



# 2021 ESG INSIGHT

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Soft-World group has its roots in cutting-edge applications of the cyber world, focusing on the steady development of digital games, online advertising and marketing, and financial technology.

Soft-World first published its CSR report in 2020 and has formed “Sustainable Development Best Practice Principles” internal policy which is resolved by the Board.

The Financial Management Center is responsible for promoting sustainable development, and the CSR team is organized by the relevant departments. The CSR team formulates strategic goals and develops specific and feasible work targets for implementation based on the major issues screening procedures and results every year.

The Financial Management Center shall report the results to the Board of Directors at least once a year. Additionally, the Board actively supervises the sustainable development and corporate governance results.



Environmental

Social

Governance

Soft-World is not engaged in manufacturing and no harmful pollutant results from the business operation directly due to the characteristics of the industry.

However, we have made efforts to utilize resources efficiently, reduce the impact on the environment, reduce the impact of rising electricity bills and carbon neutral policies, and respond to trends and relevant laws and regulations actively. The Company fully supports the government's carbon reduction policy and has made the "Climate Change Response Act" (previously known as the "Greenhouse Gas Reduction and Management Act") the indicator to move towards a green environment.

## Electricity and water consumption 3-year target: reduce by 1%

### Environmental Metrics

Item	Unit	2021	2020	2019
Electricity consumption	kWh	2,892,222	2,940,857	3,058,142
	CO <sub>2</sub> /kg	1,451,895	1,476,310	1,556,594
Water Consumption	Degrees	14,667	16,679	16,060
	CO <sub>2</sub> /kg	2,229	2,535	2,409
Paper Consumption	Sheet	1,120,000	991,000	1082,500
Number of trees cut	Trees	134.4	118.9	129.9

#### Calculation reference:

Electricity consumption carbon emission conversion: 2019, 2020, 2021 Carbon Emission is calculated by 0.509, 0.502, 0.502 (CO<sub>2</sub>kg/degree)

Water consumption carbon emission conversion: 2019, 2020, 2021 calculated by 0.15, 0.152, 0.152 (CO<sub>2</sub>kg/degree)

About 0.00012 tree is cut for the production of 1 sheet of paper.





## Environmental Policy

The Company has formulated the “Energy saving and carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management policies.”

### Environmental Policy



In the pursuit of sustainable development, we strive for comprehensive and promotion of environmental management systems and activities, implement pollution prevention, create comfortable work spaces and adhere to the following environmental guidelines:

- (1) Comply with environmental laws and regulations;
- (2) Efficient utilization of resources to reduce waste

### Energy Management



Committing to energy conservation and carbon reduction, our environmentally friendly practices include:

- (1) Energy control: reduce electricity and water consumption in 3 years by 1%
- (2) Energy efficient products: priority to purchase energy-saving labels, water-saving labels, Energy Star, energy-saving facilities and other products.
- (3) Raise awareness: promote an energy savings and carbon reduction awareness culture

### Recycling and Energy Saving Initiatives



(1) **Energy savings management:** The company's energy is mainly supplied by Taipower. Various energy saving measures are energy efficient equipment, efficient-use of air-conditioning, changing of light fixtures to LED, substantiate the practice of turning off the lights and air-conditioning when leaving the office/room.

(2) **Water savings management:** Install automatic sensor faucets, promote water-saving measures and cultivate awareness among colleagues, and put-up slogans of "Save Water" near sinks as reminder to conserve water.

#### (3) Waste and Emissions management

Emissions: Switch off car engines when in public and car parks to reduce exhaust emissions. Company vehicles are periodically serviced to adhere with exhaust standards. The document deliveries are consolidated in order to reduce the carbon footprint of transportation. Waste: endeavor to go paperless by using digital versions instead of hardcopy or when necessary, recycle and reuse to reduce paper consumption. Colleagues are encouraged to bring their own utensils and to reduce the use of disposable utensils. Garbage sorting is mandatory so to enhance resource recovery efficiency.

### Commitment to Green Products



Soft-World ensures that products purchased by the Company meets requirements stipulated by products standards and environmental related management requirements.

To fulfill our environmental CSR, we ban hazardous substances in RoHS in the major raw materials for production and disseminate this message to all departments to ensure our products can comply with the regulatory and customer requirements.



## Climate Change

In response to the impact of climate change, Soft-World incorporated the recommendations of the TCFD framework into its analysis to identify climate-related risks and opportunities and potential financial effects. Senior management will be responsible for overseeing the risks and opportunities. Materiality of risks and opportunities above NT\$10-million are included in analysis.

Since Soft-World does not manufacture, our strategy is to adopt equipment with higher efficiencies to lower the operational cost and maintain up-to-date knowledge on regulations and policies.

### 2020 analysis Transition and Physical Risks

Transition Risks	Potential Financial Impact	2020 Response
Policy and Legal Risks	↑operating expense	Compliance with relevant laws, regulations and agreements related to GHG emissions are becoming more stringent, from GHG disclosure to GHG reduction initiatives.  Soft-World is part of software gaming industry and has limited direct emissions, therefore no risk identified from policy and legal regulations.
Technical Risks	↑operating cost	Global warming threatens the company's operating environment with regards to equipment. Numerous preventive measures to address unanticipated risk and ensure normal operations, such as commercial fire and additional insurance, data equipment insurance, regular fire prevention, back-up energy sources.
Carbon Neutral Trend	↑operating cost	Obtain environmental labels and cultivate energy savings corporate spirit
Corporate Reputation Risk	↓revenue	Adhere to environmental management and energy use inventory to implement reduction policies and energy saving and carbon reduction solutions.



Physical Risks	Potential Financial Impact	2020 Response
Typhoon Disaster	↓operating days ↓revenue	Compliance with relevant laws, regulations and agreements related to GHG emissions are becoming more stringent, from GHG disclosure to GHG reduction initiatives. Soft-World is part of software gaming industry and has limited direct emissions, therefore no risk identified from policy and legal regulations.
Wet Season Disaster	↓operating days ↓revenue	Global warming threatens the company's operating environment with regards to equipment. Numerous preventive measures to address unanticipated risk and ensure normal operations, such as commercial fire and additional insurance, data equipment insurance, regular fire prevention, back-up energy sources.
Global Temperature Increase	↑operating cost (higher utility costs)	Obtain environmental labels and cultivate energy savings corporate spirit
Unknown Physical Climate Risks	↑operating cost	Adhere to environmental management and energy use inventory to implement reduction policies and energy saving and carbon reduction solutions.

#### 2020 analysis Transition and Physical Risks

Transition Risks	Potential Financial Impact	2020 Response
Clean New Energy	↓operating costs	Replace old power-consuming equipment, apply for energy-saving subsidies, and striving to obtain Government related subsidies.
Energy Conservation, Low Carbon Lifestyle	↓operating costs Increase clean energy source and prevent carbon tax	<ol style="list-style-type: none"> <li>1. Regularly promote energy savings awareness</li> <li>2. Regularly clean air-conditioning and set temperate at 26-28°C</li> <li>3. LED lighting, turn off lights at lunchtime</li> <li>4. Reduce and reuse paper</li> <li>5. Encourage employees to use public transport or ride bikes to work</li> </ol>
Low Carbon Product Packaging	↓operating cost Expand energy efficient products	Adopt recycled materials for packaging instead of using raw material resources.

## Workforce

## 2021 Employee Structure

Employee Structure	Male		Female		Total	
	Number	%	Number	%	Number	%
Management Level	9	0.78%	5	0.44%	14	1.22%
General Employees	601	52.35%	533	46.43%	1,134	98.78%
Total	610	53.14%	538	46.86%	1,148	100.00%

Age	Below 30	363	31.62%	Total 1148
	31-50	721	62.80%	
	Above 50	64	5.57%	

## 2021 Resigned Employees

Gender	Male	114	50.67%	Total 225
	Female	111	49.33%	
Age	Below 30	115	51.11%	
	31-50	102	45.33%	
	Above 50	8	3.56%	

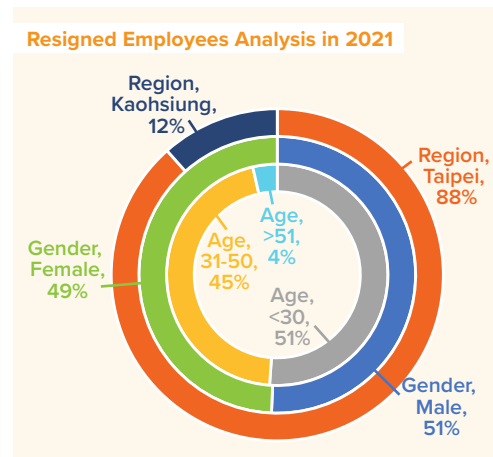
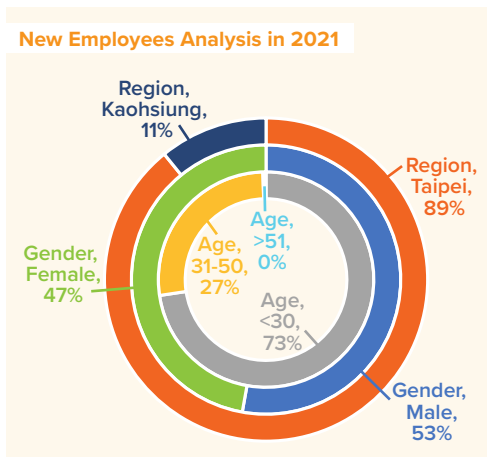
There was no employee occupational accident in the year 2021.

## Recruitment and Employee Turnover

There are two channels for recruiting talents, internally through internal promotion, rotation, and other ways to cultivate talents; and external recruitment such as employee recommendation and job advertisements. Salaries are approved in accordance with the needs of the employing unit with factors such as academic background, years of experience, professional knowledge and skills, and other indicators; factors unrelated to job skills do not affect employment qualifications.

The Company analyzes the factors that may lead to the departure of employees and develop improvement plans for the future management charter and welfare system. In 2021, the total number of new employees of the Group is 212, and the ratio of new employees is 18.47%, of which 112 are male and 100 are female. In 2021, the total number of employees leaving the Group will be 225, and the proportion of employees leaving the Group will be 17.36%, of which 114 will be male and 111 will be female.





## Human Rights

Soft-World voluntarily follows the “United Nation’s Universal Declaration of Human Rights (UDHR),” “The United Nations Global Compact,” “United Nations Guiding Principles on Business and Human Rights,” “International Labour Organization (ILO),” and other internationally recognized human rights standards, to cease all violations and breaches of human rights, and to comply with labor-related laws and regulations where the Company operated.



**Prohibit any form of discrimination**



**Prohibit forced labor and child labor**



**Provide equitable and reasonable compensation and working conditions**



**Create safe, hygienic and healthy working environment**



**Respect employee freedom of association**

The Company actively performs specific improvement plans to mitigate human rights risks, creates an excellent working environment, and takes the following measures:

1. Human rights due diligence investigation process
2. Human rights protection training practices: The Company promotes relevant laws and regulations for compliance at the Company’s orientations, provides sexual harassment prevention courses, substantiates workplace bullying prevention briefing, and offers a complete series of occupational safety training.

Employees can communicate with the HR Department or suitable senior executives via opinion mailbox, sexual harassment appeal mailbox and whistleblower mailbox.

**No major labor dispute occurred so far.**

## Gender Pay Equality

The salary, vacation, and other benefits for the Company’s employees at all levels are not different due to gender and race; also, a working environment with equal pay for equal work is provided.

## 2021 Extended Leave

Soft-World provides equal extended leave without pay for male and female employees for situations such as paternity needs, major illnesses or change of circumstances.

Item	Male	Female	Total
Applications for leave without pay (A)	5	8	13
Parental leave without pay (B)	0	8	8
Resume work post (C)	2	6	8
Resumption % (C/ (A+B))	40.00%	37.50%	38.10%

## Training

To enhance overall employee competency, we encourage employees to take courses on professional skill training.

Items in 2021	Organizer	Number of Participants	Total Training Hours
Orientation	Company	139	205.5
Workplace safety and health courses	Company	139	205.5
Company commencement: Departmental in-service training	Company	2,290	3,435
External training courses	Externalt	40	292

## Consumer rights and interests

The Company has a customer service unit, the consumer rights and interests protection policy, and grievance procedures in place; also, a “stakeholders” section designated to provide customers with a channel for questions, complaints, and suggestions. The Company bases on the principle of good faith to properly handle and give feedback in order to protect the rights and interests of consumers and customers. The Company continues to improve quality and dedicates to the customer service management and optimization, and treats customer feedback with appreciation and patience.





“MyCard” platform and related services are committed to consumer service management and optimization systems to improve users’ satisfaction and reduce consumer complaints, especially the innovation of consumer experience for processes of points purchases and deposits. Consumer complaints are decreasing year by year, where 90% of cases are resolved within 3 days.

Soft-World has successively completed preventive measures such as "Care Question Popup Window", "Sales Monitoring System", "Comprehensive Re-verification of Membership", "Blacklist Warning Mechanism", and "24-hour Monitoring Mechanism". Our initiatives along with cooperation with Police fraud prevention and handling procedures have greatly deterred scams and protected safety of players.

## Supplier management

Soft-World cooperates with suppliers to substantiate corporate social responsibility. At the time of signing contracts with suppliers, the attached supplier sustainability statement shall also be signed.

When signing contracts with the major suppliers, if the Company found that the supplier has violated its own corporate social responsibility policy, which has a significant impact on environmental protection, occupational safety and health, or labor human rights, it is proposed to have the business transactions ceased temporarily or permanently.

Scope of Agreement	Items of Agreement
<b>Human Rights</b> 	<ul style="list-style-type: none"> <li>• No child labor, dangerous labor or illegal labor</li> <li>• Supplier employees shall have labor insurance</li> </ul>
<b>Ethics Practice</b> 	<ul style="list-style-type: none"> <li>• Policies governing ethical corporate management, dispute/complaint channels are in place as well as promotion of ethical conduct and anti-corruption with suppliers</li> <li>• Adhere to ethical codes and standards, regulatory policy to avoid litigation.</li> </ul>
<b>Occupational Safety</b> 	<p>To reduce occupational injuries, suppliers should comply with "Occupational Safety and Health Act" and its management and enforcement rules, construction standards, and safety handbooks.</p> <p>Major incidents should be reported to labor inspection units within 24hrs.</p>
<b>Environment</b> 	<ul style="list-style-type: none"> <li>• Prepare action plans in response to different stages and progression of COVID and diseases</li> <li>• Comply with legal requirements for inspections and reporting</li> </ul>

## Community – cultivating talent

### Cash Prize Sponsorship

Soft-World began to sponsor all cash prizes for the digital game category of the KT Awards for technology and art creation competitions since 2014 for 9 consecutive years to encourage more talent to join the industry.

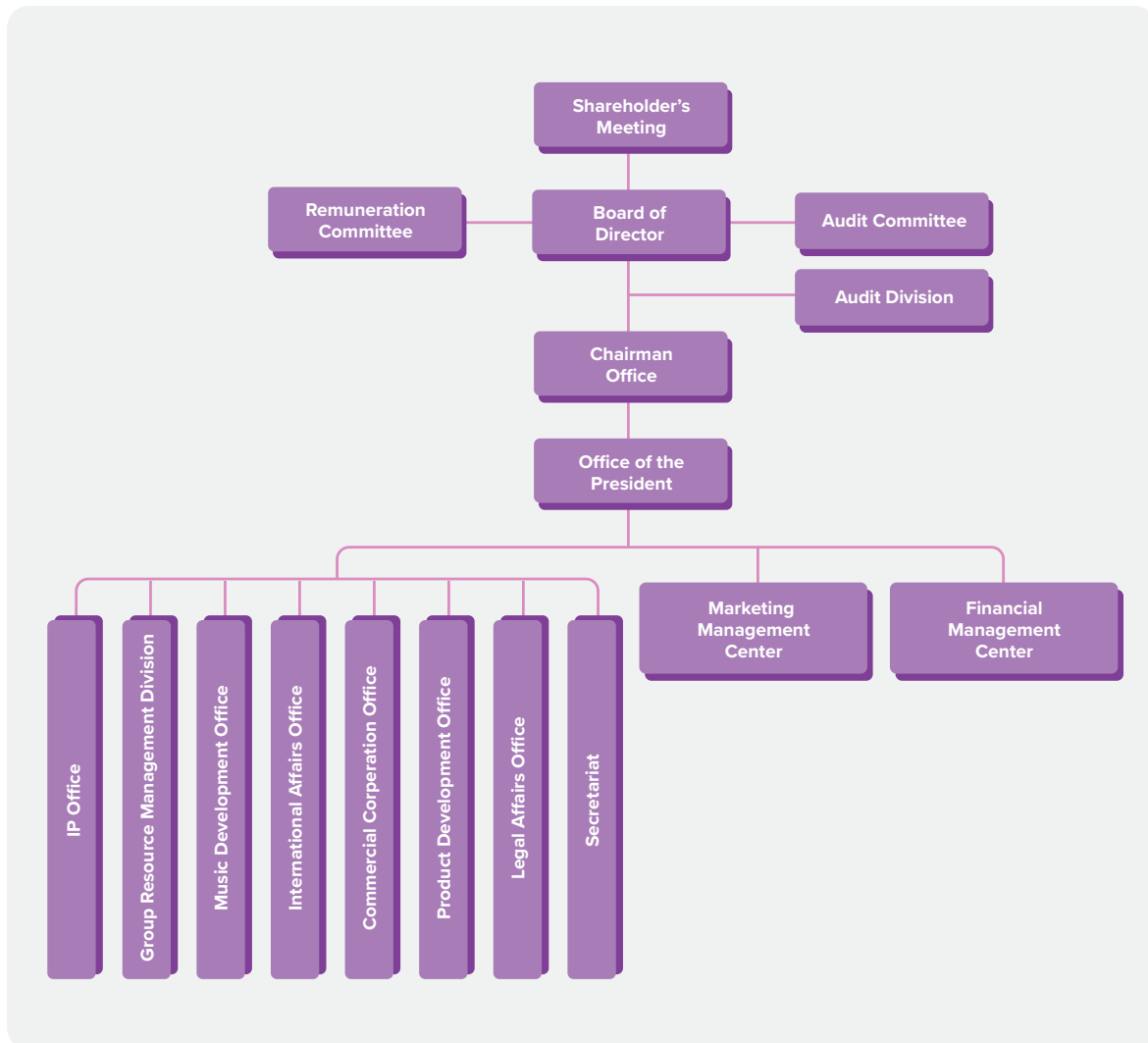
### Academia Industry Internship

Since 2018, we have collaborated with 20 universities on academia industry internship four years in a row. Through a year-long internships, students are exposed to the fields of "3D game art," "multimedia production," and "music creation," there are also the fields of "graphic design" and "recording production". We focus our in-depth training through solid courses on competencies required for industrial talents.

2018	2019	2020/2021
<b>36</b> student recruits	<b>38</b> student recruits	<b>17</b> student recruits due to impact of COVID-19



## Organizational structure



Soft-World formulated relevant best practice principles, such as: “Corporate Governance Best Practice Principles,” “Ethical Corporate Management Best Practice Principles,” “Guidelines for the Adoption of Ethical Conduct,” and “Corporate Social Responsibility Best Practice Principles” for the compliance of the Company’s employees.



## Board of Directors

Re-election of Board of Directors were held on 7/30/2021 to compose the 10th term, consisting of 6 directors and 3 independent directors. The previous term of directors was made up of 5 directors, 2 independent director and 2 supervisors. A total of 7 Board meetings were held in 2021, partly by 9<sup>th</sup> term and partly by 10<sup>th</sup> term.

Position	Name	Gender	2021 Attendance	Age	Years on Board till 07/2022	Remark
Director	WANG, CHIN-PO	M	86% (6/7)	61~70	28	
Director	WANG, CHIUNG-FEN	M	71% (5/7)	51~60	4	
Director	SHIH, MING-HAO	M	100% (7/7)	51~60	4	
Director	CHIEN, CHIN-CHENG*	M	100% (3/3)	61~70	4	Newly elected, 9 <sup>th</sup> term supervisor
Director	CHANG, HUNG-YUAN	M	100% (3/3)	61~70	13	Newly elected, 9 <sup>th</sup> term supervisor
	CHEN, CHING-JUNG	M	75% (3/4)	-	3	9 <sup>th</sup> term supervisor
Director	WU, AI-YUN	F	100% (7/7)	51~60	4	
Independent Director	SHYU, SO-DE	M	100% (3/3)	61~70	4	
Independent Director	LIN, HSUAN-CHU	M	100% (7/7)	41~50	4	
Independent Director	CHUANG, PI-HUA	F	100% (3/3)	51~60	1	Newly elected
	LI, MING-HSIEN	M	100% (4/4)	-	3	9 <sup>th</sup> term INED

### Diversity and Independence of the Board of Directors

The Company has adopted the candidate nomination system for the election of directors in compliance with the requirements of the Articles of Incorporation.

The overall composition of the Board of Directors shall be taken into account while selecting directors, including: Operational judgment and management ability, accounting and financial analysis ability, crisis management ability, industry knowledge, international market prospect, leadership, decision-making ability, etc., also, it shall be resolved by the Board of Directors and then submitted to the shareholders' meeting for election.

The Company values the importance of gender equality in the composition of the Board of Directors. There are 2 female directors (one of which is an independent director) in service. The Company will strive to increase the proportion of female directors continuously.

To increase ESG awareness, continued education for board of directors contained 3 hours of CSR model for corporate governance evaluation.

## Functional Committees

### Audit Committee

Audit committee was formed on 7/30/2021 and total of 2 meetings were held in 2021.

Position	Name	2021 Attendance
Convenor	SHYU, SO-DE	100%
Member	LIN, HSUAN-CHU	100%
Member	CHUANG, PI-HUA	100%

### Remuneration Committee

The current tenure of members from August 11, 2021 to July 30, 2024. The committee has held 3 sessions in 2021.

Position	Name	2021 Attendance	Remark
Convenor	SHYU, SO-DE	100% (3/3)	
Member	LIN, HSUAN-CHU	100% (3/3)	
Member	CHUANG, PI-HUA	100% (1/1)	Newly appointed on 8/11/2021
Previous term Convenor	LI, MING-HSIEN	100% (2/2)	Dismissed on 7/30/2021

## Ethical Practice

oft-World established the “Soft-World International Ethical Corporate Management Best Practice Principles”, “Code of Ethical Conduct” and “Work Rules” to implement ethical corporate management and culture.

**Senior management and Board members are responsible for supervision based on integrity when performing the operation to create an operating environment for sustainable development.**

- Prohibit any and all forms of bribery, corruption, extortion and embezzlement
- Prohibit illegal policy contribution
- Prevent individual behaviors from damaging the interest and goodwill of the company
- Ensure compliance with related laws and regulations and the code of ethical conduct for business.
- Insiders shall abide by laws and regulations in relation to insider trading and shall not engage in securities trade with undisclosed information.



## The President Office instructed relevant units to carry out corporate ethical management and report the implementation to the Board.

In 2021, we arranged up to 69.5 hours of courses involving ethnical corporate management for 139 employees.

### Information Security Risk

Information security risk is evaluated as the theft, tampering, or plagiarism by unauthorized personnel due to leakage of personal information, business secrets, and malicious programs.

#### Corporate information security governance

**MIS Section:** responsible for planning internal information security policies, executing information security management regulations, and promoting and fulfilling information security policies.

**Audit Division:** responsible for supervising and governing corporate information security. The division shall supervise and evaluate the information and network security management mechanisms and directions. Inspections shall be carried out as scheduled. In case deficiencies or risks are found, the inspected shall conduct a review and propose specific improvement plans and schedules.

The company's information security operating model is managed by PDCA (Plan-Do-Check-Act) in order to ensure the objectives are achieved and continue to be improved.

#### Information and communication security risks and coping measures:

The company has established information security related protection measures for important networks and servers as follows:

##### (1) Information security regulations and procedures:

To enforce information security management, we have established the "Information Security Management Regulations" and their enforcement rules for implementing information security management, strictly managing data utilization and maintaining security. We have also established the firewall policy and application procedures to control the risk of information security.

##### (2) Timely enhance security protection:

Endpoint detection and response software have been deployed targeting important servers. The strengthening of inadequate protection against Advanced Persistent Threat (APT), the server's last line of defense detection and quick response and disposal can enhance the company's information security.



### (3) Backup mechanism:

We have established a database backup mechanism and store backup media offsite to reduce the risk of data loss. We simulate situations and test regularly to ensure the normal operation and data security of information systems to reduce unexpected system disruption caused by natural disasters and human negligence, in order to comply with the planned target system recovery time.

### Complaint and Whistleblowing Practice

Employees can report unethical behaviors to the “suggestion box” or the “whistleblowing email” for the responsible personnel of the Financial Management Center to take over a case.

Our document and data, and the record and archive after survey, are treated as confidential documents. All staffs handled this information are responsible for full confidentiality on the process with their participation.

**We ensure the anonymity of whistleblowers and that they are not treated improperly.**

Unethical or illegal conduct due to Soft-World’s operations or employees may be reported through the following channels:

Employee suggestion email	suggest@soft-world.com.tw
Sexual Harassment appeal email	protect@soft-world.com.tw
Whistleblower	whistleblower@soft-world.com.tw
Taipei employee appeal line	(02) 2788-9188 ext. 229
Kaohsiung employee appeal line	(07) 8150988 ext. 261

**No valid case of external or employee whistleblowing was handled and no major unethical conduct occurred in 2021.**

