of the Group's work-related injuries. There were 7 work-related injuries caused by machinery and equipment, accounting for 64% of the Group's work-related injuries. In addition, there were no occupational injury incidents of contractors in 2020.

Since 2021, we will use systematic risk assessment to identify potential risks of the machine and develop action plans to reduce the risks to ensure the safety of users during operation, troubleshooting and maintenance operations. We hope to improve the safety and smoothness of personnel operating the machine and reduce the occurrence of work injuries.

• Statistics of occupational injury percentage •



Employee Healthcare

Health Care

We have established a medical office to provide comprehensive health care services and arrange annual health checkups for our employees at a frequency better than that required by law. The medical office also takes the initiative to care about the health condition of employees. In addition to sending regular care letters to the three high groups after medical checkups, it also arranges consultation with doctors to give personal health guidance and implements workplace health promotion measures to create a physically and mentally healthy working environment for employees. The medical office was also awarded the "Healthy Workplace Promotion Label" by the Ministry of Health and Welfare.



Special Protection

Radiant Opto-Electronics values the working environment of its employees. In 2020, there was no worker suffering from occupational injury or disease. For possible physical, chemical, human-caused, free radiation and other hazards and maternal employees, we establish health protection plans, conduct hazard assessments, classify management and implement work environment improvement and hazard prevention. In addition, the factory doctor visits the factory every month to conduct seminars on occupational disease prevention, consultation on occupational injuries and diseases, and health inspection and management of special health hazards, as well as personal health guidance for employees in need.

Health Promotion

We have set "Employee Care, Social Care" as our workplace health promotion development strategy to encourage employees to live a healthy life and create a healthy and safe workplace environment. The management has even taken practical actions to support and participate in various health promotion activities. In order to achieve work-life balance of our employees, we established a sports and fitness center in 2020, providing a variety of sports equipment for our employees to exercise and relieve stress together. In 2020, a total of 1,426 employees participated in various types of health promotion activities of the Group. More than 25,000 employees have participated in related activities over the past five years.

4.4 Social Engagement

Light with Shadow Project

Kaohsiung, where Radiant Opto-Electronics is headquartered, has the only shadow puppet museum in Taiwan. As a local enterprise and a global leader in backlight modules, Radiant Opto-Electronics started the Light with Shadow Project in 2019, hoping to use "backlight" to light up traditional art and preserve the only cultural assets. Since 2020, the project has been promoted by integrating the resources of the R&D Department and the shadow puppet museum through the support of the Radiant Education Foundation. We hope to improve the issues and dilemmas such as insufficient brightness, uneven lighting, and line security during shadow puppet performances by adding value to the core technology while preserving the traditional flavor. It also enables traditional artists to understand the combination of technology and art, which can create more possibilities for traditional performing arts.



Radiant Volunteer Team

In recent years, Radiant Opto-Electronics has actively participated in various social activities and formed volunteer service teams in both its Kaohsiung and Wujiang plants. We hope to participate in a practical manner, not only with financial support, but also with the hope that our employees can take practical actions and experience growth and spiritual enrichment through participation in volunteer services.

Radiant Education Foundation

In 2020, the Radiant Education Foundation started with environmental incubation in various areas, "emphasizing the educational environment for talent cultivation", "paying attention to special education resources in the Southern District", "examining the distance between Kaohsiung and the ocean", "cultivating the blossom of art and literature in the cultural desert", combining the core qualities of our management culture and the volunteer service system, so that corporate employees can contribute to environmental protection through service to transform employee functions into effective practice and make an effort to contribute to the social welfare environment.

The main concept of "program education" is to create opportunities for students in remote areas to have access to program knowledge, and to eliminate the disparity of resources between remote areas and urban areas. Through the cooperation with PTWA regarding two major programs of "LeShu" and "Seeing Hometown", we effectively support the cultivation of local talent and accumulate program education capacity. During the period, through accompanying and guiding, we helped students in remote areas to think deeply about their relationship with their hometowns and create an educational and affirmative learning environment for remote areas.

The main concept of "Community Care" is to focus on the local community. We pay extra attention to the special education community in the southern district: Attention Deficient and Hyperactivity Disorder (ADHD) being the main theme of parent-child education seminars and activities. We look forward to creating an environment of ADHD communication platform and integrating professional resources of ADHD families and

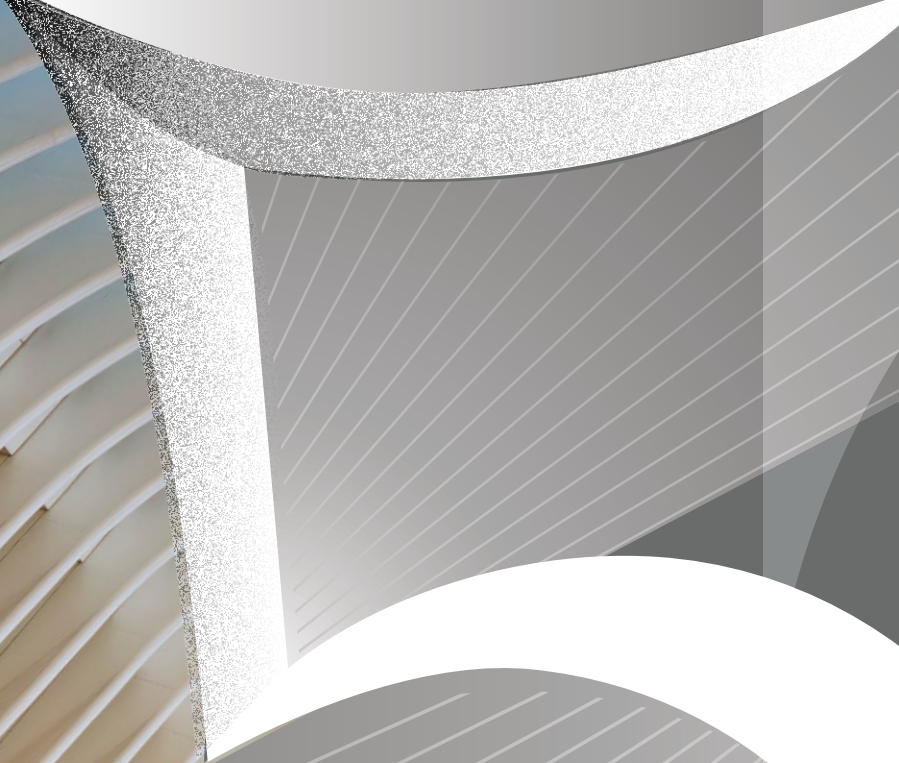
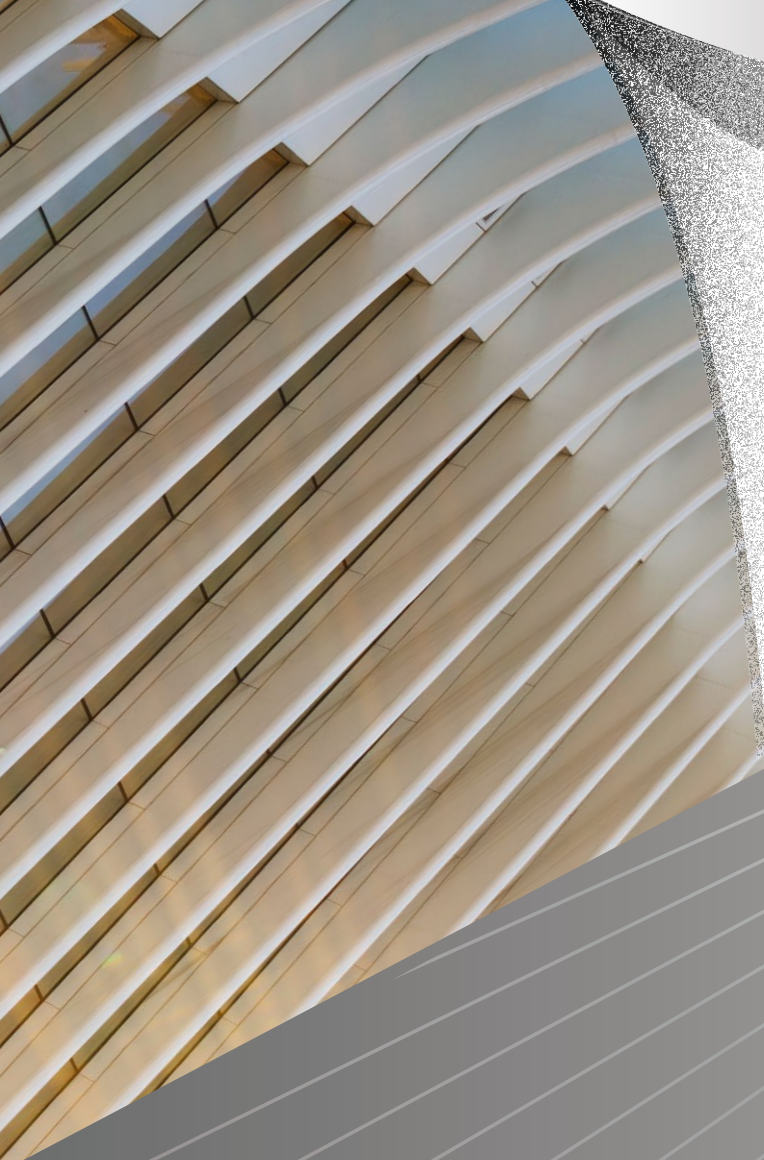
related areas in the southern district to become an important backing and assistance to support special education families.

"Environmental Education" focuses on the issue of "ocean". We are working towards the goal of environmental friendliness, emphasizing the relationship between Radiant Opto-Electronics, Kaohsiung and the ocean. For the first time, we have adopted a "curatorial" approach and collaborated with a cross-border NGO, Taiwan RE-THINK Environmental Education Association (hereinafter "RE-THINK"). Through an immersive design and fun exhibition, it enabled the public to examine the close relationship between their own living habits and the ocean, thus expanding the scope of influence and allowing the public to work together on the issue of environmental sustainability.

The "Art and Culture Accompaniment" is to cultivate the art and culture appreciation among employees within the enterprise to enhance the scope and channel of art appreciation of the employees and their families. We also share with the supported art and culture groups to indirectly assist the art and culture groups to develop potential customers. In addition to supporting the large-scale concerts held by the local international venue, National Kaohsiung Center for the Arts (Weiwuying), to share the achievement of art and culture with the citizens to demonstrate the energy of art and culture, we also take good care of the environment of cultural assets by using the engineering functions to add value to the local intangible cultural assets of Kaohsiung, namely, the shadow puppet play, so as to open a window of hope for the preservation of traditional performing arts and cultural assets that have been diligently operated.

For more information, please refer to the Facebook page of the Radiant Education Foundation .





5 Other

Performance data

Currency: NT\$

Main indicators		2020	2019	2018
Financial performance	Operating income (in thousands)	56,093,201	56,120,587	53,952,289
	Operating cost (in thousands)	45,420,091	45,959,383	45,613,666
	Gross profit (in thousands)	10,673,110	10,161,204	8,338,623
	Net income before tax (in thousands)	6,945,564	8,241,909	6,620,279
	Earnings per share (NT\$)	11.24	12.62	10.83
	Income tax expense (in thousands)	1,717,899	2,372,066	1,582,753
	Shareholders' meeting attendance (%)	73.13	82.52	71.87
R&D Innovation	R&D expenses (in thousands)	1,758,213	1,927,988	2,265,260
	Number of patents (pieces)	88	85	114
	Shipment quantity (in thousands)	121,384	136,022	150,334
Customer Relationships	Customer satisfaction (%)	94.6	93.9	90.6
Supplier Management	Local procurement (%)	52.38	60.58	58.72
GHG Emissions	Total volume (million metric tons of CO ₂ equivalent)	12.62	13.31	14.90
	Scope 1 (million metric tons of CO ₂ equivalent)	0.36	0.42	0.49
	Scope 2 (million metric tons of CO ₂ equivalent)	12.26	12.89	14.41
Utilization of resources	Electricity (GWh)	165	181	211
	Natural gas (0,000 kWh)	32	55	66
	Water (million liters)	1,712	1,894	2,117
Pollutant Management	Waste generation (tons)	6,218	7,213	8,598
	VOCs productions (tons)	2.4	2.2	3.6
	Environmental protection expenses (in thousands)	14,932	13,915	14,146
Green Products	Number of prohibited substances (items)	389	374	360
	Package recovery rate (%)	>96.7	>96.5	>99.7

Main indicators		2020	2019	2018
Staff composition	Total number of employees (people)	20,229	14,664	18,580
	Taiwan plant employees (people)	961	1,075	1,064
	Mainland China plant employees (people)	19,268	13,589	17,516
	Female employees (%)	29.1	37.2	35.4
	Female management (%)	21.5	21.7	20.2
Training Programs	Employees training hours (hours)	651,254	240,959	97,048
Occupational health and safety	Disabling frequency rate (FR)	0.35	0.46	0.47
	Disabling severity rate (S.R.)	10	7	4
	Frequency severity indicator (FSI)	0.05	0.05	0.04
	Health promotion participation (number of attendees)	1,426	5,427	6,797
Social Engagement	Volunteer service (Hours)	940	1,130	1,506
	Foundation event attendance (number of attendees)	22,699	19,462	8,313

2020 Human structure

Category	Group	Male		Female		Sub-total by group	
		Number of people	Percentage of the group	Number of people	Percentage of the group	Number of people	Percentage of all employees
Position	Supervisors	306	78.9%	82	21.1%	388	1.9%
	Engineers	813	77.8%	232	22.2%	1,045	5.2%
	Technicians	12,336	72.8%	4,609	27.2%	16,945	83.8%
	Administrative staff	882	47.6%	969	52.4%	1,851	9.2%
Location	Taiwan	541	56.3%	420	43.7%	961	4.8%
	Mainland China	13,796	71.6%	5,472	28.4%	19,268	95.2%
Age	Under 30	10,784	74.2%	3,741	25.8%	14,525	71.8%
	31-50	3,497	62.4%	2,103	37.6%	5,600	27.7%
	Above	56	53.8%	48	46.2%	104	0.5%
Subtotal by gender		14,337	70.9%	5,892	29.1%	20,229	100.0%
All employees							20,229

• 2020 structure of new employees, former employees and management •

Category	Group	Number of new employees		Number of employees who left the Company		Management level	
		Number of people	Percentage of the group	Number of people	Percentage of the group	Number of people	Percentage of the group
Gender	Female	19,268	21.3%	18,571	22.3%	82	21.5%
	Male	71,042	78.7%	64,887	77.7%	300	78.5%
Location	Taiwan	56	0.1%	175	0.2%	226	59.2%
	Mainland China	90,254	99.9%	83,283	99.8%	156	40.8%
Age	Under 30	72,436	80.2%	66,690	79.9%	9	2.4%
	31-50	17,870	19.8%	16,725	20.0%	336	88.0%
	Over 50	4	0.0%	43	0.1%	37	9.7%
Total			90,310		83,458		382



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ANNIVERSARY

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