

CSR *REPORT*

ELAN MICROELECTRONICS CORP.

Corporate Social
Responsibility Report

2018



About this report

Welcome to ELAN Microelectronics Corporation Corporate Social Responsibility (CSR) Report. This report discloses Company's management policies, environmental protection efforts and social participation performances. By releasing the report, we hope to disclose complete information and provide effective communication with stakeholders. If you have a different perspective on the content presented in this report, we sincerely welcome your feedback.

Reporting period and scope 102-50

This report covers Company's sustainable management strategies and business continuity activities between January 1 and December 31, 2018. In this report, ELAN Group (or the Group) refers to ELAN's headquarters and its affiliated companies including Metanoia Communications, Avisonic Technology Corporation, PiXORD Corporation and ELAN H.K. Microelectronics Corporation.

Major changes in 2018 102-10

ELAN	Capital reduction (1,302,344 shares) accounted for 30% of the total capital. No major changes in organization scale, ownership or supply chain.
Metanoia	No major changes.
Avisonic	Increased capital and issued 7 million new shares, accounted for 19.69% of the total capital. No major changes in organization scale, ownership or supply chain.
PIXORD	Capital reduced (7,920,000 shares) to cover accumulated deficits. Increased capital and issued 5 million new shares. No major changes in organization scale, ownership or supply chain.
ELAN H.K.	No major changes.

Assurance 102-54

The contents of this report follow the Global Reporting Initiative (GRI) Standards, and according to industry characteristics and regional references, follow the guidelines of Responsible Business Alliance (RBA) and Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies.

This report is subject to third-party independent assurance by British Standard Institution (BSI) Pacific Limited based on AA 1000 Type II. Refer to Page 97 for the Independent Assurance Statement.

Release of the report 102-51, 102-52

This report is published in English, Traditional and Simplified Chinese. A complete report is also available on the company's website as a reference for the general public and stakeholders. In the future, we will continue to issue a CSR Report annually (the last release was in October 2018).

Contact information 102-53

If you have any questions or suggestions regarding the contents of this report, please do not hesitate to contact us through the stakeholder webpage or through the following:

ELAN Microelectronics Corporation
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The stakeholder webpage:
www.emc.com.tw/twn/Social_Responsibility06.asp
Company's website: www.emc.com.tw

Message from the Chairman 102-14

Founded in 1994, Elan Microelectronics celebrated its 24th anniversary this year. For the past 24 years, “Active innovation, Honest interaction, Win-win cooperation, and Sustainable management” has always been my business philosophy from the very beginning, and what I will continue to uphold. In the face of the changes and trends in sustainable development, we strive to boost economic, environmental and social developments and, fulfill our responsibilities as corporate citizenship to achieve sustainable development.

In terms of economy, 2018 revenue hit an all-time high. The group's consolidated revenue reached 8.65 billion NTD. Touch controller chips and touch panel modules are the main profiting sources. Focusing on one of the market trends —— Smart life, we will integrate AI technology with human-machine interfaces, audio-visual identification, biometrics, and IoT technology with Group's core technology. To ensure the sustainable operation of enterprises, we will continue to stand out from the fierce competitors and create competitive technology thresholds in the industry.

In terms of society, in response to the requirements of international brand customers, Elan has adhered to the Responsible Business Alliance Standards (RBA 6.0) in creating a safe and healthy working environment to avoid work-related disasters and diseases; committing to safeguard the human rights of employees, suppliers and respect them; and complying with

the business ethics in highest standards during any operational activities. We also make efforts to minimize the negative impacts on the environment and natural resources while protecting the health and safety of the public as we fulfill the social and environmental responsibilities of a good corporate citizen.

In addition, to enhance Taiwan's industrial competitiveness and contribute to the industry, ELAN has co-sponsored “Taiwan Artificial Intelligence School” with a number of companies to cultivate AI talents. In the rapid development of artificial intelligence and data science technology, building independent AI technology is essential to keep ahead of others.

From the environmental aspect, in view of global warming and climate change, The Paris Agreement limits global temperature rise to well below 2 degrees Celsius at the end of 2016. Since then, Elan has begun to think of ways to effectively conserve energy and reduce carbon in every operation process. Though not restricted by law, Elan continues to save 1% of energy and 20 tons of greenhouse gases every year. We are committed to complying with the National Energy Law in conserving energy and reducing carbon through improving the company's energy efficiency. By doing so, it will not only reduce the operating cost but also protect the environment.

With excellent teamwork of all employees, Elan had won numbers of awards in 2018.

From “R&D Achievement Award”, “Innovation Product Award”, “Smart Park Innovation Planning Award” and “Distinguished Landscape Award” given by the Hsinchu Science Park Bureau, “Workplace Health Excellence – Gender Friendly Health Award” given by the Health Promotion Administration, Ministry of Health and Welfare, to “Taiwan Golden Root Award – Industrial Technology Special Contribution Award”, it was indeed a proud year for Elan. On top of these, Elan was also selected as one of the “Taiwan High Compensation 100 Index” and “Taiwan 50 Index” companies by the Taiwan Stock Exchange.

Looking ahead, Elan Microelectronics will continue to develop its business strategy steadily, strengthen the competitiveness of our team, and work tirelessly toward our next goal of becoming the leader of the smart human-machine interaction technology. Meanwhile, we will fulfill our corporate social responsibility with the concept of sustainable management, taking into account of the company's business and social value, in order to exert greater economic, environmental and social influences and create more benefits for all stakeholders.

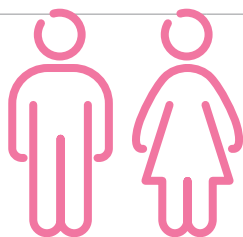
Chairman and President: I. H. Yeh




1.COMPANY OVERVIEW

- 1.1 Company profile
- 1.2 Organization history
- 1.3 Operational performance
- 1.4 Government financial aid
- 1.5 Risk and opportunity
- 1.6 Supply chain
- 1.7 Precautionary approach and principle
- 1.8 Investor relations transparency

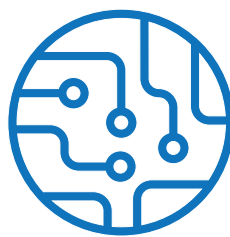
	2018	2017	2016
Operating Revenue (NT\$ thousand)	8,651,332	7,503,267	6,558,933
Earnings Per Share (EPS) (dollar)	4.16	2.58	1.57
R&D grant accounted in operating revenue (%)	18%	18%	20%



Received the “Workplace Health Excellence–Gender Friendly Health Award” from the Health Promotion Administration, Ministry of Health and Welfare.



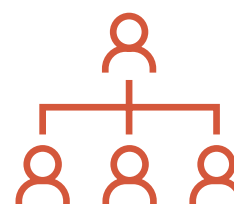
Honored with the “Distinguished Landscape Award” by the Hsinchu Science Park Bureau.



Won the 15th “Taiwan Golden Root Award–Industrial Technology Special Contribution Award”.



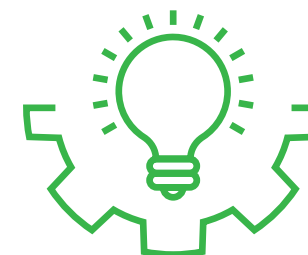
Won the “Excellent Manufacturer Innovation Product Award” honored by Hsinchu Science Park.



Won the TTQS Bronze Medal from the Workforce Development Agency for its Talent Quality–management System.



Honored with the “2018 Innovative Product Awards” by the Hsinchu Science Park Bureau.



PiXORD was awarded with the “Smart Park Innovative Planning Award” by the Hsinchu Science Park Bureau.

1.1 Company Profile

102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7

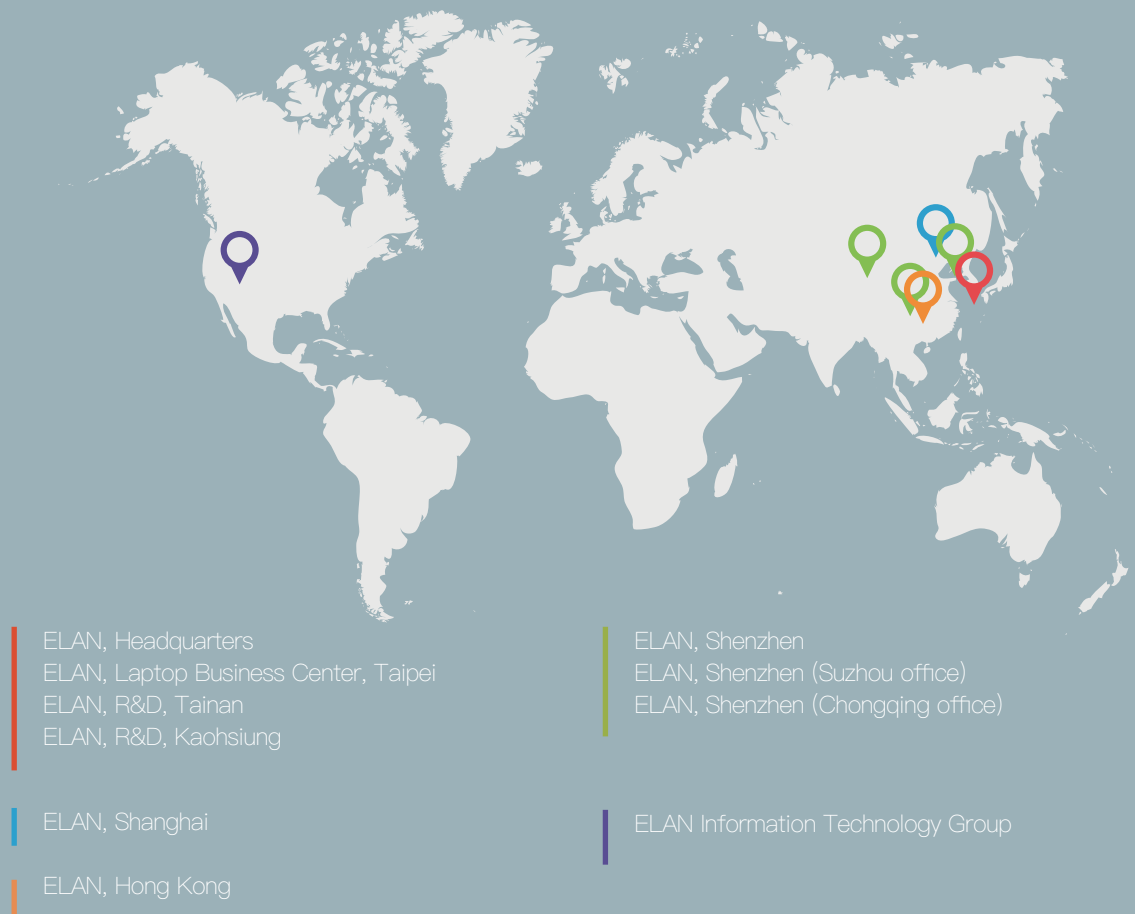
Date founded: May 1994

Capital: NT\$ 3,039 million (2018/08)

Main products: The Group is engaged in the development, production, manufacture and sale of products such as consumer touch control integrated circuits, NB input device modules, network communications integrated circuits, image processing integrated circuits, security monitoring modules, etc.

Company address: 12 Innovation 1st Road, Hsinchu Science Park.

ELAN Microelectronics is listed in March 2001, with its headquarters located in Hsinchu Science Park, Taiwan. To respond to an increasingly competitive global electronics industry and to strengthen its global layout, ELAN has currently set up a module manufacturing factory in Zhonghe District, New Taipei City, dedicated in the design, development and production of NB products; research and development bases in Kaohsiung Software Park and Tainan; business and after-sales service centers in Shenzhen, Shanghai, Suzhou, and Chongqing in China; a shipping and customer service center in Hong Kong; and a business strategy planning center in the United States. With a headquarters based in Taiwan, ELAN creates new job opportunities every year and they continue to grow with Company's rapid growth in sales performance. By the end of 2018, the number of full-time employees has reached 1,079. ELAN main sales markets include Taiwan, China, Hong Kong, the United States and Japan.



Worldwide Locations

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Fax : 886-3-5639966

Customer Service : webmaster@emc.com.tw

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NB Business Unit (Taipei)

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ELAN MICROELECTRONICS CORP. (Tainan Design Center)

Address : Rm. C2, 5F., No.189, Sec. 1, Yongfu Rd., West Central Dist., Tainan City 70051, Taiwan (R.O.C.)

Tel : 886-6-2159977

Fax : 886-6-2131696

ELAN MICROELECTRONICS CORP.

(Kaohsiung Design Center)

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Fax : 886-7-5370107

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Tel : 86-755-26010565

Fax : 86-755-26010500

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Fax : NA

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Fax : NA

ELAN MICROELECTRONICS CORP. SHANGHAI, LTD.

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Tel : 86-21-50803866

Fax : NA

ELAN (H.K.) MICROELECTRONICS CORP.

Address : Flat A, 19/F., World Tech Centre, 95 How Ming Street, Kwun Tong, Kowloon, Hong Kong.

Tel : 852-27233376

Fax : 852-27237780

ELAN Information Technology Group.

Address : 20647 Celeste Cir.Cupertino,CA95014,USA

Tel : 1-408-366-8225

Fax : 1-408-366-8225

1.2 Organization history

2018

- DEC Received the "Workplace Health Excellence – Gender Friendly Health Award" from the Health Promotion Administration, Ministry of Health and Welfare.
- DEC ELAN's Extremely High Security AI Dual Biometric Identification Solution was awarded with the "2018 Innovative Product Awards" by the Hsinchu Science Park Bureau.
- DEC Honored with the "2016 Science Park R&D Accomplishment Awards" by the Hsinchu Science Park Bureau.
- DEC For 14th consecutive years, ELAN was honored again with the "Distinguished Landscape Award" by the Hsinchu Science Park Bureau.
- DEC Won the TTQS Bronze Medal from the Workforce Development Agency for its Talent Quality-management System.
- DEC PiXORD was awarded with the "Smart Park Innovative Planning Award" by the Hsinchu Science Park Bureau.
- OCT ELAN's Corporate Social Responsibility Report passes GRI Standards and AA1000 Class II Medium Assurance Level.
- MAY Won the 15th "Taiwan Golden Root Award – Industrial Technology Special Contribution Award".

2017

- DEC Pen-Emulated Finger-Pen-Concurrent Touch Screen Solutions won the "Excellent Manufacturer Innovation Product Award" honored by Hsinchu Science Park.
- JUL "2016 Corporate Social Responsibility Report" has passed the GRI G4 guidelines and met the AA1000AS Moderate Assurance Standard.
- JUL For thirteen consecutive years, ELAN was honored again with the "Distinguished Landscape Award" by the Hsinchu Science Park Bureau.
- JUN Fingerprint Identification Smart Financial Card won the "2017 Top 100 Great Innovation Product Award" in 2017 Information Month – Consumer Electronic Commodity category.

2016

- DEC Smart-ID Solutions was conferred with the "2016 Innovative Product Awards" by the Hsinchu Science Park Bureau.
- DEC Honored with the "2016 Science Park R&D Accomplishment Awards" by the Hsinchu Science Park Bureau.
- JUL Honored with the "Distinguished Landscape Award" by the Hsinchu Science Park Bureau.
- JUL "2016 Corporate Social Responsibility Report" has passed the GRI G4 guidelines and met the AA1000AS Moderate Assurance Standard.



1.3 Operational performance 201-1

Major management policy—Financial Performance

201 202 204 Other-1 Other-4
Other-6 Other-7 Other-9 Other-10

Policy and commitment

Elan's board of directors and management are committed to achieving operational goals and continuously integrating the Group's core technologies. Focusing on convenient, safe and healthy Smart Live industries, we hope to create product advantages with competitive technology thresholds while committing to sustainable operation.

Resources

- Elan Microelectronics board of directors consists of members with rich experience in industrial and academic management.
- The average job tenure of the Elan Microelectronics Management Team (including president, executive vice president, directors and deputy directors, etc.) is 18 years. The team are all very experienced in R&D, design, management, and leadership.
- Elan Microelectronics strong R&D team.

Management strategy

- At the end of each year, Elan group will set operational objectives for the upcoming year, and keep track of the progress through monthly performance meetings. If performance falls under expectations, improvement measures shall be provided and practiced to ensure all objectives can be successfully achieved. These improvement measures will also be put into considerations when amending annual operating plan.
- In addition to monthly senior executive staff meetings, monthly and quarterly MTR/QTR, MBR/QBR meetings are also held to discuss future market and technology layout.

Medium-term and long-term plan

- us on competitive products and widen their applications, emphasizing on differentiated competitive strategies.
- Cooperate with like-minded upstream and downstream industry to create win-win partnerships.

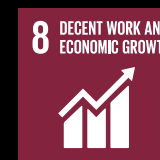
Performance in 2018

- In 2018, there had been significant growth in revenue and profit in the touch industry and its related application products.
- In addition to cooperation with specifications and platform developers, high value-added wafer products are also being introduced into the main products of major specification developers.

Highlights in 2019

- Enhance the penetration rate of touch screen products and touch panel modules on existing customers.
- Continue to develop various high-demand products and respond to the development trend of the terminal market.

Corresponding to SDGs



Revenue and Profit Hit a New High

Under the multi-profit factors such as the introduction of new client types, the increase in the penetration rate of leading notebook customers, and the increased shipments of high-priced touch pen wafer, this year's revenue and profit have hit a new high. Although the touch industry has entered a mature phase in 2018, ELAN Microelectronics has been growing its revenue by increasing the global market share and the added value of the wafer.

In 2018, the revenue and profit of the touch-related products both grew significantly. By cooperating closely with leading specification and platform developers in the world, such as Microsoft, Wacom, Google, Huawei, etc., Elan was able to obtain the latest information and technology, and provide products for these first-tier companies. Building confidence in customers also aided in the significantly increased penetration rate of individual customers which led the company's global market share of touch products (touch screen chip and touchpad) to rise significantly as well.

Although the growth of the touch industry has slowed down, the competition among domestic and foreign manu-

facturers is still heated. The market bidding remains fierce, leading the average selling price to decline. However, with the advantages of our wafer design and engineering technology, Elan effectively reduced costs and optimized the product set. In 2018, the consolidated revenue reached 8.65 billion NTD, an all-time high, with an annual growth of 15.3%. Due to the continuous optimization of products and their added values, the consolidated net profit margin was significantly better than that of last year, maintaining a high level of 46%. The consolidated net income rate reached 20%, and the pre-tax income surplus reached 1.87 billion NTD.

Direct economic value generated and allocated by the organization (consolidated basis)

In NT\$ thousand

Year Item	2018	2017	2016
Operating Revenue	8,651,332	7,503,267	6,558,933
Gross Profit	3,944,177	3,347,820	2,708,170
Net Operating Income	1,730,288	1,349,782	752,415
Non-operating Income and Expense	139,780	(87,521)	(27,525)
Pre-Tax Income	1,870,068	1,262,261	724,890
Income Tax Expense	338,366	230,151	144,889
Net Income	1,531,702	1,032,110	580,001
Total Assets	9,803,147	10,142,805	9,131,230
Total Liabilities	3,220,389	2,819,342	2,235,088
Total Stockholders' Equity	6,582,758	7,323,463	6,896,142
Earnings Per Share	4.16	2.58	1.57

Note 1: The data are based on the consolidated financial statements of ELAN Microelectronics and its subsidiaries. Some, including ELAN Information, ELAN Investment, Profit Technology, Shanghai ELAN and Shenzhen ELAN, etc., are not covered in the scope of this report.

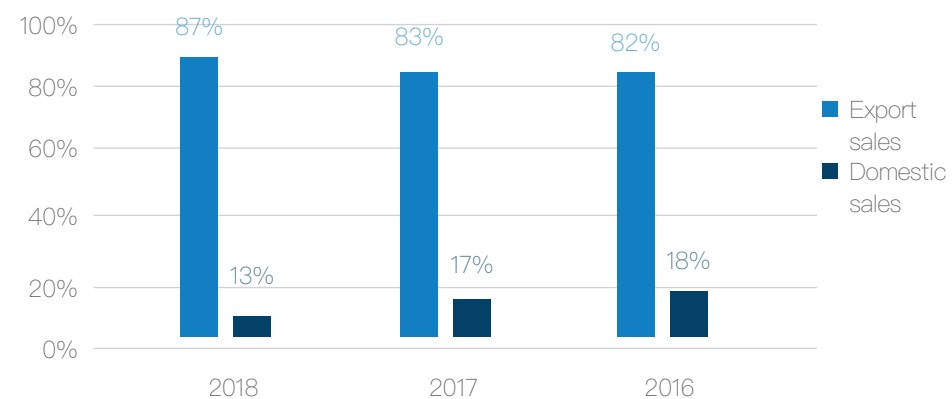
Consolidated Sales Table (consolidated basis)

Units: Thousand piece(Volume), NT\$ thousand(Value)

Year	2018			
	Domestic		Export	
	Sales volume	Sales value	Sales volume	Sales value
Consumer Touch IC	153,493	905,257	279,562	2,016,103
NB Input Device Module	974	70,134	78,295	5,446,095
Network Communica- tion IC	157	35,054	109	73,508
Image Processing IC	471	57,835	62	6,726
Safety Monitoring Module	2	39,550	2	1,070
Total	155,097	1,107,830	358,030	7,543,502

Note: The data are based on the consolidated financial statements on Page 66 of ELAN Annual Report 2018.

Percentage of product export and domestic sales(2016~2018)



1.4 Government financial aid

201-4

Distribution of economic benefits (individual)

In NT\$ thousand

Company	Revenue	Operating Costs	Employee's Salaries and Benefits	Interest Payments or Dividend Distribution	Account Payable to the Government	Donations
ELAN	8,432,996	4,925,610	1,636,063	1,120,016	329,151	14,633
Metanoia	109,127	83,607	83,092	2,746	0	0
Avisonic	64,584	45,521	42,633	1,710	0	0
PIXORD	42,074	34,293	27,754	187	0	0
ELAN (H.K.)	740,691	499,551	12,518	0	0	0
Total	9,389,472	5,588,582	1,802,060	1,124,659	329,151	14,633

Note 1: The data are based on the individual financial reports of ELAN Microelectronics and each entity.

Note 2: Operating Costs: Include operating costs and operating expenses but exclude employees' salaries and benefits, donations, depreciation, and amortization.

Note 3: Employees' Salaries and Benefits: Include salaries, bonuses, insurances, and pensions. Exclude wages for temporary labors, such as consultants, physicians, etc.

Note 4: Interest Payments or Dividend Distribution: Dividends are given out as 2017 cash dividend.

Note 5: Account Payable to the Government: Current income tax expenses.

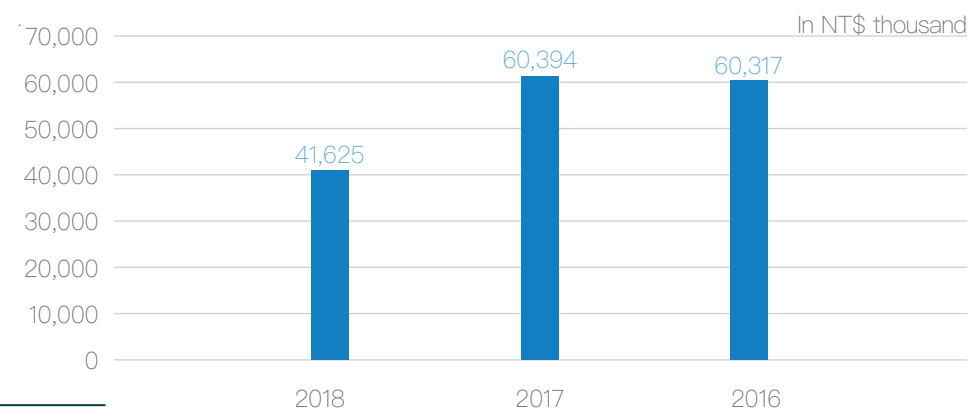
Note 6: Donations: Donations to charities, non-governmental organizations, research institutes (does not include business development or campus recruitment, etc.).

In NT\$ thousand

Company Name	Type	Government Organization	Item	Amount in 2018	Description
ELAN	Financial rewards	Hsinchu Science Park Bureau	Innovative Product Awards	350	Accountant verified
			R&D Accomplishment Awards	350	
	R&D grant	Industrial Development Bureau	Grant for innovation and optimization project	6,300	
			Tax reduced or waived	34,525	
PIXORD	Financial rewards	Hsinchu Science Park Bureau	Innovative Planning Awards	100	
Total	—	—	—	41,625	

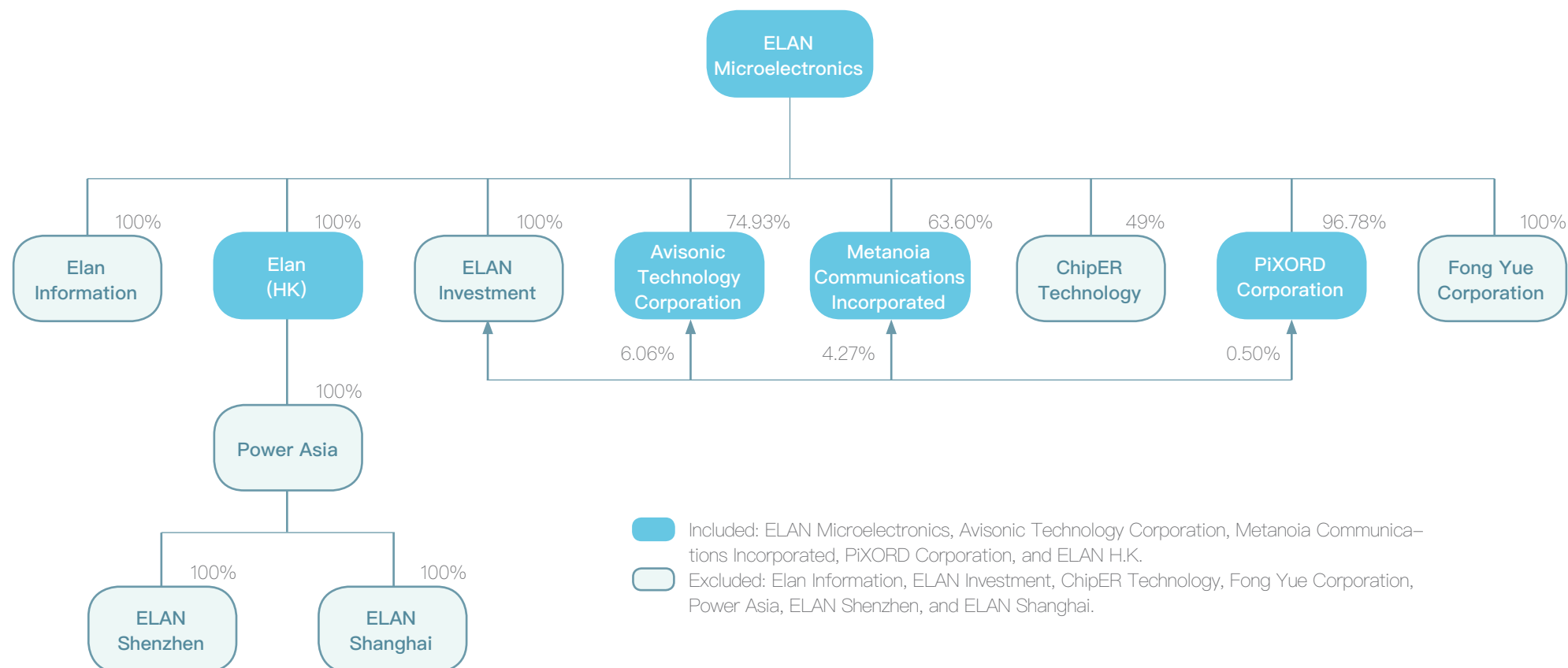
Note: Avisonic, Metanoia, and ELAN H.K. did not receive financial aids from the government in 2018.

Financial aid from(2016~2018)



Defined entities within the organization 102-45

In addition to ELAN's parent company, this report also covers the consolidated financial statements of all listed entities within the corporate organization. The report focuses on disclosing the ones with greater consolidated revenue, larger numbers of employees, company registration certificates and located in Hsinchu headquarters.



Note: Fong Yue has completed the liquidation in January 2018.

1.5 Risk and opportunity

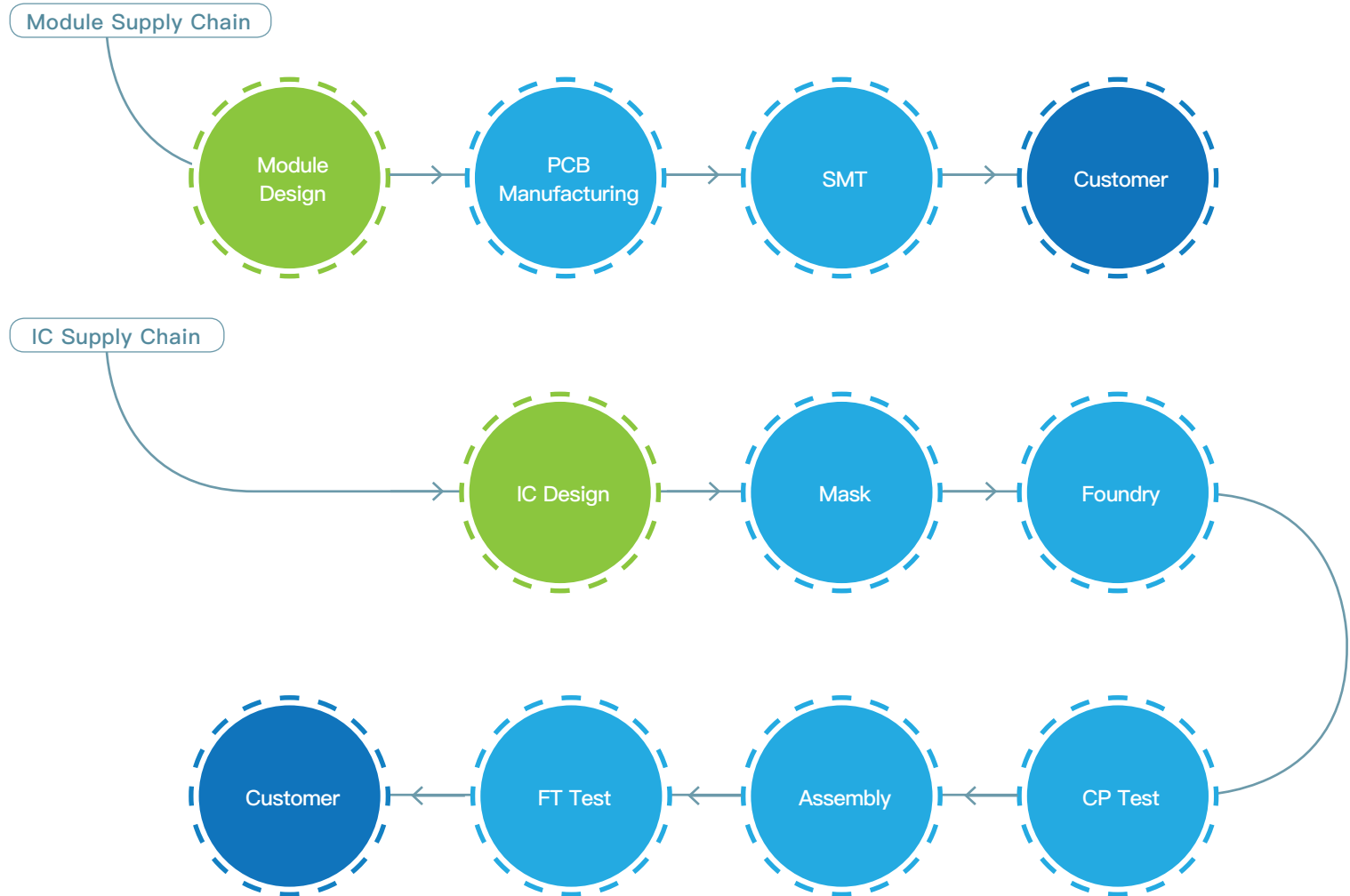
With regards to the potential financial impacts and other risks and opportunities that may be brought by climate change, ELAN monitors the climate change in Taiwan and overseas, and continuously pays close attention to new issues related to global environment. Areas we especially concerned not only include ELAN's plant areas, but gradually extended to locations of our supply chains as well. By doing so, we hope to closely monitor the possible risks of

commodity supply shortage. On the other hand, consider the disclosure of related statistics by government agencies in the future, ELAN began implementing greenhouse gas examination in 2014 and has set the average electricity consumption per person to be decreased by 1% as a Key Performance Indicator (KPI). As for the disclosure of the ISO 14064-1, due to its 2018 revision on greenhouse gas inventory, the company will further evaluate the feasibility of this standard.

1.6 Supply chain

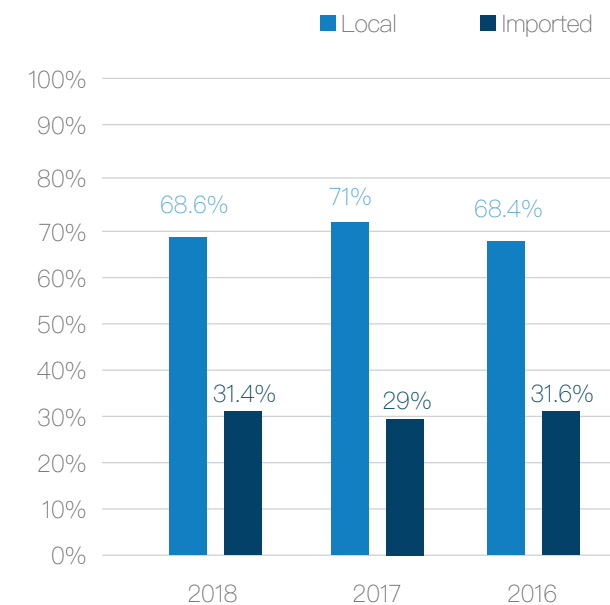
102-9, 204-1

Since ELAN is a professional IC and module design company, wafer production and post-production are all outsourced. Therefore, it is crucial to have a smooth cooperation with our supply chains. To do so, we continue to maintain partnerships with domestic and foreign wafer manufacturers, as well as upstream and downstream packaging and testing manufacturers, in order to be competitive in the market. Meanwhile, we closely cooperate with other supply chain vendors such as touch panel, LCD panel, NB assembly factories, etc., to ensure smooth product shipments and long-term partnerships with our customers. The Group's local procurement ratio of 2018 is 68.6%.



Supply Chain

Company name		ELAN		Metanoia		Avisonic		PiXORD		Elan H.K.	
Supplier Type		Number of suppliers	Trans-action Amount (%)	Number of suppliers	Trans-action Amount (%)	Number of suppliers	Trans-action Amount (%)	Number of suppliers	Trans-action Amount (%)	Number of suppliers	Trans-action Amount (%)
IC-Commodity	Local	38	73%	7	100%	10	100%	9	100.00%	--	--
	Im-ported	19	27%	0	0	0	0	0	0	--	--
Module-Commodity	Local	97	63%	1	95%	40	99.50%	108	99.40%	--	--
	Im-ported	31	37%	1	5%	2	0.50%	6	0.60%	--	--
Other services		602	--	136		107	--	85	--	28	--

ELAN Microelectronics 2016~2018 Annual
IC/Module-commodity Purchase Ratio

Note1: IC-Commodity includes cutting, mask, packaging, wafer and testing suppliers.

Note2: Module-Commodity includes PCB, SMT and commodity suppliers.

Note3: Other services: such as transportation, labor costs, development costs, security, insurance, contract maintenance, food expense to the suppliers, etc.

Note4: Local: Refer to the location of the group. ELAN, Metanoia, Avisonic, RiXORD are established in Taiwan, and ELAN H.K. in Hong Kong.

1.7 Precautionary approach and principle 102–11, 102–12



Elan Microelectronics is committed to support any externally enacted economic, environmental and social regulations, principles, or other initiatives. In order for all business activities to meet the latest external initiatives, regulations and principles, Industrial Performance Management (IPM) is assigned to visit the GRI website and Government regulations information website frequently and gather the latest news on initiatives and regulations. CSR committee also take requests and suggestions from customers, government agencies, community groups and stakeholders, review current operational compliance and take relevant measures when necessary. For matters that do not comply with the economic, environmental and social regulations, principles, or other initiatives enacted by the exterior affairs, the company shall make our best effort to improve in the shortest possible time to avoid any negative impacts to the stakeholder groups, the individuals, the socio-economic and the environment.

Elan Microelectronics provides customers with professional IC design service and has no direct contact with the end-product consumers. The economic scale of Elan may not be significant enough to participate in a dominant position, however, in response to customers' requests, Elan had signed to comply with economic, environmental and social regulations, principles and other initiatives, and adopt relevant management standards approved by the third-party certification authorities, such as Responsible Business Alliance (RBA), International Standard Organization enacting environmental management standards (ISO 14001), and United Nations Conference on Sustainable Development Goals, etc.

1.8 Investor relations transparency

Other 10-Investor relations transparency

ELAN	The Taiwan Stock Exchange announces on March 7, 2017 that starting in 2018, all domestic listed companies shall hold an institutional investors' conference at least once a year (self-hosting or invited), instead of once every three years as in 2015. Elan Microelectronics has always hold institutional investors' conferences cooperatively, as required. Besides conducting numbers of investor meetings (including one-on-one or one-to-many, face-to-face communication, and real-time teleconference), ELAN also participates in forums invited by securities companies. Since 2012, we have been holding quarterly conference calls and disclosing relevant news and financial information on the company's website that investors may be interested in. Actions we have taken to disclose information to investors: - Put up an "Investor Relations" section on the company's official website, contents include: - Financial Information: Monthly revenue report, quarterly, semi-annual, and annual reports. - Investment Column: Stock price information, dividend distribution over the years, shareholders' meeting, investor conference, newsletter and contact information. - Published 15 related news. - Issued a total of 30 major announcements on the Taiwan Stock Exchange Market Observation Post System as required. - Released monthly sales reports (including key product development schedule) in both Chinese and English to simultaneously disclose the information to domestic and foreign investors. - Held an annual shareholders' meeting on June 11, 2018. - Held quarterly conference calls on February 6, May 2, August 7 and October 30. Video files of the conferences were uploaded to Stock Exchange Wipro platform and the company's website. - Held 96 investor conferences with domestic/foreign investors and analysts. These include one-to-one or one-to-many, face-to-face communication (securities forums are included) and real-time teleconference.
Metanoia	- Private entity. - Held an annual shareholders' meeting on June 6, 2018.
Avionic	- Private entity. - Held an annual shareholders' meeting on June 6, 2018.
PIXORD	- Private entity. - Held an annual shareholders' meeting on June 6, 2018.
Elan H.K.	Share the official website with the parent company.

2.CORPORATE GOVERNANCE

2.1 Highest governance body

2.2 Principles of business ethics and integrity

	2018	2017	2016
Combined revenue(NT\$ thousand)	8,651,332	7,503,267	6,558,933
EPS(dollar)	4.16	2.58	1.57
Percentage of independent directors(%)	33.3	42.9	42.9
Listed company information disclosure evaluation level(%)	6–20	21–35	36–50
Selected as one of the "Taiwan High Compensation 100 Index" and "Taiwan 50 Index" companies by the Taiwan Stock Exchange.			
No corruption occurred in 2018			

Compliance of regulations and laws

	Corporate governance regulations	Environmental	Social	Product
Compliance	No violation of company laws. No violation of securities financial regulations. No corruption incidents involved. No violation of customer privacy or personal data protection laws.	No violation of water pollution prevention and control law. No violation of noise control law. No violation of the waste removal method.	No child labors. No discrimination. Non-infringement of freedom of association.	No health and safety regulations that violate products and services.
Major violations	No violation.	No violation.	Elan Microelectronics violated one of the labor laws and was fined for 150,000 NTD.	No violation.
Improvement measures for the major violations	No violation, hence no improvement measures.	No violation, hence no improvement measures.	Improve extended working hours application system. Strictly control the maximum limit of the working time, and make sure any adjustments during the pay period are in accordance to the labor contract.	No violation, hence no improvement measures.
Complaint mechanism management	No cases of integrity and anti-corruption have been received. The audit room did not receive major complaints in 2018.	No environmental shock events have been filed, processed and resolved through the formal complaint mechanism.	No serious incidents of freedom of association and collective bargaining. No major complaints were found in the Employee Opinion Box or on the External Website. No labor disputes occurred	No complaints of violation of product regulations.

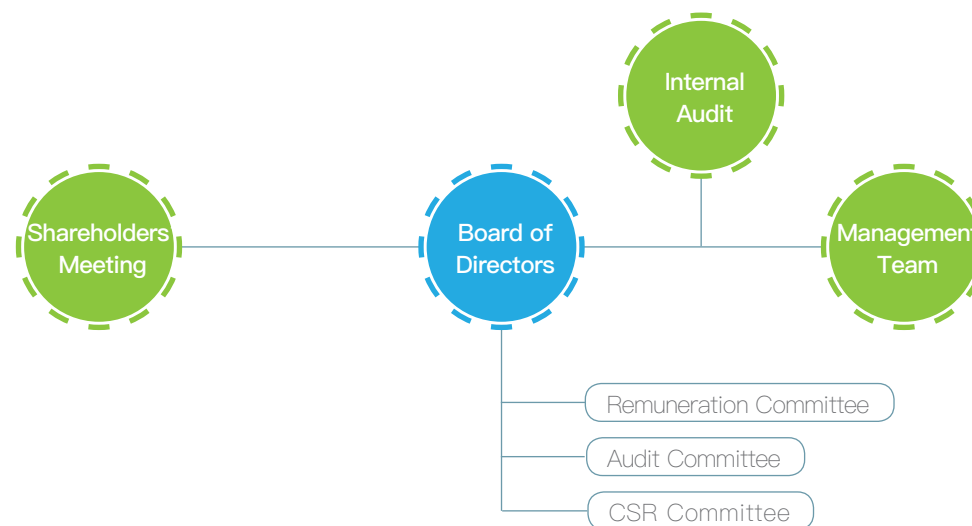
Note: Major violations are violations that were fined for more than 100,000 NTD.

義隆電子股份有限公司 107 年股東常會



2.1 Highest governance body 102-18

The Board of Directors is the highest governance body of Elan Microelectronics. The eighth term of the Board of Directors consists of 4 directors and 3 independent directors, whom were appointed by the Broad of Shareholders in June 2018, to hold office from 2018/6/11~2021/6/10. The Board of Directors also authorized Chairman I. H. Yeh and Director Kuo-Lung Yen as the key members of Elan's management team. The Chairman determines Company's future direction and operating plans according to the decisions made in the board meetings, and announces them to senior managers during staff meetings. The managers then instruct the employees and the plans are carried out.



Composition of Elan and affiliates' Board of Directors

405-1

Elan			Metanoia			Avisonic			PiXORD		
Name	Title	Gender	Name	Title	Gender	Name	Title	Gender	Name	Title	Gender
I. H. Yeh (Yu Long Investment Corp.)	Director	Male	I. H. Yeh (ELAN Microelectronics Corp.)	Director	Male	I. H. Yeh	Director	Male	I. H. Yeh	Director	Male
Kuo-Lung Yen	Director	Male	Kuo-Lung Yen (ELAN Microelectronics Corp.)	Director	Male	Kuo-Lung Yen	Director	Male	Meng-Chun Lin	Director	Male
Chi-Lin Wea (Tsung Long Investment Corp.)	Director	Male	Dennis Liu (ELAN Microelectronics Corp.)	Director	Male	Dennis Liu	Director	Male	Chung-Chi Lien	Director	Male
Te-Chen Chiu	Director	Male	Andy Wu	Director	Male	Vincent Tao	Director	Male	Zong-Liang Yang	Director	Male
Hou-Ming Chen	Independent Director	Male	Didier M.H. Boivin	Director	Male	Meng-Chun Lin	Director	Male	Ben-Xian Zhang	Director	Male
Hsien-Ming Lin	Independent Director	Male	ELAN Investment Corp.	Supervisor	N/A	Yong-Ren Lin	Supervisor	Male	Yong-Ren Lin	Supervisor	Male
*Mao-Kuei Lin	Independent Director	Male				Wen-Ya Tseng	Supervisor	Female	Wen-Ya Tseng	Supervisor	Female

*Mao-Kuei Lin passed away in September 2018. An independent director is expected to be elected in the shareholders' meeting in June 2019.

Note 1: Metanoia, Avisonic, and PiXORD are unpublished companies, so no independent directors have been set up.

Elan Microelectronics Directors' trainings

Title	Name	YY/MM	Organizer	Course Title	Hours
Chairman	I. H. Yeh	2018/07	Securities & Futures Institute	Initial Public Offerings Laws and Regulations for Listed Company	3
		2018/12	Taiwan Corporate Governance Association	The Impact of Recent Company Law Amendments on Corporate Governance – Starting with Disputes	3
Director	Kuo-Lung Yen	2018/05	Securities & Futures Institute	2018 Annual Prevent Insider Trading Propaganda	3
			Taiwan Stock Exchange	Corporate Governance Forum for Listed Companies	
Director	Te-Chen Chiu	2018/08	Securities & Futures Institute	The Following of Company's Laws and Regulations and Supervisory Obligations of the Directors	3
		2018/09	Taiwan Stock Exchange	2018 ESG Investment Forum	3
Corporate Director	Chi-Lin Wea	2018/05	Taiwan Academy of Banking and Finance	Corporate Governance Workshop No. 36	3
		2018/10		Corporate Governance Workshop No. 37	3
Independent Director	Hsien-Ming Lin	2018/04	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3
		2018/05	Securities & Futures Institute	Enterprise Financial Crisis Early Warning and Type Analysis	3
		2018/11	Taiwan Corporate Governance Association	The Role of Directors in the Process of Corporate Mergers and Acquisitions	3
				The Impact of the Latest Company Law Amendments on the Company and the Directors	3
Independent Director	Hou-Ming Chen	2018/09	Taiwan Corporate Governance Association	The Impact of Sino-US Trade Friction on Taiwanese Enterprises and How to Deal with It	3
				Business Ethics and Anti-Bribery and Corruption	3
				The Impact of The Latest Company Law Revision Trends on Corporate Governance, Internal Control and the Responsibility of Directors and Supervisors	3

Elan's Chairman I. H. Yeh concurrently serves the post as President. Yeh is very familiar with Company's state of operation, and has no difficulty in financing and making business decisions. All directors and independent directors have finance and business-related experiences; among them, 2 corporate directors and 1 director are shareholders, the other 1 director and 2 independent directors are not shareholders.



ELAN

Elan Board of Directors convenes at least once every quarter, with a total of 7 meetings in 2018 (3/8, 4/17, 5/8, 6/11, 8/7, 11/8, 12/21). The Board of Directors sets out economic, environmental and social standards in accordance with relevant laws and regulations, and passes dividend distribution and investment cases.

The Board also makes important resolutions in conformity with the law (Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities) from the date of the Board resolution, before the start of the next business day transactions, to declare to the information website management bulletin designated by the competent authorities. Except for meetings convened under urgent circumstances, the contents and information of the meeting are to be drafted and provided along with an accompanying notice to each director and supervisor, seven days prior to the meeting.

The proceedings of the board meeting held periodically include the following:

- (1)Matters to be reported:
 - Meeting minutes from the previous meeting and its implementation
 - Important financial business reports
 - Internal audit business reports
 - Other important matters
- (2)Matters to be discussed:
 - Matters retained in the previous meeting
 - Matters discussed in the current meeting
- (3)Extempore Motion



Metanoia

1. Convened a total of 2 board meetings in 2018(3/7, 5/7).
2. The proceedings include the following:
 - (1) Matters to be reported:
 - 1.Meeting minutes from the previous meeting and its implementation
 - (2)Matters to be discussed:
 - Matters retained in the previous meeting
 - Matters discussed in the current meeting
 - (3)Extempore Motion



Avisonic

1. 1.Convened 3 board meetings in 2018 (3/9, 5/7, 6/6).
2. 2.The proceedings of the board meeting held periodically include the following:
 - (1)Matters to be reported:
 - Meeting minutes from the previous meeting and its implementation
 - (2)Matters to be discussed:
 - Matters retained in the previous meeting
 - Matters discussed in the current meeting
 - (3)Extempore Motion



PiXORD

1. 1.Convened 3 board meetings in 2018 (3/7, 5/7, 8/3).
2. 2.The proceedings of the board meeting held periodically include the following:
 - (1)Matters to be reported:
 - Meeting minutes from the previous meeting and its implementation
 - Other important matters
 - (2)Matters to be discussed:
 - Matters discussed in the current meeting
 - (3)Extempore Motion

Note: For the attendance of board members, please refer to Elan Annual Report P.11.

Elan Remuneration Committee

To establish a fair remuneration and profit-sharing system in the organization that reflects employees' individual performances on their remuneration, the first term of the Remuneration Committee was set up in December 2010. In June 2018, Elan re-elected the third term of the Remuneration Committee for the period of 2018/6/11~2021/6/10, to assist the Board of Directors in implementing and evaluating the overall remuneration policies and to further improve enterprise business manage-

ment and promote economic benefits. ELAN's Remuneration Committee is composed of 3 independent directors, Hou-Ming Chen, Hsien-Ming Lin and Mao-Kuei Lin, and Hou-Ming Chen is the convener. However, Mao-Kuei Lin passed away on September 13, 2018, so Rong-Da Zhong was elected as a new member of the committee on November 8, 2018. None of the three members holds shareholder rights or a position on the management team.

The Remuneration Committee convenes at least twice a year. The members of the committee are independent and qualified professionals as required by the relevant regulations. Salaries of directors and managers are determined based on the current market quotation within the industry (i.e., statistics derived from related industries' annual reports). Meeting agenda are set by the conven-

er and when voting, the majority (more than half) of the attending committee members needs to agree to before a proposal is passed. In another case, the Committee chairman simply consults with the members and if none objects, the proposal is passed. It has the same effect as voting. The results are announced right away and recorded in the meeting minutes. Finally, the Remuneration Committee submits the results to the Board of Directors for further discussion and approval.

The convener of the Remuneration Committee will serve as the Committee Chairman and representative. His/her main responsibilities include:

1. Establish and regularly review the policies, systems, standards, and structure of the performance evaluation for directors and managers.

2. Regularly evaluate and establish salary remunerations for directors and managers.
3. Persuade the directors and managers to implement a competitive and encouraging compensation system that can attract and retain elites and improve business performance.

Note: Metanoia, Avisonic and PiXORD are unlisted OTC companies, hence have not established remuneration committees.



Elan Audit Committee

The purpose of the Audit Committee is to assist the Board of Directors in the fulfilling and monitoring of Company's quality and integrity in the execution of accounting, auditing, financial reporting processes and financial controls. According to law of the Republic of China, the members of the Audit Committee shall composed entirely of independent directors. The term of office for Elan Audit Committee's member is 3 years and member may be re-elected for a second term. The Audit Committee should convene meetings at least once a quarter, with no less than 3 members in each meeting (one being the convener

and at least one needs to be specializing in accounting or finance).

Elan Audit Committee was set up in June 2015 for a period of 2018/6/11~2021/6/10. The Audit Committee is composed of 3 committee members, Hou-Ming Chen, Hsien-Ming Lin and Mao-Kuei Lin, and Hou-Ming Chen is the convener. However, Mao-Kuei Lin passed away on September 13, 2018, so a new independent director is to be elected in the shareholders' meeting in June, 2019. None of the two members holds shareholder rights or a position on the management team.

Items to be discussed are as follows:

1. Under regulations of Article 14-1 of the Securities and Exchange Law, establish or amend the internal control system.
2. Examine the effectiveness of the internal control system.
3. Under regulations of Article 36 of the

Securities and Exchange Law, set up or revise the procedures for the handling of major financial business transactions involving acquisition or disposition of assets, engaging in derivative transactions, lending of funds to others, endorsement of others or provision of guarantees.

4. Matters that involve the directors' own interests.
5. Major assets or derivative product transactions.
6. Major capital loans, endorsement or provide guarantees.
7. Raise, issue or private placement of negotiable securities with stock rights.
8. Appointment, dismissal or remuneration of an accountant.
9. Appoint and dismiss finance, accounting or internal audit managers.
10. Annual financial report and semi-annual financial report.

11. Other major decisions made by the management team.

All of the above-mentioned subjects, except for Item 10, should be approved by the majority of all the members of the Committee and before being proposed to the Board of Directors for approval.

For Item 10, if the majority of the members disapprove of the subject, the approval of two-thirds or more of the members of the Board of Directors may still get subject approved.

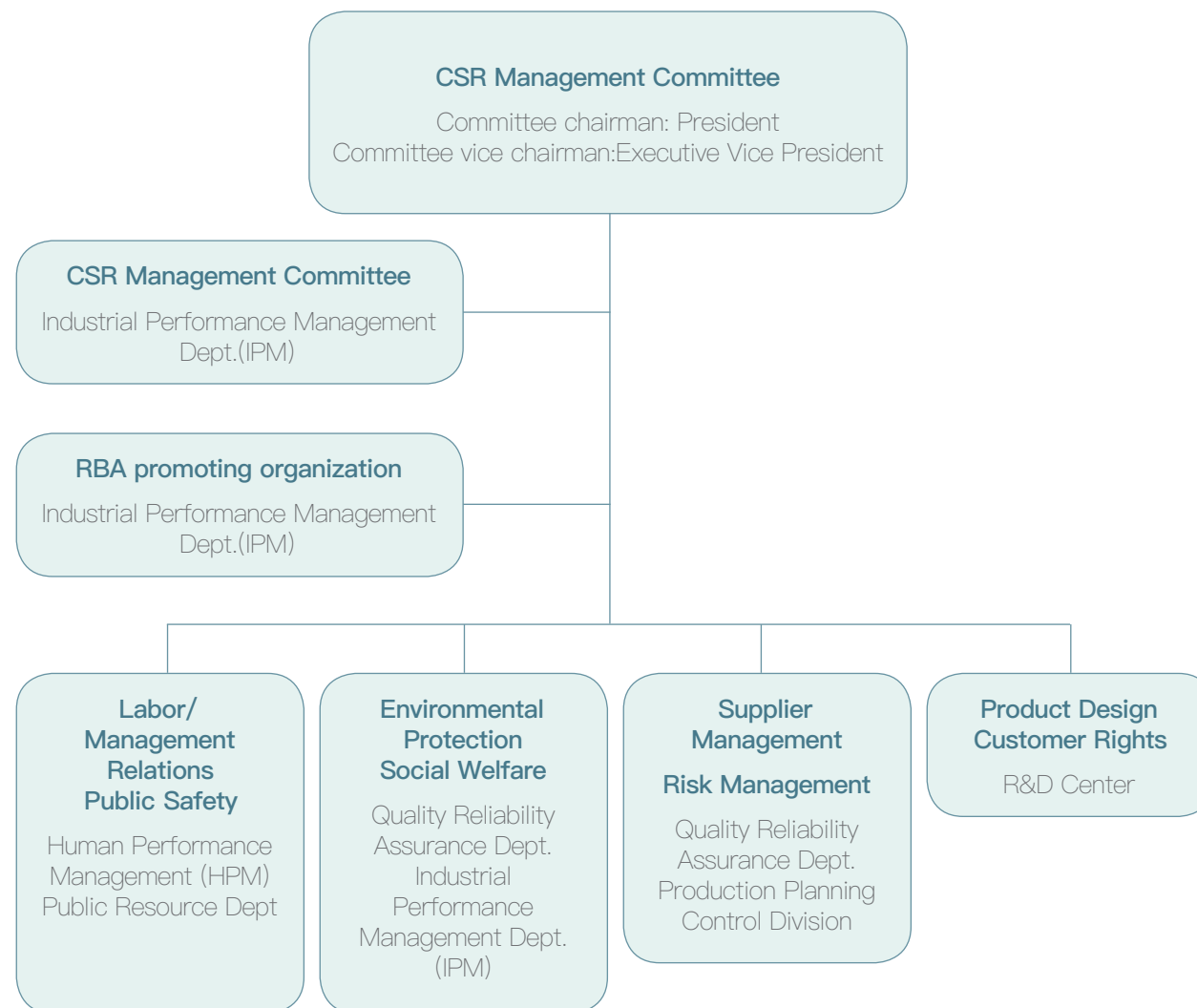
Note: Metanoia, Avisonic and PiXORD are unlisted OTC companies, hence have not set up audit committees.



Corporate Social Responsibility (CSR) Management Committee

Set up in 2015, ELAN Corporate Social Responsibility (CSR) Management Committee is responsible for making strategic decisions that may have positive economic, environmental and social impacts. The CSR Committee Chairman is the President of the company and Committee Vice Chairman is the Vice President. An executive team led by the Industrial Performance Management Office (IPM) is set up by the committee. Four other teams including Labor-Management Relation & Public Safety, Environmental Protection & Social Welfare, Supplier Management & Risk Management, and Product Design & Customer Rights are also set up to promote all matters regarding corporate social responsibility and ensure all operational activities are in line with the requirements, regulations and requests from the government, customers, society and stakeholders. Corporate Social Responsibility management systems and related initiatives have already been approved by the Board of Directors on April 21, 2015. The committee aims to add social responsibility policies as one of the indicators for each department's performance and will review its effectiveness in monthly quality meetings.

In early 2018, as brand customers requested, Elan implemented RBA 6.0 (Responsible Business Alliance Code of Conduct). We have added RBA promoting organizations under the framework of the Corporate Social Responsibility Committee to ensure that Elan and our suppliers provide a safe working environment, the employees are respected and dignified, and the relevant business activities are responsible for environmental protection and comply with commercial/ethical standards.



2.2 Principles of business ethics and integrity

102–16

Major management policy–integrity management
201 202 205 419 Other–8

Policy and commitment

Upholding integrity, practicing business transparency, and taking responsibility are parts of Elan's business philosophy. We develop policies based on integrity and build a good corporate governance and risk control mechanism to create a sustainable business environment. Elan swears that Elan will perform its business in accordance with the management standards of the major aspects of compliance, namely, securities regulations and internal transactions, corporate governance, intellectual property rights protection, fair competition, environmental protection, safety and health regulations, and other labor regulations.

Resources

- Set up Human Performance Management Department to be in charge.
- The company's website has a "Reporting Mailbox" for employees and outsiders to report or file a complaint anonymously.

Management strategy

- Adhering to Corporate Governance Best–Practice Principles for TWSE/TPEX Listed Companies – Ethical Corporate Management Best Practice Principles, Elan has set up an effective governance structure and relevant ethical standards. The Human Performance Management Department was designated to be in charge of the practice.
- Nevertheless, "Reporting Mailbox" and "Employee Complaint Procedures" are also set up for employees and outsiders to report or file a complaint anonymously.

Medium–term and long–term plan

Promote the concept of integrity management, strengthen the sense of anti–corruption in employees, customers, and suppliers, implement Company's anti–corruption policy to completely eliminate the occurrence of illegal business practices, and make Elan Microelectronics a socially responsible and ethical enterprise.

Performance in 2018

- Mandatory anti–corruption courses and online assessments are added to the new employee training.
- No corruption cases were reported in 2018.

Highlights in 2019

- Anti–corruption courses are digitized and updated regularly

Corresponding to SDGs



In 2014, ELAN Microelectronics Board of Directors introduced operating systems including the Integrity Management Operational Procedure, Integrity Conduct Guide Specification, Integrity Practices Specification, Ethical Behavior Specification, and Personal Data Protection Management Measures. President Office was assigned to execute, supervise and confirm of the revision, implementation, explanation, consultation service and the briefing and digitalization of the system guides. In addition, report to the board of directors when any business operation-related adjustments are made.

In the case where ELAN personnel are directly or indirectly offered or promised by someone with money, gifts, services, preferential treatment, hospitality, entertainment or other benefits, such offers or promises must be returned or rejected regardless of the position, duty or relation of the offeror. Such incidents should also be immediately reported to supervisors and Company's relevant department is to be informed as well. Gifts received without recipient's consent should be returned to sender within three days of the date of receipt. If returning the unsolicited offer is not possible, the relevant departments should be asked to deal with the situation. After evaluating the nature and value of the gift, the department may take appropriate actions such as donation or disposal after notifying the President.

Elan Microelectronics is engaged in commercial activities based on the principles of fairness, honesty, trustwor-

thiness, and transparency. It has established a reporting system in charge by the head of the Industrial Performance Management Dept. (IPM). If there is a violation of the company's financial system and affects the accuracy of the company's financial reporting, the prosecutor shall report it with names using the following methods:

1. Address: Report Box 12 Innovation Road, Hsinchu Science Park
2. E-mail: CSR@emc.com.tw
3. Direct report line: 03-5639977 transfer to the IPM supervisor

The person handling the report shall state in writing the confidentiality of the identity of the informant and the content of the report. The company also promises to protect the prosecutor from improper treatments due to the report. In 2018, no violations of corruption had been reported.

Elan has set up Ethical and Credible Management Codes, as well as other relevant integrity codes and standards, and an external communication mailbox. Employee training workshops were also given in 2015 to facilitate implementation of the integrity management policy in order to actively prevent dishonest behaviors. So far, the committee has not detected any corruption case that violates business integrity. From 2018 onwards, new employees' training session will include an anti-corruption digital course and the course will be updated regularly.

Organization, professional association, union and academic institution the Group communicates and cooperates(2018) 102-13

Company Name	Organization Name	Member	Remarks
Elan	The Allied Association for Science Park Industries	●	12 Committees
	Friends of the Police Association	●	
	Chinese Professional Management Association of Hsinchu (CPMAH)	●	President I. H. Yeh being a director
	SINOCON Industrial Standards Foundations	●	
	Taipei Computer Association	●	
	NTU System-on-Chip Center, SOC	●	
	Taipei Tech Elite Union	●	
	Global Research & Industry Alliance	●	
	Consortium of ESD Protection Technology for Circuits and Systems	●	
Metanoia	The Allied Association for Science Park Industries	●	
Avionic	The Allied Association for Science Park Industries	●	
PiXORD	The Allied Association for Science Park Industries	●	
Elan H.K.	N/A	N/A	N/A

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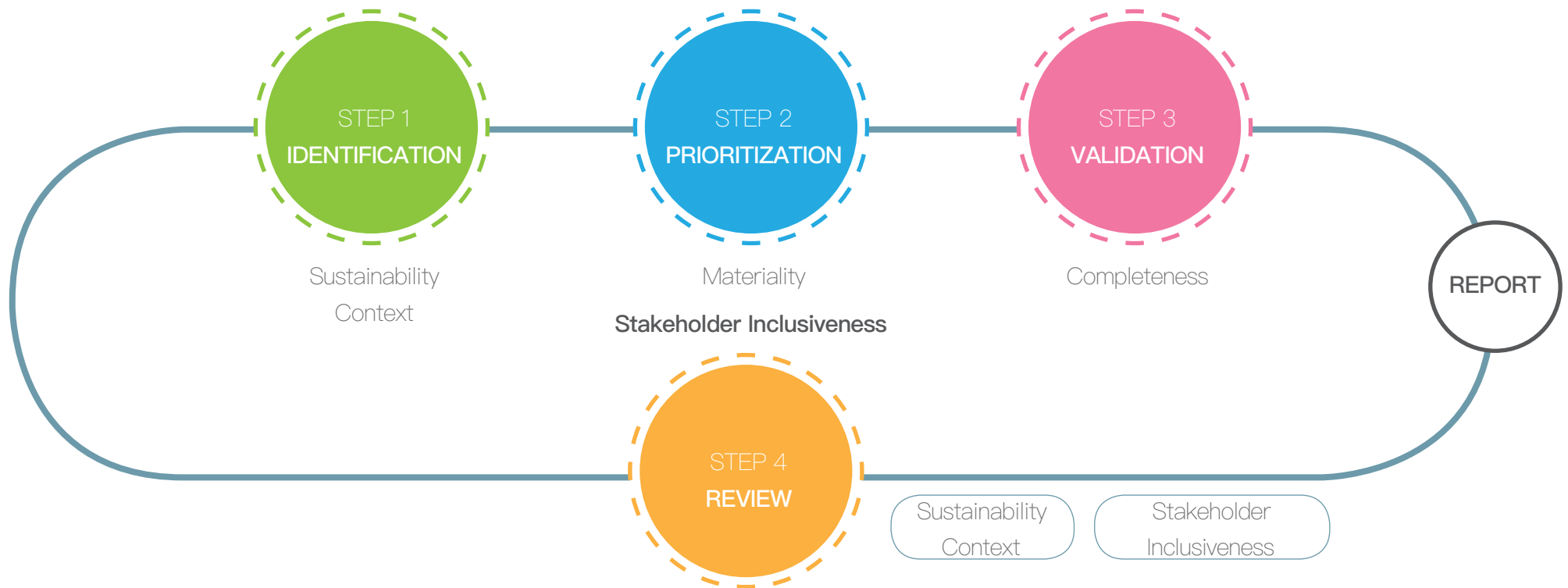
In 2018, no violations of corruption had been reported.

3.STAKEHOLDERS' MANAGEMENT AND ENGAGEMENT

3.1 Important stakeholder and material aspect identification

3.2 Stakeholder engagement

Topics → Aspects → Management Approach → Indications



3.1 Important stakeholder and material aspect identification

Identifying Material Aspects and Boundaries

103-1, 102-40, 102-42

Integrate internal and external topics based on the principle of stakeholder inclusiveness. External topics include local or global sustainable development and development of semiconductor and IC industry status, etc. Internal topics include stakeholders' needs and expectations, Company's sustainable development strategy, objectives and departments' key performance indicators (KPI), etc.

In accordance with the nature of the company, the collected topics will be categorized into the 33 consideration aspects plus 7 "Other" based on GRI Standards. A total of 40 topics. Each department then evaluates whether these 40 topics will impact the entities within or outside the organization. Among them, 33 topics are to be selected and put into a questionnaire to gather stakeholders' opinions on the degree of impact and concern toward these topics.

In accordance with routine business operation, ELAN's CSR Management Committee, along with other affiliates' representatives have listed a total of 65 relevant stakeholders and classified the nature of them into 14 categories based on the basic principles of AA1000 STAKEHOLDER ENGAGEMENT STANDARD 2015. Then, evaluate their responsibility, tension and influence and

come up with comprehensive scores that will screen out Company's internal/external stakeholders. A total of 324 degrees of concern questionnaires are issued. At the same time, Company's seniors and department managers degree of impact questionnaires are also given out.

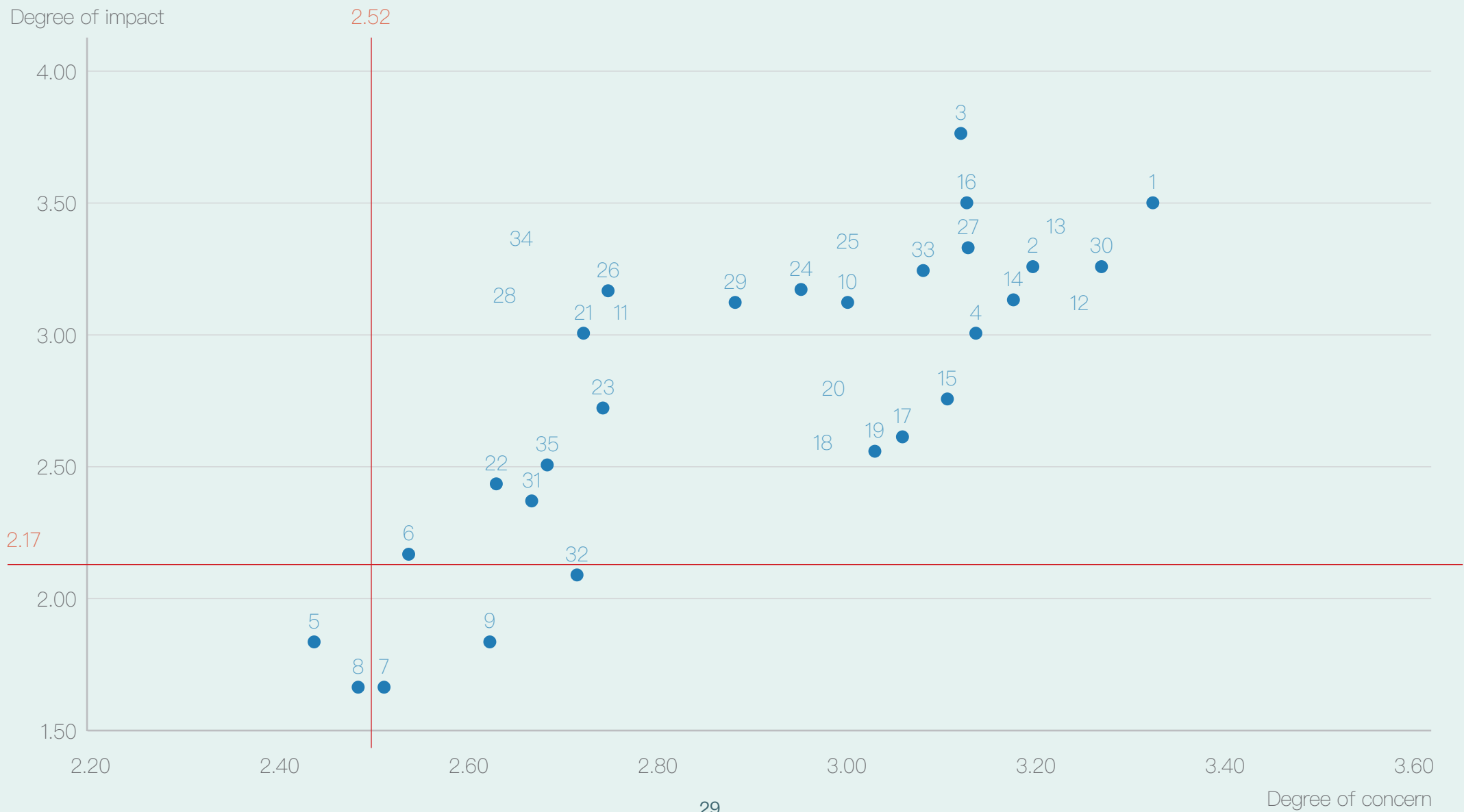
After the implement secretary collects the assessment results from each department, she/he will then evaluate each assessment in accordance with "Dependency", "Tension", and "Influence" category. A score of 2.52 or above is considered "highly apprehensive", while a score of 2.17 or higher is considered "highly impactful." The "highly apprehensive" and "highly impactful" can be summed up in 32 consideration aspects.

After accounting managers' expectations and the material aspects defined by internal and external stakeholders, and gaining agree from the vice chairman of the Corporate Social Responsibility Management Committee, GRI303, GRI305, GRI306, Other-8 are

added into consideration, and GRI412 is removed. A total of 35 material consideration aspects, 7 categories of internal and external stakeholders within the organization are confirmed. This process is to ensure that the report is reasonable and evenly describes Company's impacts on economy, environment, and society. Ultimately, provide a way for stakeholders to evaluate the Company's performance.

Due to the fact that this report adheres to core principles in selecting items for disclosure, each material aspect exposes at least one indicator. Hence, except for the other categories and the single-indicator aspect which are excluded from the assessment, indicators all other material aspects are forwarded to a designated unit for further evaluation. The assigned unit reviews whether the material will impact the company's internal and external organization, provides ratings on the degree of the impact (if any) and the degree of concern, then defines 58 major indicators that will be covered within the scope of the CSR report.

Material aspects



Impact boundaries of material aspects 102–47, 102–46

Material Aspect / Stakeholder			Affiliates					Material Aspect / Stakeholder			Affiliates				
			ELAN	Meta-noia	Avisonic	PiXORD	ELAN H.K.				ELAN	Meta-noia	Avisonic	PiXORD	ELAN H.K.
Economy	1	Economic performance	v	v	v	v	v	Society	19	Child labour	v	v	v	v	v
	2	Market image	v	v	v	v	v		20	Forced or compulsory Labor	v	v	v	v	v
	3	Procurement practice	v	v	v	v	v		21	供應商社會評估	v	v	v	v	v
	4	Anti-corruption	v	●	●	●			22	Customer health and safety	v	v	v	v	v
Environment	5	Commodity	v	v	v	v	v	Other	23	Product and service labeling	v	v	v	v	v
	6	Energy	v	v	v	v	v		24	Customer privacy	v	v	v	v	v
	7	Water and effluent	v	v	v	v	v		25	Compliance of social and economic laws	v	v	v	v	v
	8	Emission	v	v	v	v	v		26	Customer engagement	v	●	●	●	
	9	Waste	v	v	v	v	v		27	New product development	v	●	●	●	
	10	Compliance of environmental laws	v	v	v	v	v		28	Supplier strategy	v	●	●	●	
	11	Supplier environment evaluation	v	●	●	●			29	Operational performance indicator	v	●	●	●	
Society	12	Employment	v	v	v	v	v	Other	30	Care for employees and their families	v	●	●	●	
	13	Labor/management relations	v	v	v	v	v		31	Industry–University Cooperation Program	v	v	v	v	
	14	Occupational health and safety	v	v	v	v	v		32	Participation in public service	v	●	●	●	
	15	Training and education	v	v	v	v	v		33	Risk management	v	●	●	●	
	16	Employee diversity and equal opportunities	v	v	v	v	v		34	Product contribution to world trends	v	●	●	●	
	17	Non-discrimination	v	v	v	v	v		35	Investor relations transparency	v	v	v	v	
	18	Freedom of association and collective bargaining	v	v	v	v	v								

V Information newly disclosed. ● Information disclosed.

Material aspects on the value chain

103-1

Material Aspect / Stakeholder			Supplier	Agent	Customer	Leading plat- form manufac- turer
Econo- my	1	Economic performance		⊙	⊙	⊙
	2	Market image				
	3	Procurement practice	⊙			
	4	Anti-corruption		⊙	⊙	⊙
Envi- ron- ment	5	Commodity	⊙			
	6	Energy				
	7	Water and effluent				
	8	Emission		⊙	⊙	⊙
	9	Waste				
	10	Compliance of environmen- tal laws		⊙	⊙	⊙
Society	11	Supplier environment eval- uation	⊙			
	12	Employment				
	13	Labor/management rela- tions				
	14	Occupational health and safety		⊙	⊙	⊙
	15	Training and education				
	16	Employee diversity and equal opportunities				
	17	Non-discrimination		⊙	⊙	⊙
	18	Freedom of association and collective bargaining		⊙	⊙	⊙
Material Aspect / Stakeholder			Supplier	Agent	Custom- er	Leading plat- form manufac- turer
Society	19	Child labour		⊙	⊙	⊙
	20	Forced or compulsory Labor	⊙	⊙	⊙	⊙
	21	供應商社會評估	⊙			
	22	Customer health and safety	⊙	⊙	⊙	⊙
	23	Product and service labeling	⊙	⊙	⊙	⊙
Other	24	Customer privacy	⊙	⊙	⊙	⊙
	25	Compliance of social and economic laws		⊙	⊙	⊙
	26	Customer engagement			⊙	⊙
	27	New product development		⊙	⊙	⊙
	28	Supplier strategy	⊙			
Other	29	Operational performance indicator				
	30	Care for employees and their families				
	31	Industry-University Cooper- ation Program				
	32	Participation in public service				
	33	Risk management	⊙	⊙	⊙	⊙
	34	Product contribution to world trends			⊙	⊙
	35	Investor relations transpar- ency				

⊙: Had an impact

3.2 Stakeholder engagement 102-43, 102-40, 102-44

To pursue a sustainable development of the company, understanding stakeholders' point of view is crucial in achieving transparent communication and building important future references. In addition to the communication during routine business operations, an external contact mailbox is also provided on Company's website as an effort to stay in touch with the stakeholders.

Stakeholder	Concerned topic	Communication channel	Communication frequency	Responsible unit
Employee	Society-Employment Society-Labor/management relations Society-Occupational health and safety Society-Training and Education Economy-Economic Performance	- Employee satisfaction survey - Operational & Labor/management meeting - Employee suggestion box - Stakeholder survey - New recruit/on-job trainings and education - Individual performance interview - Department meeting	Annually Monthly Anytime Annually Monthly/non-scheduled Every six months Non-scheduled	IPM Dept CSR Report Committee
Shareholder	Economy-Economic Performance Social-Employee diversity and equal opportunities Other-Risk management Other-New product development Other-Supplier strategy Other-Compliance of social and economic laws Society-Investor relations transparency	General shareholder: - Shareholder's meeting - Annual report - Major announcement - Company website - Stakeholder survey - Spokesperson Corporate shareholder: - Company visits - Corporate seminar - Spokesperson - Annual report	Annually Annually Anytime Anytime Annually Non-scheduled Anytime Quarterly Anytime Annually	Investment Relations Office
Affiliate	Economy-Economic performance Other-Risk management Economy-Anti-corruption Social-Employee diversity and equal opportunities Society-Employment Society-Employee salary and benefits	- Phone/E-mail - Stakeholder survey	Anytime Annually	Sales-related units CSR Report Committee

Stakeholder	Concerned topic	Communication channel	Communication frequency	Responsible unit
Customer	Other–Supplier strategy Other–Customer satisfaction Society–Customer health and safety Other–New product development	- Company website - Phone/E–mail - Satisfaction survey - Stakeholder survey - External mailbox	Anytime Anytime Every six months Annually Anytime	Sales Department QA Sales Department CSR Report Committee
Agents	Society–Customer privacy Economy–Anti–corruption Other–Compliance of social and economic laws Other–New product development Society–Customer health and safety	- Company website - Phone/E–mail - Satisfaction survey - Stakeholder survey - External mailbox	Anytime Anytime Every six months Annually Anytime	Sales Department QA Sales Department CSR Report Committee
Suppliers	Economy–Economic performance Economy–Anti–corruption Other–Compliance of social and economic laws Other–Risk management Other–New product development	- Company website - Phone/E–mail - Outsourcing meeting - Supplier audit - Supplier conference - Stakeholder survey - External mailbox	Anytime Anytime Monthly Anytime Every six months Annually Anytim	Development & Planning Department QA Department CSR Report Committee
Leading platform manufacturers	Other–Customer engagement Other–New product development Other–Business performance indicators Other–Risk management Society–Investor relations transparency Society–Labor/management relations Society–Customer privacy Other–Supplier strategy Society–Customer health and safety Society–Employment Society–Occupational health and safety Society–Training and Education	- Project meeting - Company visits - Phone/E–mail - Company website - Stakeholder survey - External mailbox	Anytime Anytime Non–scheduled Non–scheduled Annually Anytime	Market Planning Department Sales Department R&D Department CSR Report Committee

4.PRODUCT DESIGN AND CUSTOMER RIGHTS AND INTERESTS

- 4.1 Customer relationship and cooperation with leading platforms
- 4.2 A sound patent system that encourages employees to innovate new products
- 4.3 Knowledge management system that accelerates the efficiency of new product technology integration
- 4.4 Product contribution in relation to world's trend
- 4.5 Product and service labeling
- 4.6 Customer service and rights
- 4.7 Customer privacy
- 4.8 Customer satisfaction survey

Number of Microsoft Windows certificates obtained	2,243 (including 536 Touch Digitizer Certifications)
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Number of patents obtained	30
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Number of fines imposed for violations of health and safety regulations regarding products and services	0
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Number of complaints related to infringement of customer privacy or loss of customer information	0
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Number of industry-university cooperations	7
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The annual shipment of touch pens is more than 17 million sets, with a market share of over 60%.	World's first
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The global market share of touch pad module and chip is over 35%.	World's second
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4.1 Customer relationship and cooperation with leading platforms

Other 1–Customer relation involvement

Nowadays, IC design companies in Taiwan have different objectives. In the past, whenever a new product rose up in the US market, companies in Taiwan rushed to catch up with the new technology in order to meet the US market demand. Now that Taiwan's IC design industry has risen, we begin to play a role in creating new markets instead of just being a follower.

Innovators can be divided into two types: there are those that lead specification makers and those that participate in common development. To play an innovator role, a country needs to have a large enough market scale. As for now, manufacturers in Taiwan are able to lead and participate in the writing of specifications in NB, Tablet, Smart Phone, TV peripherals and man-machine interface products. In 2018, Elan Micro-electronics mass produced 291 sets of new product solutions.

Elan understands and has been actively involved in the certification process of Microsoft and Google. In addition to researching related information, conferring with Microsoft and Google personnel, visiting MSDN-related websites (Public), and ensuring certifications is up to date, Elan also assists Microsoft and Google in testing and providing data and suggestions as reference before the specifications of a certification is determined.

Take Microsoft's release of Windows 7, Windows 8, Windows 8.1, Windows 10 certifications for example, before the certifications were issued, Elan assisted Microsoft in confirming the test specifications and provided technical advice. Once the certifications were issued, Elan quickly helped its customers pass the

touch certifications. From 2014 to the end of 2018, Elan assisted 55 brands (including single submission), a total of 1,185 projects, in achieving 2,243 the Touch Logo Certification, 536 of which were Pen Digitizer Certifications.

Elan TouchPad Solution can simultaneously support self-sensing and mutual-sensing functions. Unlike other competitors, facing the stringent requirements of Google Chrome OS, some of Elan's test items have even exceeded Google Chrome's standards. In addition, though Elan TouchPad Solution has been listed on Chrome Authorized Vendor List (AVL), we still pay regularly visits to the Google team in United States and Taipei, to make sure our TrackPad Solution is keeping up with the evolution of Google Chrome. With strong R&D team, good supply chain management and service, Elan earned customers' trust. In 2018, Elan shipped 11 million pieces of Trackpad solution for Chromebook NB.

Since Elan's successful collaboration with Google/ASUS on NEXUS 7 tablet, Elan R&D capability has long been affirmed by Google. Hence, when the new generation of Chromebook was designed, Elan participated in the Google specification discussion, and collaborated with first-tier NB manufacturers. Elan has made a breakthrough from the past Taiwan IC designer's role, an epigone or a follower of specs, and transformed into a specification joint-maker. With synchronized research and development, and Elan's practical experiences with mass production, products are able to be synchronously released, grasping market opportunities. This is also why Elan Chromebook Solution has become a successful Google's strategy partner.

In 2015, Microsoft released a new generation of operating software, Windows 10. Due to the close relationship with Microsoft, not only do Elan's Smart-Touchscreen and Active Pen Solution support the touch solution of Windows 10 operating system, they were also the world's first to be certified by Windows and Microsoft Pen. The market share of Elan's Smart-Touchscreen ranks first in the world, and Capacitive Active Pen Solution has also become one of Elan's main products.

In addition to working with specifications and platform developers, high-value add-on wafer products are also being introduced into the main products of major specifiers, especially those two-in-one notebook products of the specific brands. As the main platform or specification leaders often have a wide range of marketing channels around the world, this will help raise the value and volume of Elan's products and drive the growth of the operation.

The Pointing Stick (PST) module products are profiting in 2018. With only a single customer, Lenovo Group in America and China, the annual sales still grew nearly 30% largely due to manufacturers' promotion of commercial notebooks. In addition to continuously expanding the penetration rate of existing customers, the company is also fully committed to developing US customers. We expect this product to be mass-produced in the upcoming year.

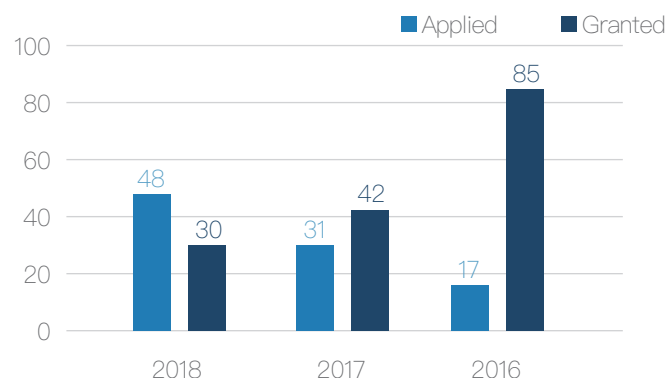
4.2 A sound patent system that encourages employees to innovate new products

Other 2-New product R&D

To encourage employees, Elan set up Intellectual Property Right & Legal Department, a unit dedicated to set generous bonus system for those who invent a new product. By putting forth a new innovation that has a market value and meets the eligibility requirements prescribed in the Domestic and International Patent Law, an employee can apply for patent awards according to Elan Patent Management Regulation, and submit a patent application to protect R&D achievement. The Intellectual Property Right & Legal Department currently holds regular meetings and gives bonuses to those that pass the initial review. If an application has been approved and a patent is granted, another bonus will be given as an appreciation to the developers. Elan's sound patent system effectively gives employees a sense of achievement, making this energy of creativity flows endlessly.

To protect the company's intellectual property rights internationally, after careful evaluation of Elan R&D personnel, patent applications are written and professional attorneys are brought in to assist in applying for patents in places such as the United States, Europe, China, etc.

Numbers of patent applied and granted(2016-2018)



4.3 Knowledge management system that accelerates the efficiency of new product technology integration

Other 2--New product R&D

Effectively reutilize the accumulated technology capabilities, and accelerate the efficiency of new product technology integration. Since 2014, the flow has guided the way to standardize development process of new products. Utilizing Elan's high degree of electronic operation, reference series documentations, consolidation of reference information areas and product development, various systems are combined into a single portal for new product proposals/development/verification process standardization. Since the launch of the online Knowledge Management System in February 2008, as of December 31st, 2018, up to 345,025 visitors logged in, and the number of files uploaded reached 48,515.

Setup of Knowledge Innovation Mechanism--Knowledge Management and Innovation

- Community
- Forums
- BI(Business Intelligence)

Setup of Knowledge Learning Mechanism--Knowledge Management Circulation with Added Value

- Planning Area
- E-learning
- Project Review
- Experts Yellow Pages
- Establishment of Operating(R&D)Process

Setup of Knowledge Sharing Mechanism--Knowledge Collection and Recycling

- KM(Knowledge Management)Portal Website
- Document Management System
- Personal specialized Area
- Department Folders and Bulletin Board

The implementation of the Knowledge Management System is divided into 3 stages, each stage has its own objectives and tasks.

First Stage

The goal of the first stage aims to form a culture of sharing. The Information Department focuses on the establishment of knowledge-sharing mechanisms, so that the knowledge gathered can be used again. At this stage, the main contents are file management and information.

Currently, the company set up systems including knowledge management portal site, document management system, personal specialized area, department folder, and Bulletin Board.

Second Stage

The second stage aims to move toward and become a learning organization. The information department focuses on the building up of the Knowledge Learning mechanism that allows knowledge circulation and along with the added values. At this stage, the main contents are experts and project management.

Currently, the company set up systems including specialized planning area, E-learning, Project Review, work (R & D) process, and expert's the Yellow Pages.

Third Stage

The third stage aims to form a culture of innovation, and the focus of the Information department is on the

establishment of knowledge innovation mechanism. At this stage, the main contents are community management and information for making strategic decisions. Currently, the company set up systems including project management, Project review, community discussion boards, forums, and Business Intelligence System.

Industry-university cooperative project

Elan Microelectronics continues to cultivate autonomous technology, and pays close attention to the academia and technology development trends, as well as the dynamics of the industry, Elan regularly looks for related professors and their research realms. At any time, in response to company future development, maintain a free-flowing communication channel within the industrial and academic circles. Moreover, when entering a new industry or field, we will first conduct an internal inventory of our own technological capacity, then consider the time demands, and look for relevant technological cooperative partners. If there are suitable partners, will reach out to them. After the two parties confirmed their willingness to cooperate, an NDA (Non-Disclosure Agreement) will be signed to protect intellectual property rights, ownership, and contracts. Elan is committed to the commercialization of the results of industry-university cooperation, creating a win-win situation. In 2018, Elan carried out seven industry-university cooperative projects with industry experts and the academic professors at National Chiao Tung University, National Taiwan University of Science and Technology, and Yuan Ze University. Metanoia, PiXORD, Avisonic and Elan H.K. have no relevant co-operation plans.

4.4 Product contribution in relation to world's trend

Other 9-Product contribution in relation to world's trend

Due to many reasons such as the extended life cycle of smartphones, the high penetration rate of many large markets, political and economic uncertainty, and the rising price of smartphones, market demand has slowed down. According to IDC latest research, global smartphone shipments reached 1.4 billion in 2018, an annual decrease of 4.1%. On the other hand, TrendForce notebook shipment report shows the total number of shipments in the first three quarters of 2018 reached 121 million, but it is expected to decrease 1.9% in the fourth quarter because of the shortage of CPUs. Therefore, the shipment of notebooks in 2018 is

expected to be 162.9 million units, an annual reduction of 0.13%.

In order to respond to the rapid changes in the overall economic changes and the all-time competitive industry, Elan continues to invest a large amount of research and development expenses, as well as engineering human resources in the technical improvement and application of touch and biometrics. Nonetheless, Elan also invests in artificial intelligence (AI) technology to strengthen product functions and reduce costs. With major orders from global manufacturers of all first-tier brands, Elan's 2018 shipments on Touch NB chips exceeded 17 million sets, ranking world's first in market share with an annual growth rate of 20% and a market share of 60% and more. In addition, more than 2 million smartphone chips, 4 million tablet chips, and 7 million fingerprint identification chips were shipped. Facing strong competition from the market, Elan still made an all-out effort.

At the same time, Touch Pad Module and Chip, another major product mainly used in notebook computers, currently has a global market share of over 35%, ranking second in the world and continuing to achieve the goal of becoming the world's first. To enhance the competitiveness of our customers in the international market, we continue to improve chip characteristics such as single chip, high voltage, low noise,

and low power consumption to achieve better performance. In 2018, the total shipments exceeded 66 million units, an annual growth of 16%. The addition of touch screen chips and touchpad dies and chips has built up Elan's major revenue and profit.



4.5 Product and service labeling

417-1, 417-2, 416-2

Major management policy—green product management Other-8

Policy and commitment

In order to protect manufacturers, users, and the earth, Elan has established strict standards for the raw materials used in the products from a wide range of reference/adoption of international hazardous substances standards. To ensure that our products are safe for people and the planet, Elan will continue to comply with environmental regulations and customer requirements by providing green products that meet the requirements of environmental management substances and establishing a complete Hazardous Substance Process Management System that brings awareness to the employees. In addition, we will urge suppliers to actively cooperate, in hope to enhance customers' confidence in the use of green products.

Resources

- Recruit hazardous material management professionals
- Set up Hazardous Substance Process Management System to effectively manage the ingredients and analysis reports of suppliers' materials

Management strategy

- In accordance with the international hazardous substance standards, amend the relevant provisions of the "Hazardous Substance Process Management Process Requirements", require supply chains to set effective management, prohibit/restrict the use of chemical substances, and place auxiliary materials used in the process under green product control.
- The Non-Conflict Minerals Policy has been formulated. In addition to Tantalum, Tin, Tungsten, Gold, an additional element – Cobalt has also been added for evaluation and control.
- Advocate Non-Conflict Minerals Policy on annual supplier conferences and declare that Elan is both Hazardous Substances Free and Conflict Free.

- Establish Green Product Management System (GPMS) that requires suppliers to respond to various types of valid test reports.

Medium-term and long-term plan

- Reduce environmental damage
- Improve product/brand awareness
- Prohibit conflict minerals
- Curb the development of conflict areas
- Consider a product, a supply chain can include alternative materials into Elan's Hazardous Substances Management Requirements
- Manage indirect materials/auxiliary materials used in production to avoid the exposure of green products to harmful substances

Performance in 2018

- Incorporate the Hazardous Substance Process Management Process Requirements into Montreal Protocol-ODs
- 100% complete rate of supplier's survey on conflict Minerals – Tantalum, Tin, Tungsten, and Gold
- No violations of information and labeling of product and service or other health and safety regulations

Highlights in 2019

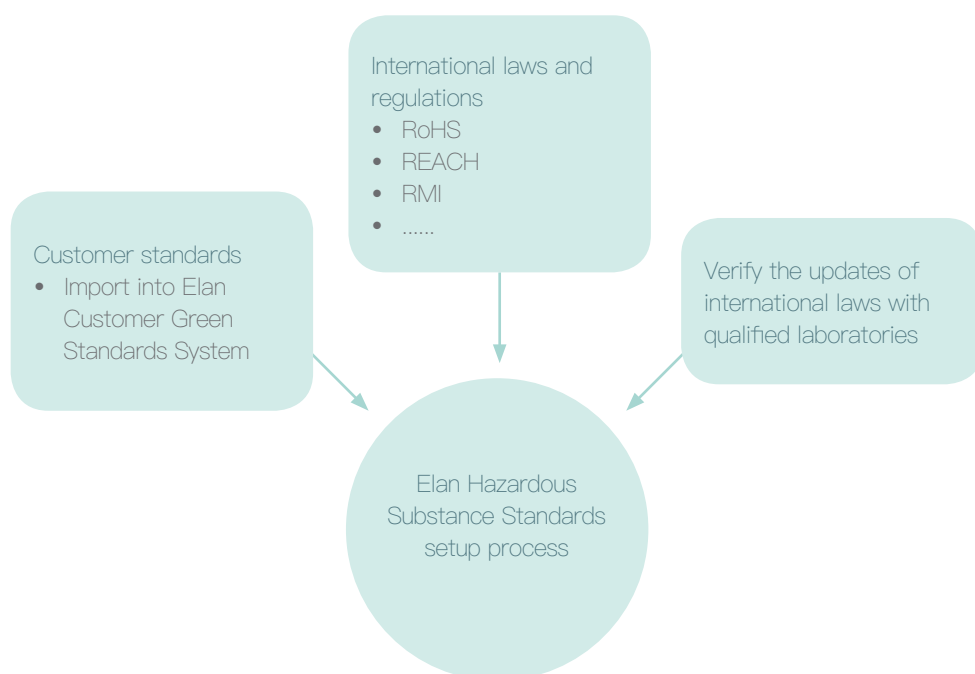
- Require supply chain to digitize the use of ODs
- Conflict Minerals Cobalt is included in the 2019 Supply Chain Survey, and supplier surveys recycle 100%
- Investigate the use of auxiliary materials in the supply chain (recovery rate needs to be 100%)
- Establish a system of auxiliary materials
- Include auxiliary materials into the Hazardous Substance Process Management Process Requirements
- No violations of information and labeling of product and service or other health and safety regulations

Corresponding to SDGs

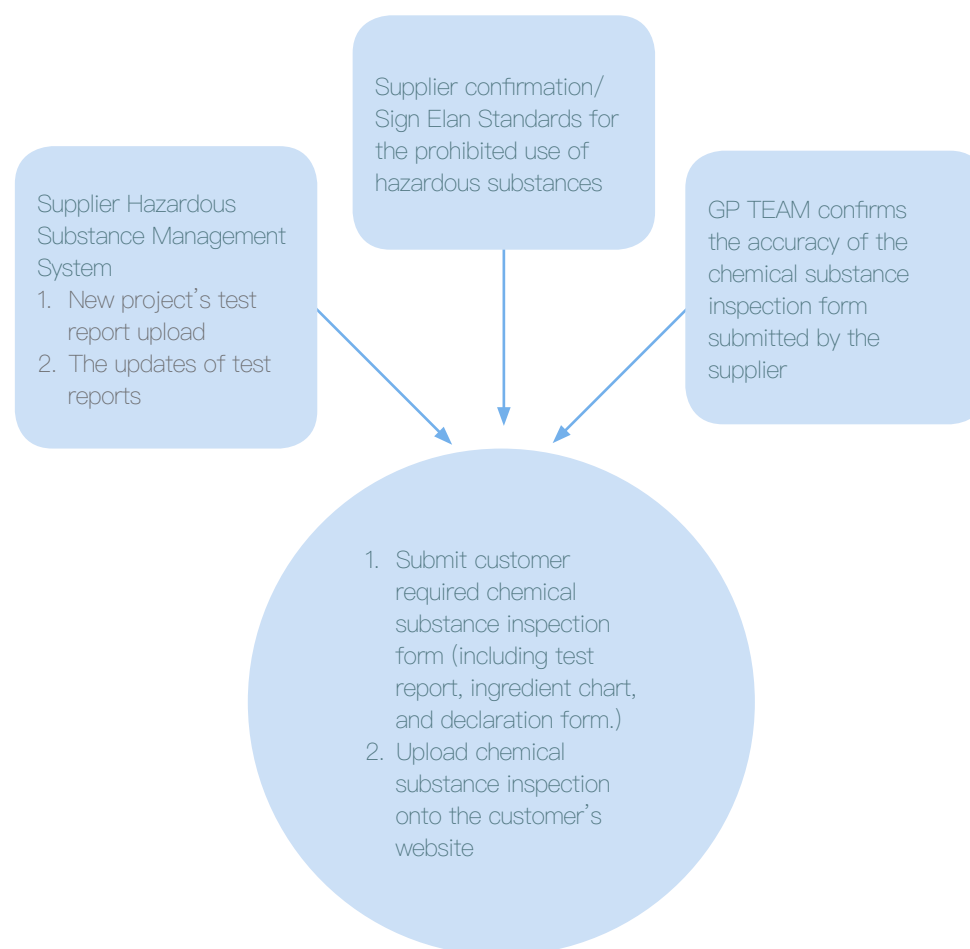


Elan wrote our Hazardous Substance Management Program Book based on international, industrial and customer standards for the prohibited/restricted use of hazardous substances. The Book is also used as the standard to manage the prohibited /restricted chemical substances use of our suppliers in order to strictly control all products, spare parts, materials, and to meet international, industrial and customer standards.

Elan Microelectronics Standards for the prohibited use of hazardous substances



Customer product confirmation submission process



- Include Hazardous Substance Management on the portal site: Codevelop the Green Product Management System with the MIS, integrate green product into the system, and have the QRA-GP personnel to keep current the information from time to time.
- Annual educational trainings: Each year, Elan conducts trainings on harmful substances to educate its internal staff and external suppliers.
- Pay attention to global environmental issues in the electronics industry and publish them on the GPMS.
- Keep track of the areas of conflict minerals, reconfirm the sources of the minerals used in the supply chain, and publish them on the GPMS.
- Labeling: When shipping, check whether the products are qualified to be affixed with relevant Green Logo labels (RoHS, SONY, without any Green logo label) on the carton boxes.
- Clear indications of the products' usage and limitations on Product Specifications: For TP module

specifications, in addition to the basic spec., dimension, and general descriptions, products should have a descriptive interface on applications and connector pin setting instructions to avoid design errors. Operating ranges such as maximum withstand voltage, current, temperature, etc. will also be labeled clearly.

Up until 2018, there are no offences leading to huge fines or related violations of products and services information regulations.

Subsequent disposal of the products and its environmental and social impact:

1. At present, Elan is scrapping the subsequent disposal of the product in order to reduce environmental hazards. For in-stock products, the Quality Assurance Department has implemented the Hazardous Substance Control System and QPN System to store related information on RoHS, MSDS (Material Safety Data Sheet), HF (Halogen-free), REACH, and Conflict Mineral provided by the suppliers.
- Go to Elan Microelectronics Document System to fill out a GP document application. QA will then handle the application and return related documents back to the customer.
- Copyright infringement: When cooperating with a new customer, an NDA (Non-disclosure Agreement) needs to be signed. Elan Legal Department will provide a standard document, or the other party can provide their own document. After reviewing the document, both parties should sign if there are no objections.
- Customer complaints: Agent/customer returns the NG sample and fills out a customer complaint form which can be found on Elan official website (under Customer Service System). Elan will then analyze

the sample determine responsibility. Finally, a failure analysis report will be submitted.

–If it is Elan's responsibility, make preventive measures and improvement plans.

–If it is Customer's responsibility, assist the customer in understanding real causes and improve quality.

RBA and CSR Investigation: Units in charge should respond to the customers according in answering company related questions.

2. New materials will go through BOM (Bill of Materials) management. BOM has Green Product rating requirements; Elan purchase orders also contain Green Product rating requirements.
3. To safeguard personnel's health and environmental safety, Elan shall comply with customer requirements for chemical substances. Therefore, when designing products, material selected shall all be in accordance with the designated Green Product specifications. Suppliers are also strictly required to limit or ban the use of harmful chemicals, and provide MSDS, SGS Verification Reports etc., for Elan to recognize and admit these materials. Multiple inspections and verifications are also done to once again ensure the safety of all chosen materials.

Elan Microelectronics Green Product Management System GMPS

0

In 2018, there are no offences leading to huge fines or related violations of products and services information regulations.

Elan Basic Requirements Index

	Substance name	Limited value
RoHS	Lead and Lead compounds(Pb)	When using electroless nickel plating or electroless gold plating, the coating result has a lead content of more than 800 ppm. 1. 1.The permissible concentration limit of lead in paint is less than 90 ppm; and less than 800 ppm in solder. 2. 2.The permissible concentration limit of lead in plastic (including PCBs), rubber, coatings, and inks is less than 100 ppm. 3. 3.The permissible concentration limit of lead for all other materials is less than 100 ppm.
	Cadmium and Cadmium compounds(Cd)	Applications: Plastic (including PCBs), rubber, coatings, inks, and the permissible concentration limit for all other materials is<2 ppm.
	Mercury and Mercury compounds(Hg)	ND
	Hexavalent Chromium compounds(Cr ⁶⁺)	ND
	Polybrominated Biphenyls(PBB)	ND
	Polybrominated Diphenyl Ethers(PBDE)	ND
	Di-2-ethylhexyl Phthalate(DEHP)	ND
	Benzyl Butyl Phthalate(BBP)	ND
	Dibutyl phthalate(DBP)	ND
	Diisobutyl Phthalate(DIBP)	ND
Halogen-free	Cl(Chlorine)	<700 PPM
	Br(Bromine)	<700 PPM
Packaging Materials	Cl(Chlorine)+Br(Bromine)	<1000 PPM
	Cd+Pb+Hg+Cr ⁶⁺	<70PPM

4.6 Customer service and customer rights

Elan has established entity stronghold layout and internet marketing in Shenzhen, Chongqing, Suzhou, Shanghai, Hong Kong and the United States. Aside from the bases, it has separated customer service, strategic planning and management centers. The company's website in both Chinese (Simplified and Traditional Chinese characters) and English also provides the latest information on the industry and the company, product catalogs are updated on a regular basis as well. Setting up this website exposes the brand and allows consumers around the world to quickly obtain product information. Nonetheless, the design of the website also gives the brand personality. Having no borders on the internet, Elan is able to connect with our consumers all around the world, thus strengthens the brand loyalty.

Elan provides our customers with a full range of communication channels through the Customer Service website. It enables customers to effectively control the status of the bilateral cooperation, manage and track important projects and application programs, and access relevant market information. Customer satisfaction surveys also help the company in gaining customers' feedback and perfecting the quality of our customer service. Such value-added service makes the company an even more ideal cooperation partner with scope and efficiency. Not to mention its asset in strengthening relationships with existing customers and developing new customers.

In addition to prioritizing customer requirements for the perfection of a product, we value the success of our customers as they are, in some ways, our success too. We exert continuous efforts in building long-term partnerships with customers, and are committed to providing the best service, increase customer satisfaction and become a trusted partner. We conduct regular customer satisfaction surveys to ensure that customer needs are understood and properly addressed.

4.7 Customer privacy protection

418-1

All levels of personnel in the company are well-informed and understand the importance of trade secrets. To be trusted by customers with great confidence is essential for a company to achieve an outstanding performance. By implementing Company's existing regulations and having company-wide support from all employees, no complaints on customer privacy violation or loss of customer information are received from 2014 to the present.

- President's declaration: Through Company's internal bulletin, the President exhorts all colleagues to fully implement confidentiality of customer information in order to increase and affirm the client's trust.
- Non-Disclosure Agreement: Cooperative development plans between Company and customers are covered by Non-Disclosure Agreement (NDA). By signing an NDA, the spirit of cooperation is respected. The client's requirements must be met and the mechanisms of bilateral cooperation and trade secrets have to be maintained.
- Adhere to integrity management and set the code of conduct: The company has established integrity management operating procedures and execution guidelines with its implementation delegated to the Intellectual Property Right and Legal Department, which committed in dealing with trade secrets. The department manages the development, implementation and monitoring of company in-house trade secrets. It is also responsible for the effective safe-keeping and preservation of the trade secrets to ensure their sustained confidentiality. Meanwhile, all employees are required to strictly follow the relevant trade secret rules against divulging company confidential information.

- Prototype Management Control System: In order to promote the efficiency of product development during R&D process, the customer's prototype is usually brought back to Company premises. The company has established a Prototype Management Control System where an engineer is assigned to oversee the safety and confidentiality of the customer's prototype.
- Website access control of cooperating manufacturer's: If a company wish to access to Elan's customer service or outsourcing interactive website, it needs to ask for permission from the relevant units first. Only after the access application is approved and an account number is provided, can such company be allowed to access Elan customer service website.

With extensive experience in mass production, Elan has become one of the leading innovators on the touch controller IC industry supply chain, and is involved in the specifications development with well-known brands on products such as Intel Ultrabook, Microsoft-Win 8 and Google Nexus 7. From IC technology development, product manufacturing (OMD plant) to mass production implementation, Elan's worldwide supply chains provide products at competitive prices in the shortest time possible and fast services that meet customers' requirements. Each department works closely together to offer global integrated logistics, shorten delivery lead time and increase the rate of meeting customer order requirements and inventory turnover. At the same time, Elan will further exert efforts in reducing inventory and transportation costs.

4.8 Customer Satisfaction Survey

Major management policy – product quality and customer satisfaction 416, 417, 418

Policy and commitment

Putting the customer first, valuing customer satisfaction and meeting customer expectations are essential to Elan's sustainable operation. With 1–2 satisfaction surveys per year, we can understand customer needs and improve product service quality. By meeting the customer needs, we can win their trust and become a long-term partner of theirs.

Resources

- Sales Department, full-time Quality Assurance Department staff
- Customer service and customer satisfaction survey page on the company's official website

Management strategy

- Elan Microelectronics conducts online surveys annually on customer satisfaction of our key customers or agents of each product line. Customers and agents rate Elan of its delivery period & quantity, IC quality, customer service & complaints, technical services, sales services and many other items. Score and response rate of the surveys are included as KPIs of the Sales Department. Finally, the results are submitted to the relevant departments for review.

Medium-term and long-term plan

Continuously improve customer satisfaction and create a win-win situation for leading manufacturers, customers, Elan, suppliers, and agents.

Performance in 2018

- Customer satisfaction response rate of 83%
- Customer satisfaction score is maintained at 80/100 points and higher

Highlights in 2019

- Continuously improved response rate and scores
- By setting response rate and score as annual key performance indicators (KPIs), the overall customer satisfaction and the company's competitiveness increased.

Corresponding to SDGs



Elan conducts e–Customer Satisfaction Survey twice a year with various product lines' key customers and agents. The survey is categorized into areas such as Delivery and Quantity, IC Quality, Customer Service and Customer Complaint, Technical Services, Marketing Services, etc. The results of the survey are submitted to related departments for further analysis. Since 2014, the Company has included the overall response rate and the score received on the Customer Satisfaction Survey as a part of the department's KPI items (this policy is also applicable to Elan Hong Kong).

ELAN

1. Elan conducts the Customer Satisfaction Survey both in the middle and toward the end of each year as evaluations of Elan products and services from customers' perceptions. Items included in the statistic are as follows:
 - Customer Satisfaction Survey
 - Dissatisfied Items
 - Sales / Technical Service
 - Effectiveness of the countermeasures
2. Emphasize on the items with low satisfaction and propose corrective and preventive measures. Sales personnel have to understand the reasons for customer dissatisfaction, make improvement actions and confirm the effectiveness of the countermeasures.
3. CSR–related topic was added in the 2018 Customer Satisfaction Survey to evaluate customers' satisfaction on the information Elan disclosed in the CSR report. The topic is as follows: Does the information disclosed on the corporate social responsibility report satisfy customer needs?

4. 2018 Elan Microelectronics (Hsinchu) Customer Satisfaction Survey results:

- Elan Microelectronics (Hsinchu) Customer Satisfaction Survey. In 2018, a total of 86 surveys were sent, and the response rate was 100%.
- In 2018, Elan achieved a 100% response rate on our customer satisfaction survey. In the upcoming year, we will continue to cooperate and communicate with customers, and provide the best product technical and sales services as possible. Customer requirements and recommendations are viewed as highest priority at Elan Microelectronics.

5. Elan Microelectronics (Zhonghe) Customer Satisfaction Survey. In 2018, a total of 45 surveys were sent, 30 were collected and the response rate was 67%.

For the three items with the lowest score, the Sales Department will discuss with the relevant department head for improvement measures.

80

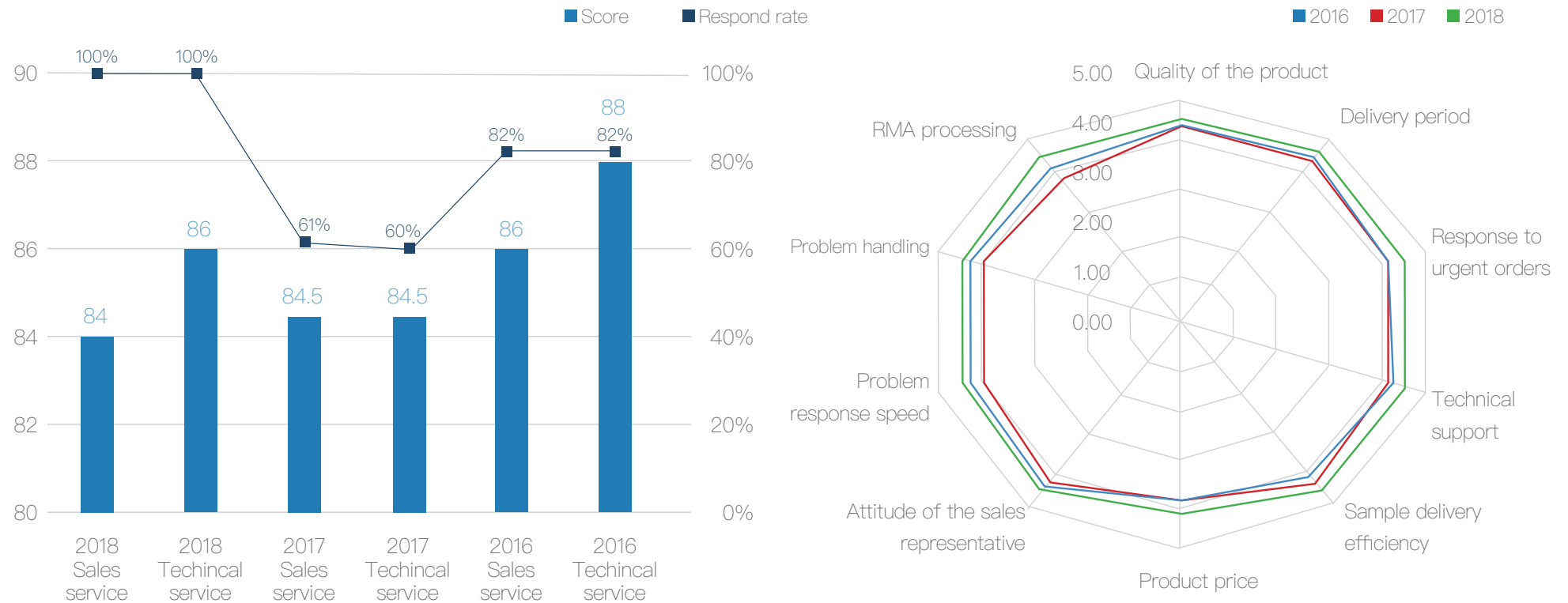
Customer Satisfaction Survey
Averaging 80 or above

83%

Customer Satisfaction Survey
Respond rate 83%

Review item	Department in charge	Solution
Product price	Purchase	Shared material: Import two or more manufacturers to compare price. Exclusive supplier parts: Bargain according to the original operating procedures. Customer–specified materials: Purchase according to that specified by the customer.
	Sales	Volume purchasing to cut down prices.
Response to urgent orders	Production Planning	stock a reasonable amount of shared materials with long delivery period, in case of urgent orders.
Problem/ RMA processing	R&D	Work deadlines are set for the engineering manpower. Should there be any delays, direct supervisors will take the initiative to intervene.
	Sales	Upon receiving of a problem, notify relevant units at once for resolutions.
	QA	A new manager is added to China base to serve customers in a timely manner.

Elan Microelectronics (Hsinchu) 2016–2018 Customer Satisfaction Survey



Metanoia

Conduct an e–Customer Satisfaction Survey on its clients and agents every year. The survey focuses on sales, R&D, Technical Support, Quality of Production Management, supplier, and overall. The results of the survey are submitted to relevant departments for review.

According to this year’s Customer Satisfaction Survey results, average scores in Sales and Technical Support increased significantly compared to last year. The increase in Sales was probably due to Sales personnel’s periodical communication with the customer on product delivery period and regular visits of PM. As for Technical Support, Project NRE had been added in 2018 to asset customers on customization needs. Compared with the results of the 2017 survey, it shows that the overall performance of the company in 2018

has clearly improved, and the existing service standards have also been well–maintained.

PIXORD

Conduct an annual e–Customer Satisfaction Survey with its major customers and agents. The survey covers areas such as Product Design, Order Delivery, Customer Service and Complaint, Technical Service, Sales Service, etc. The results of the survey are later submitted to relevant departments for review.

Compared with the results of 2017, the score in the Satisfaction with the Overall Service has increased, especially in Personnel’s Service Attitude and Maintenance Speed. Scores in Product Packaging Method and Product Delivery Period have slightly reduced and need to be strengthened. PIXORD hopes to enhance the company’s personnel training on market trends, so

that it can develop products simultaneously with the market trends. Nonetheless, the company will continue to maintain the high service quality of its personnel and improve its overall shortcomings such as accelerate the delivery period and coordinate with customers to create a win–win situation.

Avisonic

Conduct an annual e–Customer Satisfaction Survey on its major customers and agents. The survey focuses on areas including Sales, R&D, Technical Support, Production Management Quality, Agent, and the Overall Performance. The results of the survey are submitted to related departments for review.

The survey was sent to the five main customers of Avisonic in 2018. Our company sent out the Customer Satisfaction Surveys in April 2019 and successfully collected all of them within two weeks. For the analysis of the 12 questions on the survey is shown in the chart above. A customer suggested Avisonic to provide more new products and education trainings for operating software tools. In response, the company arranged engineers to travel to China on May 13 to 17 to introduce customers to the complete systematic new products and hold educational trainings on operating software tools.

The results of this year’s Customer Satisfaction Survey will be reviewed by internal departments and we will strive to grasp the product requirements of the target markets. Last but not least, by enhancing product specification accuracy, shortening product specification evaluation and R&D time, and improving product and service quality to meet customer demands, we will do our best to create a win–win situation.



5.SUPPLIER MANAGEMENT AND RISK MANAGEMENT

5.1 Supplier strategy

5.2 Key Performance Indicator, management process optimization, and electronization

5.3 Risk management

Critical Supplier Survey: 100% of the suppliers had signed Supplier Social Responsibility Commitment and Business Ethics and Code of Conduct.

69% of Elan's suppliers are from Taiwan.

92.7% KPI achievement rate throughout the company.

Quality System Risk Assessment results: 100% low risk

100% of the environmental/safety and health risk management items have been proposed and improved.



5.1 Supplier strategy

308-1, 308-2, 103-2, Other-Supplier Strategy

Major management policy – sustainable supply chain 414
Other-3 308 204 Other-8

Policy and commitment

Suppliers are important partners of Elan Microelectronics. Elan follows the Code of Conduct for Responsible Business Alliances as a supplier environment and human rights management policy. It promises to promote the quality and delivery of the overall supply chain in addition to the promotion of corporate social responsibility. The supply chain has been urged to attach importance to human rights, environmental protection, health and safety, strengthen supplier ESG (Environmental, social and governance) management, and cooperate to develop a sustainable supply chain.

Resources

Under the CSR Committee, an RBA Promotion Team (Membership Performance Management Office, Human Performance Management Department, Quality Assurance Department and Public Resources Department) will be established.

Management strategy

- Annual supplier audit
- Annual Supplier Conference
- Monthly outsourcing meeting
- Stakeholder Questionnaire

Medium-term and long-term plan

Elan Microelectronics hopes to become a long-term partner of coexistence and co-prosperity with our suppliers. In addition to taking into account the quality, delivery period and price of suppliers' products, the company has established a "Corporate Social Responsibility Management System and Promotion Plan" in accordance with the Responsible Business Alliance Code of Conduct (RBA, formerly known as EICC). We expect suppliers to focus on ethics labor & human rights, environment, health & safety, and management systems, fulfill their corporate social responsibility, and do a good job on risk management and operation plans.

Performance in 2018

- In 2018, the company introduced RBA training, and launched RBA audit activities for specific brand customers at the end of the year.
- Significant suppliers have signed the "Supplier Social Responsibility and Business Ethics Consent".

Highlights in 2019

In 2019, the RBA Audit Annual Plan was established, requiring suppliers to sign supplier social responsibility and business ethics consent, and commit to comply with corporate social responsibility, and accept document/site verification for continuous improvement.

Corresponding to SDGs



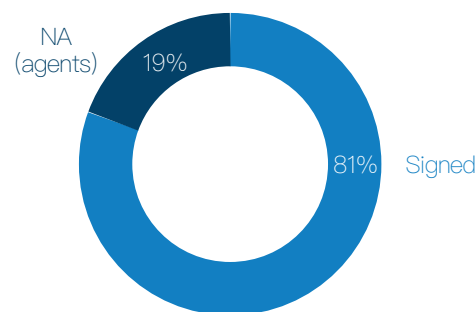
Elan Microelectronics supplier strategy focuses on ensuring the quality, price and delivery period our suppliers provided are meeting Company's needs. The operation of the suppliers should coordinate with Elan's planning and development to stay competitive in the industry. In addition to putting customer needs first and perfect our products, we also value customer success as it is also Elan's success. With sustained efforts to establish a far-reaching partnership with our customers, Elan is committed to providing customers with the best service, increasing customer satisfaction, and becoming their long-term trusted partner. Customer Satisfaction Surveys are conducted regularly to ensure that customer needs are understood and properly addressed.

In response to customer demands, we encourage suppliers to match up to Company's policies and continuously require suppliers to comply with environmental regulatory, provision of green products, and ban the use of hazardous substances. For the processing of raw materials, suppliers have to guarantee that their products are free of internationally prohibited substances harmful to the environment and ensure compliance with the GP Spec. requirements of the customer, RoHS, REACH of the EU, and other government requirements (e.g., Conflict Minerals Survey). Questionnaires, performance evaluations, and on-site audits are carried out to ensure a supplier's quality, cost, delivery period, service, and goal setting standards. By doing so, we hope to localize suppliers, strengthen the supply chain, and finally, diverse risks.

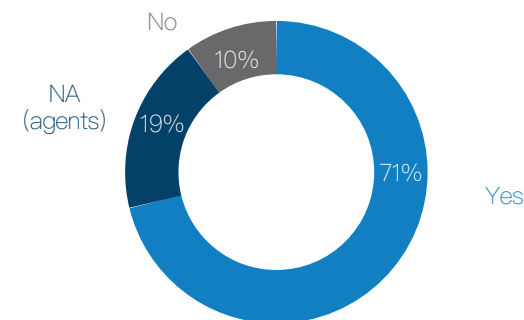
In 2018, 90% of Elan suppliers participated in the online Supplier Conference, and completed the follow-up online tests as. Not only did we advocate Elan's latest Green Product Policy and give updates on Elan CSR promotion progress, by holding this annual Supplier Conference, we are able to further discuss the advocated topics and achieve common goals in Green participation and CSR promotion.

Since 2018, important suppliers in Taiwan and China have been surveyed about: (1) Whether the supplier provides a CSR report. (2) Whether the supplier holds a 2015 ISO 9001 certificate. (3) Whether the supplier holds a 2015 ISO 14001 certificate. (4) Whether the supplier holds an OHSAS 18001 certificate. And the results are as follows: 100% of Elan important suppliers had signed Supplier Social Responsibility Commitment and Business Ethics and Code of Conduct.

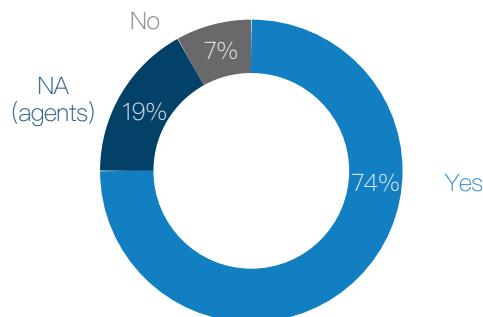
Whether the supplier provides a CSR report.



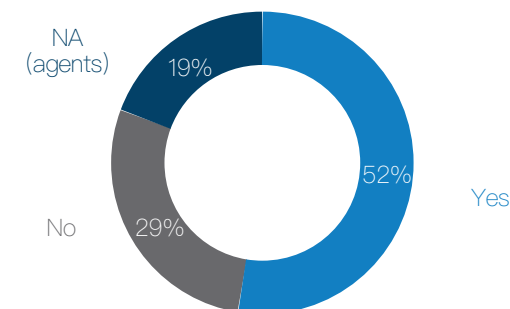
Whether the supplier holds an ISO 9001 certificate.



Whether the supplier holds an ISO 14001 certificate.



Whether the supplier holds an OHSAS 18001 certificate.



Note: The definition of an important supplier refers to a manufacturer that accounts for 80% of the company's supplier transaction amount.

In addition to the existing evaluations, have our suppliers sign the Supplier Social Responsibility Commitment and Business Ethics and Code of Conduct, and confirm the validity of a supplier's ISO 9001, ISO 14001, OHSAS 18001, and ISO 45001. Currently on Elan electronic document system, we've set reminders for the suppliers on the validity of the certificates. A supply chain partner will receive notifications from the system when any of their certificates is expired.

Mechanism integrated into the organization's supply chain

Supplier management and evaluation methods are defined in the Supplier Management Procedure and Module Supplier Management Procedure. The Quality Assurance Department must carry out monthly supplier evaluations, communications, and meetings; conduct annual supplier audits on items including quality system and management of hazardous substances; and perform unscheduled inspections on package reliability monitor, FT product yield control, and abnormality management (production abnormality management, incoming material abnormality management, and major abnormality management).

In response to specific requirements of brand customers, Elan began to introduce the Responsi-

ble Business Alliance Code of Conduct RBA 6.0 in early 2018. At the end of last year, some suppliers' field audits were completed, and the improvement progress was gradually monitored through monthly meetings. From 2019 onwards, the annual RBA audit plan for relevant major suppliers will be scheduled, and RBA team members will be dispatched to follow the existing annual supplier audit activities and conduct environmental standards/social standards related screening for suppliers. As for new suppliers, the initial stage of the cooperation requires the signing of the "Social Responsibility and Business Ethics Consent" and the completion of the RBA-related forms as a basis for preliminary understanding of the supplier's social environmental standards/social standards, and then the Elan Supplier Selection Procedure.



Audit

2018 supplier audit results

Elan Microelectronics Hsinchu (Headquarters)

In 2018, a total of 22 suppliers have been audited on-site, and all reached the qualified supplier evaluation criteria of 80% or more. Looking at the audit results, however, on Green system score, some suppliers are unable to meet the overall Qualified Supplier Evaluation Criteria. Although the suppliers meet the international standards, Elan's requirements, and the requirements of RoHS and REACH, they still need work on obtaining the relevant documents and certificates. In the short-term, the suppliers will provide corrective measures within a time limit. In the medium and long-term, Elan will continue to keep track of the preventive measures provided by the suppliers, and their effectiveness.

Elan Microelectronics Zhonghe

Elan Zhonghe factory follows the Supplier Quality Management Procedure. To import new suppliers, the R&D Department or the Purchasing Department will first search for suppliers that best fit our needs. Then, the Purchasing Department will convene the QC and the R&D to conduct on-spot evaluations using a "Trading Manufacturer Quality Checklist" and record the results onto a "Material Purchase Request Form". Finally, the Purchasing Department will write down the qualified suppliers up onto the "Qualified Suppliers List".

Elan Zhonghe factory employs the key supplier evaluation & audit procedure to inspect raw materials, with main focuses on PCB and SMT. In 2017, 1 supplier received Grade A, 4 received Grade B, and 4 received Grade C. As for 2018, a total of 8 PCB and SMT suppliers were audited. Among them, 4 received Grade A, and the other received Grade B. (Reduced transactions with 1 supplier due to capacity problems, hence it had not been counted as a key supplier in 2018.) On aver-

age, each manufacturer had improved significantly this year. In the future, we will continue to provide guidance to our suppliers through monthly audits and improvement meetings, and urge suppliers to improve in order to meet our requirements.

Metanoia

According to the Supplier Management Procedure, a new supplier is first introduced by the R&D Department or the Purchasing Department based on their needs. The manpower, facilities, equipment, and operations of the supplier will then be examined through a formal evaluation. Suppliers that meet the quality requirements pass the first evaluation. Finally, the Engineering Department, Quality Assurance Department, and Production Management Department will conduct a final on-site evaluation.

PiXORD

According to the Procurement Management Procedures, types of suppliers to be evaluated include: goods, processing, parts, and mechanical. They are evaluated annually on their delivery and quality based on the "Supplier Periodic Evaluation Form" on Elan electronic document system.

Evaluation results & follow-ups:

©2018: 116 qualified suppliers and 0 unqualified suppliers.

©2017: 108 qualified suppliers and 2 unqualified suppliers.

The unqualified manufacturers were confirmed to have a batch with packaging that does not conform to the acknowledgment. Since this doesn't affect product function, their products are accepted.

©2016: 134 qualified suppliers and 2 unqualified suppliers.

The unqualified manufacturers were confirmed to have a batch with labels that does not conform to the acknowledgment. Since this doesn't affect product function, their products are accepted.

Follow-up assessment and inspection methods for qualified manufacturers:

Based on the qualified manufacturer return records, suppliers with a monthly return of three batches or less are continue to be listed as qualified manufacturers. In contrast, suppliers with more than three returns are inspected and given a limited time to improve. If a supplier has had no return history for three consecutive months, upon QA supervisor's approval, it can be exempt from the inspection, and its products can be delivered directly to the warehouse. However, one batch of return will send the supplier back to normal inspection procedures.

Avisonic

To remain competitive within the industry, ensure suppliers' product quality and delivery period are meeting the company's requirements and develop qualified suppliers, and perform on-site assessments regularly. After the assessments, related departments have to review and make necessary adjustments to make sure the suppliers operate in line with the company's production planning and development. Based on the return records, suppliers with a monthly return of three batches or less are continue to be listed as qualified manufacturers. In contrast, suppliers with more than three returns are inspected and given a limited time to improve. At present, all suppliers are ISO certified companies. In 2018, no suppliers have had return records, meeting company standards.

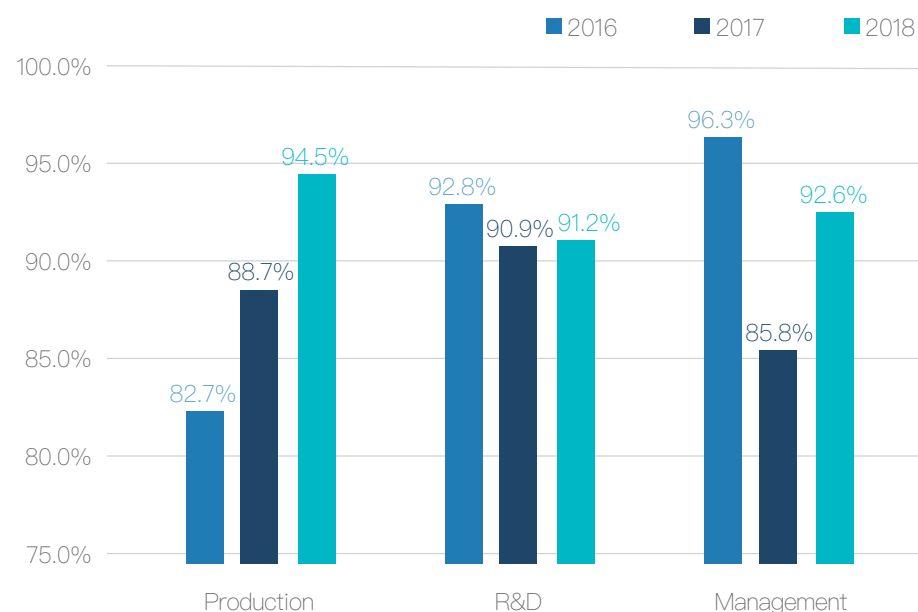
ELAN Hong Kong

ELAN Hong Kong is an invoice and customer service center. Therefore, no supplier-related evaluations have been conducted.

5.2 Key Performance Indicator, Management process optimization and electronization

Other 4–Management Key Performance Indicator, Other 2–New Product R&D

KPI average achievement rates for the past three years are as follows:



As of 2018, Elan has a total of 44 departments needed to set their Key Performance Indicators (KPI) and a total of 407 KPIs were generated. Every year, heads of each department are in charge of setting department objectives for next year by the end of December. After gaining approval from the president, projects are imported into the department's KPI system early in the year. Department objectives should be annual goals that are feasible and measurable. Monthly quality meetings will be held by the Industrial Performance Management (IPM) for the president or quality management representatives to review KPI achievements of each department. For departments that are not achieving their goals for the month/quarter/half-year, explanations and improvement plans are to be heard.

The KPI rate of the Production Department significantly increased mainly because the department changed the PST product from the original gold processing to the electroplating gold processing, which has greatly improved the process yield. Therefore, the KPI increased from 82.67% to 88.7%. The KPI rate of the management unit was lower compared to 2016. The decrease was mainly due to the fact that the Financial Department failed to achieve two KPIs due to exchange losses; the

Business Department failed to introduce key customers, leading to a sales performance lower than the standard. In addition to proposing improvement measures, the two factors were included in the 2018 KPI for follow-ups.

Management process optimization and electronization Other 2–New Product R&D

To ensure human difference and negligence are excluded during the execution of an operating procedure, all the standard operating procedures have been electronicized. Management, processes and procedures of the information system are all strictly defined. From Elan self-constructed ERP system, R&D knowledge management, information/data analysis and feedback to decision-making management, the promotion of this highly electronic management reflects Elan's emphasis on the process-oriented management. Consistent with the Company's entrepreneurial spirit, Elan makes every effort to promote standardization.

A full range of information system and e-platform that not only cover internal systems, but also combine external customers and outsourcing manufacturers. As of December 31, 2018, there were a total of 1,224 web applications and 1,750 electronic forms.

5.3 Risk Management

Other 8-Risk Management

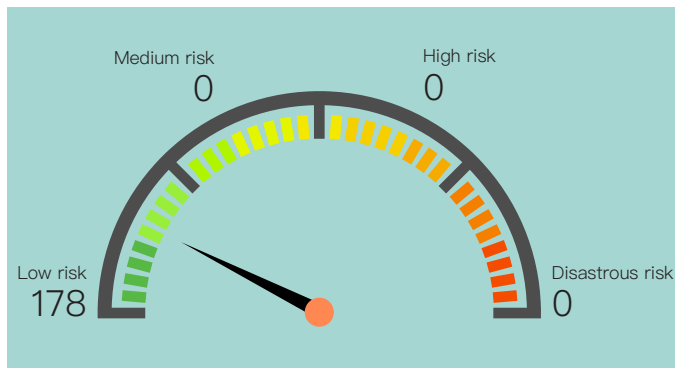
With global business risks continue to rise, Elan employed relevant risk management assessments to help reduce operational risks. The evaluation items are as follows:

1. Quality/Environment/Safety System Risk Management Assessment
2. Research & Development Risk Management – DFMEA
3. Financial risk management
4. Design implementation control and crisis management procedure

Quality/Environment/Safety System Risk Management Assessment

In 2018, Elan implemented ISO 9001, ISO 14001, and OHSAS 18001 risk assessments which all take the form of scale, calculations are as follows. The scale is described as follows:

2018 ISO 9001 Risk Evaluation Chart



• ISO 9001 Risk Assessment:

Severity (0~4), Probability (0~4), Risk Level = Severity x Probability.

Risk is categorized into 3 levels: High Risk (H), Medium Risk (M), and Low Risk (L).

High Risk (H): Necessary actions must be taken to reduce risk.

Medium Risk (M) and Low Risk (L): Whether or not an improvement is to be made depends on the effectiveness or likelihood of the improvement.

• ISO 14001 Risk Assessment:

Every year, the company conducts environmental inspections and risk assessments for projects with environmental concerns. Then, develop management policies according to the level of risks, conduct improvement operations, and review them at management review meetings. A total of 194 risk assessments had been carried out for ISO 14001 in 2018, and 5 environmental improvements were proposed. By the end of 2018, all improvements have been made except waste management of Elan Zhonghe which is expected to be completed in September 2019.

In this formula, $R = F \times C = (O + D) \times \{I + S + L\}$
R(Risk Assessment)

F(Frequency): The frequency of an incident(1~10)

In this formula, $F = O + D$

O(Occurrence): The probability of an incident(1~5)

D(Detection): The detectability of an incident(1~5)

C(Consequence): The severity of an incident (1~10)

In this formula, $C = I + S + L$

I(Impact): The scope of impact on the environment(1~ 4)

L(Laws): Potential risks in laws and regulations(1~3)

S: The degree of impact on people, things and environment(1~3)

• OHSAS 18001 Risk Assessment: 403-2

Elan conducts an in-plant risk assessment every year. The Industrial Safety Office form a risk assessment by convening staff working in different operations. Before the assessment, a group meeting is held. After understanding the procedures and precautions of the assessment, a risk assessment form is filled out. Then, the Industrial Safety Office will integrate the data, and send it to the relevant executives to evaluate the feasibility. Finally, management representatives will do final confirmation before conducting the assessment. During this period, If the stakeholders propose other suggestions, an Occupational Safety and Health Conference will be held to evaluate the feasibility. The suggestion is carried out and followed-up in Occupational Safety and Health Conferences later on.

There are six risk levels. Level 1~6 are acceptable risks, to be continued observe and improve. Level 1~2 are unacceptable risks and need to be reviewed and managed first. Corrective measures will be implemented after careful planning. In the 2018 Risk Assessment, Elan Hsinchu had evaluated 181 items, whereas Elan Zhonghe had assessed 566 items.

In 2018, 5 management suggestions were proposed

Elan Hsinchu:

Suggestion 1: Removal of littered cigarette butts in the drainage holes around the company area which may cause fire.

Incident: A large amount of white smoke was found in the drainage hole of the 1F outdoor smoking area. On the spot, a large amount of cigarette butts and waste were found below.

Improvement: Cover the drains with filter and monitor them with cameras.

Results: No similar incidents have happened since.

Suggestion 2: Prevent personnel from bumping into bookshelves in the office that have sharp corners.

Incident: After taking things from a cabinet, a staff got up, hit the bookshelf above, and injured his forehead.

Improvement: Installed a crash pad in the sharp corners of all bookshelves.

Results: Due to the use of double-sided adhesive, the adhesive force is insufficient, resulting in serious damage to the crash pad.

Follow-up: Subsequent treatment with a more suitable adhesive.

Elan Zhonghe:

Suggestion 1: Reduce noise from the press machines during manufacturing.

Incident: When operating a press machine, loud noise will be generated instantaneously. This noise could be as loud as 104.8dB(A), which is much higher than the specified <90dB(A).

Improvement: After covering the machine with shock insulators, the noise reduced to 80.1dB (A), in line with the standards.

Suggestion 2: Provide a safe workplace and prevent personnel from slipping injuries.

Improvement: The female toilet is clean, but the floor is slippery.

Improvement: Install fans in the restroom with controllable power supply and adjustable wind direction, provide a safe workplace and reduce the risk of slipping injuries.

Suggestion 3: Prevent electric leakage of drinking fountains.

Incident: When taking water from the drinking fountains, water can be splashed easily onto the electrical equipment, causing electric leakage that may do harm to our staff.

Improvement: Replace all sockets that may cause electric leakage and attach anti-scalding device to prevent the occurrence of hazards and meet the standard.

The relevant results are reported at the management review meeting and announced to the company staff.

Research & Development Risk Management (DFMEA)

New product development is the driving force of Elan sustainable development and the key factor in maintaining competitiveness. Figure out ways to reduce costs and shorten production time of new products is extremely important in the development stage. Therefore, Elan implemented risk assessment tools and the Design Failure Mode and Effects Analysis (DFMEA), hoping that potential defects and problems in the products or the manufacturing process can be found at the early design stage. Also, establish specific measures to prevent and reduce the occurrence of these potential failures and decrease the frequency of abnormality and product development uncertainties.

Steps to implementing Design Failure Mode and Effects Analysis (DFMEA)

- Set up cross-functional teams. Strip out quality characteristics, potential drawbacks items, or possible failure modes of the product or during the production process.
- With the Severity (S), Occurrence (O), and Detectability (D) of a failure problem, analyze the Risk Priority Number (RPN).
- Finally, based on the severity and the Risk Priority Number, set improvement priorities and propose improvement measures. Responsible units and personnel are to perform improvement measures and later evaluate whether the Risk Priority Number and the severity of the risk is reduced.

Through implementing the DFMEA, learning from past mistakes and experiences, and having standardized design and verification, Elan has built up a solid risk prevention and detection mechanism. In 2016, the RPN of each item has gone below the standard value. Items with higher severity have been reviewed regularly and monitored at all time. Preventive actions could be taken immediately when necessary.

Financial risk management

To strengthen the management of accounts receivable, a set of Customer Credit Line Appraisal System was set up and put into use in November 2014. Accounts receivable risk control procedure:

- Distinguish customer credit risk level: Evaluate ordinarily financial indicators; double check the customer's credit status when applying for a credit line; submit a notification on the order when abnormality occurs in the credit assessment index; obtain approval and signature of a manager when a shipment exceeded the quota.
- Customer Credit Rating System is used. Meanwhile, customer information is maintained on a quarterly basis to reduce the risk on accounts receivable.

Design implementation control and crisis management procedure

- In the Design phase: Sales personnel, Project Management personnel or Customer Service engineers need to sign the products specifications and services with the customer, provide project bug lists, examine project-related problems with the customer on a regular basis, and preserve the meeting minutes.
- In the Mass Production phase: Project Management personnel, Customer Service engineers and the Quality Assurance Department jointly collect Customer Complaint Analysis reports, provide production test card control value adjustment AP pilot production reports, and preserve the meeting minutes.

6.INDUSTRIAL RELATIONS AND PUBLIC SAFETY

6.1 Commitment to Corporate Social Responsibility

6.2 Workforce practices and decent work

6.3 Employee benefits and salary

6.4 Elan occupational safety and health policy

6.5 Health management

6.6 Emphasis on workplace safety, zero occupational hazards in 24 years

6.7 Employee training and development

6.8 Zero-distance communication with the employee and full-range complaint channels

	2018	2017	2016
Female employee ratio (%)	38	37	34
Educational training per capita hours (hours/year)	9.86	3	7.9
Employee health check participation (person)	895	845	735
Turnover rate	10%	13.60%	14.20%
Zero occupational hazards in 24 years			



6.1 Commitment to Corporate Social Responsibility

In accordance with international recognized standards, Elan is committed in upholding human rights for all employees and staff including our suppliers, outsource subcontractors, and agents. We are dedicated in eradicating child labor, forced and compulsory labor as well as in monitoring forced/compulsory labor grievances and child labor hiring.

Elan is aware that:

1. Continuously put in human recourse and educate employees are essential in distinguishing and solving issues involving workplace safety and hygiene.
2. Environmental responsibility is an integral part in the production of world-class products. We need to minimize the adverse impact on the environment and natural resources while protecting the public's health and safety at the same time.
3. To comply with the social responsibility requirements and achieve a continued increase in market share, we and our suppliers, outsourced manufacturers, and agents must adhere to the highest standards of ethical requirements.

Being a good corporate citizen, Elan fully supports the Electronic Industry Code of Conduct (EICC). We are complying proactively to its recommended guidelines on management system in conformity with its standard requirements.

6.2 Workforce practices and dignity of labor 202-2

High-quality personnel are always a company's greatest assets and what makes it competitive. Elan's employees were graduated from well-known domestic and foreign educational institutions and are elite with years of practical experiences. Every year, the company recruits dozens of new personnel with professional competence and wiliness for new challenges. With this said, Elan nurtures a large number of R&D elite. It is thus clear that the company R&D staff, being the most valuable asset to Elan, are continuously being infused with new blood to fuel more kinetic energy into the company R&D group.

Among Elan's subsidiaries; Metanoia Communications Incorporated, Avisonic Technology Corporation, and PiXORD Corporation are all IC design companies with major operations based at Hsinchu headquarters, where the core R&D personnel is located. Another subsidiary, Elan H.K. Microelectronics Corporation, is an import and export trading company. Hence, its main operation is based in Hong Kong. The proportions of high-level management personnel in 2016~2018 are the same.

The percentage of high-level management personnel being local residents



Note: Local Resident here refers to people who reside in the Group's setup location, Elan, Metanoia, Avisonic, PiXORD are in Taiwan; Elan H.K. is in Hong Kong

2018 New/Resigned employee structure (401-1)

2018		Sex	Age	Taiwan				Hong Kong	Total	
				Elan	Meta-noia	Avisonic	PIXORD	Elan H.K.		
		Male	< 30	41	1	0	4	0	46	
			30 ~ 50	13	3	0	3	0	19	
			>50	0	0	0	0	0	0	
		Fe-male	< 30	51	0	0	0	0	51	
			30 ~ 50	9	0	0	2	0	11	
			>50	0	0	0	0	0	0	
		Re-signed	Male	< 30	28	1	0	2	0	31
				30 ~ 50	20	9	2	0	0	31
>50	4			0	0	1	0	5		
Fe-male	< 30		29	0	1	0	0	30		
	30 ~ 50		8	0	0	0	0	8		
	>50	3	0	0	0	0	3			
Recruitment Rate (In sum)				11.90%	8.20%	0.00%	27.30%	0 %	11.80%	
Male				9.10%	11.10%	0.00%	30.40%	0.00%	9.60%	
Female				16.20%	0.00%	0.00%	20.00%	0.00%	15.50%	
Turnover Rate (In sum)				9.60%	20.40%	9.68%	9.10%	0.00%	10.00%	
Male				8.80%	27.80%	8.00%	13.00%	0.00%	9.90%	
Female				10.80%	0.00%	16.70%	0.00%	0.00%	10.20%	

2018 Full-time and temporarily employee (102-8)

Company Name	Sex/ Num- ber of people	Labor Contract			Employee Type		Region	
		Regular	Not Regular	Worker	Full-time	Tempo-rary	Taiwan	Hong Kong
Elan	Male	577	14	6	591	6	597	0
	Fe-male	367	3	6	370	6	376	0
Meta-noia	Male	36	0	0	36	0	36	0
	Fe-male	13	0	1	13	1	14	0
Avisonic	Male	25	0	8	25	8	33	0
	Fe-male	6	0	9	6	9	15	0
PIXORD	Male	19	4	0	23	0	23	0
	Fe-male	9	1	0	10	0	10	0
Elan H.K.	Male	3	0	0	3	0	0	3
	Fe-male	2	0	0	2	0	0	2
Total		1,057	22	30	1,079	30	1104	5

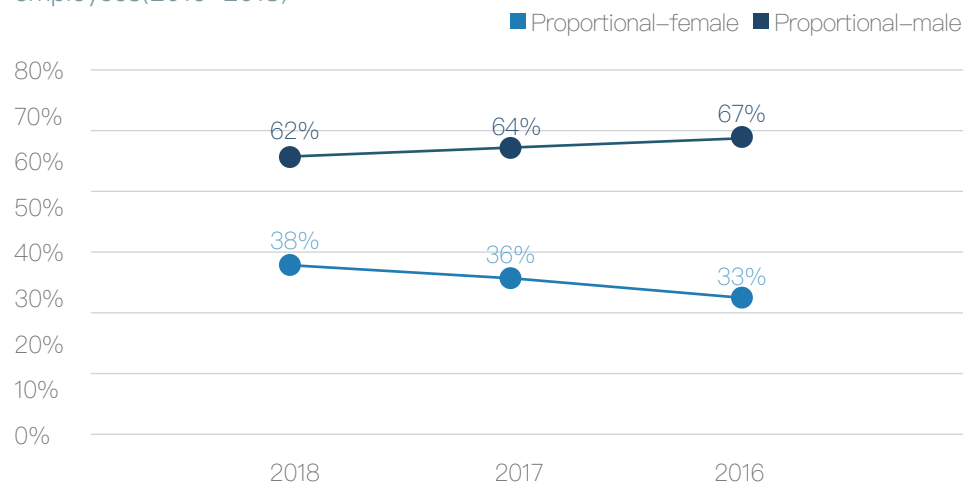
Note 1: Elan-Part-time staff do not sign employment contracts with the company, and their health insurance was not covered by the company.

Note 2: Elan-Temporary staff includes (summer) part-time workers, interns, contract employees, temp workers, and advisors.

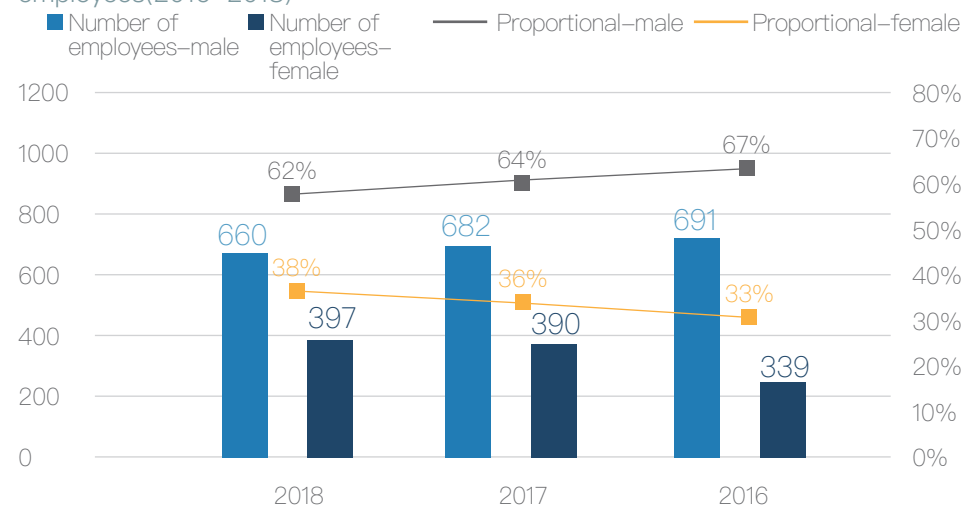
The R&D personnel, recruit by individual company, made up 50%–80% of the total labor force in the group. As R&D projects increase, additional employees may be hired at Elan Microelectronics Corporation, Metanoia Communications Incorporated, and Avisonic Technology Corporation to assist in testing, soldering work, experimental simulation, product functional testing, etc. The contract/ temporary worker accounts for about 3% of the total employment each year. As for PiXORD Corporation and Elan H.K. Microelectronics Corporation, there is no changes in R&D personnel throughout the year.

ELAN	100% of the company's R&D personnel are employed by the company itself, accounted for 51% of the total employment.
Metanoia	100% of the company's R&D personnel are employed by the company itself, accounted for 75% of the total employment.
Avisonic	100% of the company's R&D personnel are employed by the company itself, accounted for 58% of the total employment.
PIXORD	100% of the company's R&D personnel are employed by the company itself, accounted for 45% of the total employment.

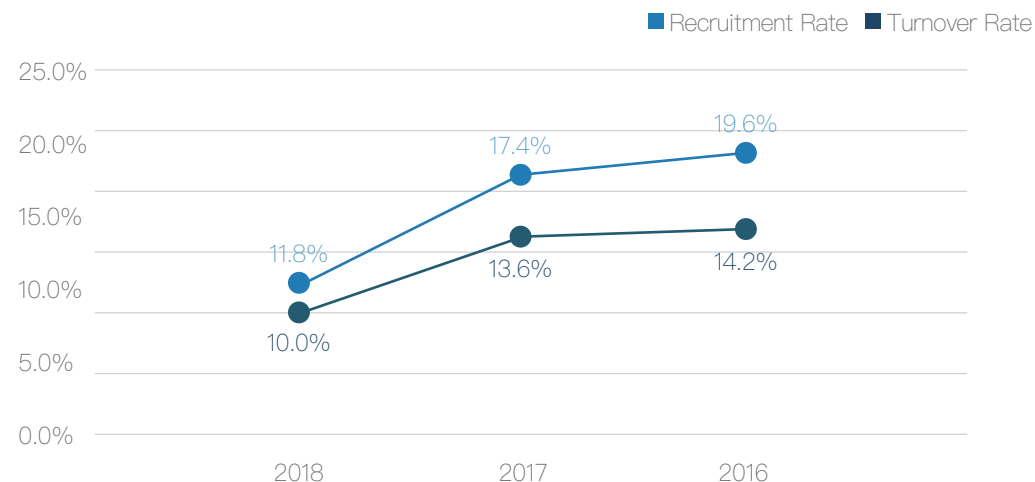
Elan Microelectronics Number of full-time male and female employees(2016–2018)



Elan Microelectronics Number of full-time male and female employees(2016–2018)



Employee recruitment & turnover rate(2016–2018)



The proportion of the total number of employees covered by the Collective Bargaining Agreements (CBA)

102-41

The group fully complies with the Labor Laws of Taiwan and Hong Kong. The freedom of assembly and association is always given to the staff even though none were formed at the present. Since there are no labor unions, no collective bargaining agreements have yet been discussed with the employee. However, in order to maintain harmony between labor and capital, Elan Microelectronics convenes a labor and capital operational meeting every month. With the consent of all employees, executives from each department are currently serve as representatives in the meetings, in which company operational and labor problems brought up by employees will be addressed. Metanoia Communications, on the other hand, holds staff meetings irregularly which all employees are called to participate. Avisonic Technology arranges regular monthly staff meetings with executives from all departments to discuss labor welfare and employee benefit-related matters. PiXORD holds quarterly staff meetings which all employees are required to attend.

All major changes & announcements of the group are handled in accordance with local laws and regulations

402-1

ELAN、Metanoia、Avisonic、PiXORD

Under the Labor Standards Law of Taiwan, when a company terminates an employment relationship, an advance notice shall be given for a period of time according to the following regulations:

1. When a worker has worked continuously for more than 3 months but less than 1 year, the notice shall be given 10 days in advance.
2. When a worker has worked continuously for more than 1 year but less than 3 years, the notice shall be given 20 days in advance.
3. When a worker has worked continuously for more than 3 years, the notice shall be given 30 days in advance.

ELAN H.K.

Under the Labor Standards Law of Hong Kong, when a company terminates an employment relationship, an advance notice shall be given for a period of time according to the following regulations:

1. Within the first month of the probationary period, no notice needs to be given, however, a payment shall be given.
2. Within the second and third month of the probationary period, the notice shall be given 7 days in advance or a 7-day wage shall be given as a compensation.
3. When a worker has worked continuously for 3 months, the notice shall be given 30 days in advance or a 30-day wage shall be given as a compensation.

Dispute between labor and capital

409-1

No labor dispute has occurred in the group in 2018.



6.3 Employee benefits and salary 202-1

Upon achieving company's annual operational objectives at the end of the year, each department may submit requests for additional human resources. With President's approval, it is listed as human resource objectives for the upcoming year. Each department will then forward a human recourse request to the HR Department based on its needs. The HR department will put up job openings through various recruitment channels and run through the interview process. Elan's recruitment procedure is in compliance with Taiwan Labor Standards Law (LSL). Hence, it is fair and open.

Understanding that employees are the group's greatest assets, the company attaches great importance to employee benefits and salary. Each employee's standard salary is decided by the Hiring department and the HR department, based on his/her academic background, experience, professional knowledge/skills and length of service in the specialized profession. It has nothing to do with gender, race, religion, political affiliation, or marital status. Currently, the group's headquarters is set in Hsinchu, Taiwan. According to Taiwan's Labor Standards Law, the current minimum monthly wage is NT\$ 23,100.

ELAN	The ratio of low-level staff (e.g., factory operators) standard salary to local minimum wage is 1
Metanoia	The ratio of low-level staff standard salary to local minimum wage is 1.3
Avisonic	The ratio of low-level staff standard salary to local minimum wage is 1.21
PiXORD	The ratio of low-level staff standard salary to local minimum wage is 1.45
ELAN H.K.	The ratio of low-level staff standard salary to local minimum wage is 2.0

Note 1: Standard salary=base salary+meal allowance+work allowance

Note 2: Local here refers to the important operating base of the Group, i.e. Taiwan.

Items included in Elan's salary and benefits 401-2

Year-end bonus, performance bonus, incentive bonus (N/A to contract/temporary employees).	Labor insurance, health insurance, group insurance.
Annual bonus and employee stock option (N/A to contract/ temporary employees).	Flexible leaves, special leaves, and credit leaves are given under provisions of the Labor Standards Act.
Subsidy for internal/external trainings (N/A to contract/temporary employees).	Flexible working hours.
R&D Patent bonus (N/A to contract/temporary employees).	Discounts in gift certificate, clubs, etc.
Cash gifts for marriage and funeral grieving money (N/A to contract/temporary employees).	Emergency or disaster relief program for employees and their family members (N/A to contract/temporary employees).
Domestic/international travel subsidy (N/A to temporary employees, but could be available for contract employees. Refer to Welfare Committee rules)	Hold annual Company Day, Christmas party, distinguished speaker workshops and many other events.



Parental leave without pay 401-3

Full-time employees of the group are entitled to parental leave without pay when having newborn babies after obtaining approval from the President. To apply for parental leave, an employee first needs to fill out a “Personnel Change Request” form and a “Resignation/Job Retention without Pay” form with relevant medical documentation attached. After all signature approval proceedings are completed, the leave will be granted. The number of reinstated employees after parental leaves is as follows:

9,401,559 hours
the accumulated disaster-free
working hour in 2018.

Note 1: Total number of employees entitled to parental leave: based on the roster of employee group insurance, if an employee's family has a dependent child 3 years old or younger, such employee is entitled to parental leave.

Note 2: There is no relevant information on Elan H.K. due to the absence of local laws or regulations regarding parental leave.

Items	Year	Elan		Metanoia		Avisonic		PiXORD	
		Male	Female	Male	Female	Male	Female	Male	Female
Total number of employees entitled to parental leave Note1	2018	70	18	2	4	6	1	2	3
	2017	94	29	5	5	6	1	2	3
	2016	93	26	17	5	6	0	2	3
Total number of employees actually reinstated after parental leave	2018	1	2	1	1	0	0	0	0
	2017	0	5	0	4	0	1	0	1
	2016	1	1	0	1	1	0	0	0
Total number of employees who should be reinstated after parental leave	2018	2	3	1	1	0	0	0	0
	2017	0	6	0	4	0	1	0	0
	2016	1	1	0	1	1	0	0	0
Total number of re-instituted employees remain employed after 12 months	2018	0	5	0	2	0	1	0	1
	2017	1	1	0	0	1	0	0	0
	2016	0	1	1	0	1	0	0	0
Total number of employees reinstated after parental leave during the last reporting period	2018	0	5	0	4	0	1	0	1
	2017	1	1	0	1	1	0	0	0
	2016	0	1	1	0	0	0	0	0
Reinstatement rate	2018	50.00%	66.70%	100.00%	100.00%	---	---	---	---
	2017	---	83.30%	---	100.00%	---	100.00%	---	---
	2016	100.00%	100.00%	---	100.00%	100.00%	---	---	---
Retention rate	2018	---	100.00%	---	50.00%	---	100.00%	---	100.00%
	2017	100.00%	100.00%	---	0.00%	100.00%	---	---	---
	2016	---	100.00%	100.00%	---	---	---	---	---

Other premium benefits offered by Elan



The Employee Welfare Committee of Elan in Taiwan is legally established to set up employee welfare measures, organize various relaxing activities, promote club activities, etc. These activities all aim to give employees a healthy balance between personal life and work. An Employee Welfare Committee website is also set up where employees can get information on upcoming activities, special promotions from patronized shops/stores, employee organized tours, etc.

Elan is a big family which the company cares about the working environment and health of its employees and take good care of them as a group in every possible way.

1. Provide a pleasant working environment. For 14 consecutive years, Elan has been honored with the "Distinguished Landscape Award" by the Hsinchu

Science Park Bureau. Various amenities are offered such as a coffee bar, breakfast bar, sports equipment, cafeteria, dormitories, training classrooms and karaoke hall to help employees relieve stress from work.

2. Set up the Employee Welfare Committee to look after employee benefits and related welfare measures. It provides comprehensive benefits to fellow employees during special occasions, such as sending gift certificates on birthday, cash gifts for weddings, maternity subsidies for newborn baby, consolation subsidies during hospitalization, festival cash gifts during each of the three Chinese major festivals, grieving money during funerals, etc.

3. Organize all types of clubs. Currently, there are 6 existing sporting clubs including table tennis, badminton, basketball, online games, swimming, and yoga. In addition to regular meet-ups of the club members, clubs often participate in external competitions, representing the company. Not only have they successfully won several awards, these extracurricular activities have also helped build up employees' confidence. Each year, the Employee Welfare Committee conducts a club evaluation and the excellent clubs are awarded with encouragement bonuses.

4. Care for employee's health. Every year, a medical check-up is carried out in the company on all employees. For employees whose medical reports show abnormal results, doctors will be arranged to the company for follow-up examinations. Additionally, doctors will come in each month for consultation.

5. Since July 2018, Elan Zhonghe has arranged monthly on-site physician to assist colleagues on health consultations for a total of 50 people. It also participates in the Hsinchu Health Workshop.

6. Elan Zhonghe participates in blood donation activities held by the Management Committee three times a year.

7. Provide free snacks and drinks to the employees every day after 9 p.m., as a company's compassion towards hardworking staff.

8. Hold annual company-wide excursion, sports day and family day to enhance employee team-work and coherence. Additionally, the company encourages and sponsors domestic/overseas tours to promote relaxation outside work.

To promote interactions and enhance coherence and relationships among employees, the company also offers subsidies for employee self-organized domestic/overseas tours. A total of 43 trips were taken in 2018, to places include mainland Korea, Japan, and Taiwan.

9. Provide comprehensive care for employees at Hsinchu headquarters by offering employees with diverse meal choices. The company cafeteria offers breakfast, lunch (vegetarian, none-vegetarian, noodles), organic food, fruit, salad meals, etc. Specials are offered on Fridays to provide more choices.

Checking of food ingredients: Chefs are responsible for the safety checks of all food ingredients, make market purchases in person, purchase the freshest fruit and vegetables daily, and make delicious buffet meal for the employees.

In order for employees to eat safe, all melamine dishes were replaced by coming glass dishes. To be environmentally friendly, plastic bags are no longer provided. Employees are also encouraged not to use disposable utensils for health reasons and as an effort to protect the environment.

Professional nurse: The company hires a professional nurse to provide on-site health counseling and medical assistance to employees. In the event of reported occurrence of epidemic infection incidents, e.g., Avian Flu, Ebola, Influenza, MERS-CoV, Viruses, Stomach Flu, etc., the nurse will immediately announce preventive measures to all employees and provide proper response actions in the case of infection. Vaccinations information is also sent out whenever available. In response to the recent outbreak of food products processed with contaminated cooking oil, the Public Resources Department immediately performed a thorough checkup on the

oil used in the company's cafeteria and coffee bar to eliminate employees' concerns.

Meal Satisfaction Survey: To take employees' accounts on meal quality from the cafeteria, the Public Resources Department conducts a Meal Satisfaction Survey each year. The survey results are then used as reference to discuss improvement plans with the contracted meal provider.

- Emergency relief provision for employees and immediate family members is set up to take care of an employee, his/her spouse, children, or parents that is caught in distress due to major accidents or natural disasters and is in urgent need of an emergency assistance.
- An extended group insurance that also covers employees' spouses and children at the expense of the company.
- Every year, the company hires medical staff from large domestic medical institutions to the company

to carry out a free health check on all employees. The health check is also opened to employees' spouses and children at a very generous expense.

- A comfortable nursing room is provided for employed mothers to pump milk. Expecting female employees are also allocated with exclusive parking spaces to protect and foster the safety of pregnant women. Additionally, male employees are also entitled to paternity leave.
- In addition to the leaves guaranteed by the Labor Standards Law, more leaves are given to the employees. Furthermore, the company grants credit leave when an employee has used up all of his/her leaves.
- Collaborate with the Hsinchu City Lifeline Association to establish a comprehensive Employee Assistance Program (EAP).



Care for the employee and their families

Other 5–Care for the employee and their families

	Item	2018	2017	2016
Health Examination	Annual health check	895 people	845 people	735 people
Health Management	Health re-examination	Total number of employees: 24 Number of participants: 19 Provide personal and exclusive log-in password to check re-examination results on the hospital network.	Total number of employees: 26 Number of participants: 13	Total number of employees: 21 Number of participants: 21
Health Consultation	On-site doctor consulting service	42 people	66 people	79 people
Health Education	Mental health, weight management seminars, setup of a health station	4 sessions	4 sessions	3 sessions
Health Promotion	Blood drive events	191 people, donated 285 bags in total	127 people, donated 183 bags in total	143 people, donated 222 bags in total
	Gynecologic cancer screening	13 people (Pap smear) 14 people (Colorectal cancer) 4 people (Oral Mucosal Screening)	13 people (Pap smear) 14 people (Colorectal cancer) 4 people (Oral Mucosal Screening)	20 people (Pap smear) 5 people (Colorectal cancer)
	Weight loss competition	Sign-up: 315 people Participants: 279 people Total weight loss (Kg): 648.6	Sign-up: 255 people Participants: 217 Total weight loss (Kg): 463	Sign-up: 162 people Participants: 143 Total weight loss (Kg): 308.1
Good Pregnancy Thoughtful Project	Parking space reserved for pregnant women	3 people	2 people	2 people
	High back chair service	1 person	1 person	1 person
Group insurance extended to employees' dependents and children		Spouse: 437 people Children: 628 people Total of family dependents: 1,065 people	Spouse: 437 people Children: 648 people Total of family dependents: 1,085 people	Spouse: 411 people Children: 617 people Total of family dependents: 1,028 people

A full range of insurance

According to the provisions of the Labor Standards Act, employers have to cover employees with labor insurance, health care insurance, and retirement pension. On the first day of reporting to work, the employee group insurance (include employees' dependents and children) will take immediate effect. Moreover, Elan provides a higher-level travel safety insurance to its expatriated colleagues to ensure their safety while stationed overseas.



6.4 Elan occupational safety and health policy

403-1, 403-3

Comply with laws and regulations | Reduce risk | Continue to improve | Implement management

According to Elan OHSAS 18001 Occupational Safety and Health Management Handbook, the relevant regulations on occupational safety and health should be regularly inspected and managed. In order to ensure the quality of employees' work, employees' physical and mental health, and to effectively implement the four major policies, we regularly update regulations and information regarding safety and health. Risk assessments are conducted for each operational environment, and safety and health objectives and targets are set up for gradual and continuous improvements. At present, the scope of this management system is 100% of the company's employees. On-site employees are expected to be included when the ISO 45001 certification is implemented in 2019.

Even though Elan has been categorized in the electronic component manufacturing industry, it is more of an IC design house, with various laboratories used as product testing. In June 2016, the company passed the Type II business review, and was deemed as a business with lower hazards. Product design and production lines are set up at Elan Zhonghe. The production equipment is provided with all kinds of safety measures and emergency stop buttons. Regular patrols, inspections, and testings are carried out to ensure the functionality of all equipment are normal.

Nowadays, as people are paying more attention on occupational safety and health in relation to the employee, Elan performs random inspections on its working environment. Through having legal testing agencies perform chemical inspections, arranging frequent health examinations, holding health promoting seminars, and setting up a leisure center, provide our employees with a safe working environment that not only protects their physical health but also monitors their mental health.

Operating environment at Elan Microelectronics with high occupational risk, harm and their prevention

To effectively maintain employee physical health and safety, besides the existing health check, additional risk assessments on operational environment, maternal health protection, workplace infringement and overwork are conducted. This way, employees will be able to notice physical signals sent out by their bodies. Then, on-spot doctors, hired by the company, are there to assist and guide them in making necessary physical and mental adjustments.

Operational environment	Sickness	Prevention
Office	Overwork	1. Annual health check 2. Working hours limit 3. Keep eyes on employees with three "high" (hypertension, high blood sugar level, high cholesterol level) 4. Provide sports and fitness equipment for stress relieving.
	Eyestrain, neck and shoulder pain	1. Stretch, take rest 2. Proper sitting posture
Factory facility	Electric shock, fall off	1. Take professional trainings 2. Wear protective gears
Warehouse, manufacturing department	Physical hazards (handling operation) Repetitive tasks (testing operation)	1. Operate accurately 2. Reduce working hours
Laboratory	General	1. Regular operating environment evaluation 2. Wear masks 3. Set up partial exhaust equipment
	Chemistry	1. Educational trainings from time to time 2. Wear laboratory coats 3. Regular operating environment testing 4. Wear surgical masks

6.5 Health management

403–6

Weight loss competition

Objective 1: Participation rate increased by 5% from the previous year.

Objective 2: Registration recovery rate increased by 2% from the previous year.

Objective 3: The average weight loss per person increased by 5% compared with the previous year.

Actual approach:

1. In addition to individual competitions, additional group competitions are added.
2. Regular yoga classes are held weekly in the afternoon.
3. Held diet and health workshops (Eat Out Your Workplace Power, Common Weight Loss Lost), and core muscles exercises.
4. Reward system:
 - (1) The top three can get a bonus.
 - (2) Get a small gift with a weight loss of more than 1 kg.
 - (3) If an individual's weight loss can be maintained for 3 months, an additional gift card will be awarded.

Achievements:

Objective 1: The number of participants increased from 255 in 2017 to 315, a total increase of 23.52%.

Objective 2: The registration recovery rate increased from 85% in 2017 to 87%.

Objective 3: The average weight loss per person increased from 2.13 Kg/person in 2017 to 2.35 Kg/person.

The overall effect has increased significantly, indicating that group competitions and related courses have a significant effect on peer weight loss.

Future plans:

Judging from performance of 2018, group competitions aided a lot in weight loss, so we'll continue to do so in 2019. As for the workshops, sports-related workshops could be added to encourage employees to get up and exercise.

Due to the nature of the company, employees usually need to work on computers for a long period of time. To alleviate the problem of shoulder and neck discomfort and help disadvantaged groups, we will hold blind people massage events.

The company's health center used to provide services for all kinds of medicine. However, in order to prevent nurses from giving employees wrong medicine due to their own misunderstanding of their conditions, the center stopped giving out medicines in August 2018. In replacement, a "Safe Use of Medicines at Home" workshop will be held to lecture employees on identifying different medicines.

Conduct general/detailed health checks for all employees on a yearly basis.

Schedule a specialist to provide one-on-one consultation services every month and set up a health center and medical consultation hotline.

Organize various health-related training courses and activities, such as first aid courses, blood drives, quit smoking campaigns, weight loss competitions, sports competitions, etc., and encourage employees to participate.

Set up a health care station to provide the latest health information on a regular basis.

Arrange Pap smears, Escherichia coli screenings, and oral screenings.

Conduct risk assessments for overload, human factors engineering, and maternal health protection for employees, and arrange consultations with doctors.

Warehouse staff often has muscle soreness due to handling of goods and long-term office work. In response to the impact of repetitive work, professionals are brought in to assist employees in understanding the correct handling postures, office sitting postures and ways of relaxation.

According to the participation rate of health promotion activities in Hsinchu area increased from 55.4% in 2017 to 57.1% in 2018. To effectively improve the participation rate, questionnaires will be used to see which events employees are most interested in, and what's the best time to arrange those events. We hope to increase the participation rate to over 60% in 2019.

Employees' personal health check data are securely stored at the health center. Regular on-site doctor's consultants are all one-on-one to ensure personal privacy.

For field personnel, their direct supervisors are will be in charge of their health checks. In 2019, we will also be welcoming them to join all health workshops, fire drills, and revenant trainings.

6.6 Emphasis on workplace safety, 403-2 zero occupational hazards in 24 years

Major management policy–friendly working environment
401 402 403 406 407 408 409 Other–5

Policy and commitment

Only with a safe and healthy working environment can employees have a high efficiency and high-quality work performance. Therefore, Elan is committed to maintaining the human rights and working environment of our and suppliers/outsourcers and agents and staff, identifying and preventing operators and suppliers with serious use of child/forced/compulsory labor, and finally, providing good working environment for workers. We respect and follow the requirements of international brand manufacturers for human rights, labor, environmental protection, safety and health policies, and expect our suppliers to do the same.

Resources

Set up the Occupational Safety and Health Committee and hold labor–management conferences.

Management strategy

- The Labor–Management Conference is held every quarter to disclose company information and negotiate with the labor.
- The Occupational Safety and Health Conference is also held quarterly. An internal audit is conducted annually, and third-parties are brought in for external audit.

- Imported RBA, set up the internal audit mechanism of the Elan Microelectronics Responsible Business Alliance, and an audit team to ensure that we continue to follow the code.
- Conduct Employee Satisfaction Questionnaire once a year, discuss the feasibility of employees' suggestions and make improvements.

Medium–term and long–term plan

Follow the Code of Conduct for Responsible Business Alliance (RBA, formerly known as EICC), and all related requirements for ethics, labor human rights, environment, health and safety, management systems, to fulfill corporate social responsibility. Do a good job in risk management and business continuity planning.

Performance in 2018

- Zero occupational hazards.
- In 2018, the company implemented the RBA, completed the trainings of management/audit personnel, and set up the initial Elan Microelectronics RBA Audit Mechanism.

Highlights in 2019

- Zero occupational hazards
- Company–wide annual RBA retraining
- Transferred from OHSAS 18001 to ISO 45001

Corresponding to SDGs



Statistical analysis data on occupational hazard — the occupational accident statistics issued by the Ministry of Labor, takes the frequency of disability injuries (number of disability injuries at workplace per million work-hours) and the severity rate of its effect to workplace (loss of working days at the workplace per million work-hours) as its main basis (data does not include off-site traffic incidents). Since its founding 24 years ago, the company has never been involved in any occupational safety related accidents (including contract/temporary employees). From May 2009 till the end of 2018, the accumulated disaster-free working hour is 9,401,559 hours. At the same time, no occupational disease has been detected. Therefore, Elan has successfully accomplished the “zero disaster” target so far.

9,401,559 hours

the accumulated disaster-free
working hour in 2018

The group's occupational disaster statistics

Company name	Year	Elan Microelectronics	Metanoia Communications	Avisonic Technology	PIXORD Corporation	Elan H.K.
The occurrence of occupational accidents	2018	None	None	N/A	N/A	N/A
	2017	None	None	N/A	N/A	N/A
	2016	None	None	N/A	N/A	N/A

Note 1: Sourced from the Workplace Disaster Statistical Network.

Note 2: Elan Tainan and Kaohsiung, as well as Avisonic Technology Corporation, employ less than 50 people hence are not required to report to the Workplace Disaster Statistical Network. No occupational accidents have occurred in any of them anyways.

Note 3: Elan H.K. is located in Kong Kong, hence not applicable for the network. However, no occupational accidents have occurred.

Note 4: Off-site traffic incidents are not included in the Workplace Disaster Statistics.

The group's employee absenteeism rate

With IC design and marketing being the group's main sales, the potential risk of Company's internal operation is relatively low compared to other electronic component manufacturing chains. However, the company still continue to promote workplace safety and minimize any possible harm to its employees. By reducing risk through management measures, employee absence rate also reduces significantly.

Year	Elan		Metanoia		Avisonic		PIXORD		Elan H.K.	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
2018	0.17%	0.64%	1.07%	0.86%	0.16%	0%	0.26%	0.22%	0.00%	0.30%
2017	0.27%	0.71%	0.12%	0.12%	0.18%	4.16%	0.18%	0.54%	0.54%	0.40%
2016	0.20%	0.50%	0.27%	0.09%	0.13%	0%	0.19%	0.40%	0.23%	1.51%

Absenteeism rate calculation:

Employee absenteeism rate = Total number of days each employee is absent from work in a year (personal leave + sick leave + occupational sickness leave) / Total number of days each employee should work in a year.

Occupational injury 403-9, 403-10

According to the statistics of 2018, the number of deaths caused by occupational injuries caused by employees in the factory is 0. The frequency of injuries caused by office operations is 1 in the Zhonghe factory. This minor injury happened when a paper stabs into a worker's eyes during an operation, and this injury rate is 0.31. The worker recovered after one-night rest. No occupational injury statistics were received from other factories. We'll keep track of the statistics in 2019.

Company	Year	Injury Rate (IR)	Occupational Disease Rate (ODR)	Lost Day Rate (LDR)	Occupational Death
Elan Hsinchu	2018	0	N/A	0	N/A
	2017	0.18	N/A	0.18	N/A
	2016	0	N/A	0	N/A
Elan Zhonghe	2018	0.31	N/A	0.04	N/A
	2017	0	N/A	0	N/A
	2016	0	N/A	0	N/A
Elan Tainan	2018	0	0	0	0
	2017	0	0	0	0
	2016	0	0	0	0
Elan Kaohsiung	2018	6.8	0	1.72	0
	2017	0	0	0	0
	2016	0	0	0	0
Metanoia	2018	0	0	0	0
	2017	0	0	0	0
	2016	0	0	0	0

Company	Year	Injury Rate (IR)	Occupational Disease Rate (ODR)	Lost Day Rate (LDR)	Occupational Death
Avisonic	2018	0	0	0	0
	2017	0	0	0	0
	2016	0	0	0	0
PiXORD	2018	0	0	0	0
	2017	0	0	0	0
	2016	0	0	0	0

Notes:

1. This statistic does not include commuting accidents, mainly occupational injuries.
2. Operations in Hong Kong are general administrative matters and in a low-risk environment. So far, no occupational injuries have occurred hence not included in this statistic.
3. Injury rate (IR) = Number of work accidents / total working hours *200,000
4. Occupational disease rate (ODR) = Total number of occupational injury events / total number of jobs *200,000
5. Lost day rate (LDR) = Working days lost during work injury / total working hours *200,000. If an injury has caused permanent total disability, use 6,000 days to calculate.
6. Occupational death = the total number of deaths that occur while a person is at work or performing work related tasks



▲ Conduct emergency response drills on a regular basis to implementation of occupational safety management system.

Workplace environment safety management

Elan views its employees as the company's most valuable asset. We attach importance to the employee health and safety, and propose to establish a systematic and standardized health and safety management system and mechanism that can create a people oriented sustainable operating model. The Industrial Safety Office is set up as the main responsible unit. Occupational safety and health conferences are held on a quarterly basis. According to the Occupational Safety and Health Law, 37.5% of the conference attendees shall be labor representatives (nominated during the labor and capital management meetings). During the conference, the implementation of each objective is to be reviewed and the development of the past and the next quarter will be discussed. The company, in addition to complying with the Occupational Safety and Health Act and related specification requirements, has formulated programs regarding Health and Safety Education, Exercise, Counseling, Prevention and Risk Monitoring and Control.

A summary of the promotion is listed below

Public area management

1. Personnel access control and regular security patrol to keep internal and external situations under control.
2. Every six months, a carbon dioxide concentration testing is carried out in the office to ensure CO2 concentration does not exceed 5,000ppm.
3. Carry out a random check on each office floor every month to ensure public equipment are not damaged.
4. Carry out vector control methods in the pantry every month to prevent vector breeding.
5. Carry out a random check on drinking water every quarter to ensure that Escherichia coli in the water do not exceed the statutory standards.
6. Every year, professionals are brought in to perform regular inspections on domestic sewage emission to ensure that the whole process complies with environmental protection laws and regulations.
7. Staircases(freight elevator side)on each floor were installed with safety net in case people fall.
8. Health-related slogans are pasted at the elevator doors on each floor.
9. The online visitor reservation system helps the management of visitors entering/exiting the building.
10. Cafeteria check-in: change from paper check-in to swiping ID to save queue time.

Accident investigation

In the event of an accident, the medical staff will first check the employee's injury and seek appropriate medical treatments. Afterwards, an on-site environmental check will be conducted, and a meeting

will be arranged to discuss the cause and corrective measures, relevant personnel will be informed as well. Meanwhile, continue to provide care and assistants to the injured employee.

According to the record of public injury, there was an accident in the Zhonghe factory in 2018:

Course of the event: A stack of vouchers stabbed into and injured an employee's eye as he was taking them.

Effect: Minor scratch on the cornea of the employee's left eye. After immediate treatment (covered with gauze to prevent bacterial infections) and a-day rest, the employee is all clear.

Precautionary measures: Remind the employees not to take too much paper at a time. Work in batches to avoid injury.

Laboratory management

1. Every day, laboratory administrators are to patrol each laboratory, making sure all soldering irons and instruments are turned off.
2. Implement operating environment tests every half year to examine the condition of employee working environment (organic solvent, noise, wind speed of the partial air exhaust equipment, etc.) and ensure employee health and safety.
3. Random laboratory inspections on the Industrial Safety Office.
4. Provide appropriate safety protective gears according to practical needs.
5. Distribute chemicals into multiple packages to prevent a spillover.
6. Chemical usage management (Zhonghe).

7. Education, trainings and tests for new employees before to help understand equipment and follow operating precautions.
8. Continue to improve the safety of workplace environment and equipment, and standardize machine operating procedure.

Staff management 403-8

1. Labor safety and health education and training for new employees.
2. Hold fire drills regularly and educate employees on the existing routes in case of an emergency.
3. Arrange relevant occupational safety and health trainings for specific operators (organic solvents, specific chemical substances, stacker operators, emergency personnel, occupational safety personnel, etc.) employed by the company.
4. Put up occupational safety information on a regular basis on the restaurant's occupational safety column.
5. Set up hazard notification for workers entering the factory, meet with the resident manufacturers from time to time, communicate and consult on operations or environment to be strengthened or coordinated.
6. In 2019, we expect to conduct safety and health trainings for the resident manufacturers to publicize the precautions for hazards. If a hazard causes harm to an employee's own safety, he/she can leave his/her post and shall be exempt from any legal liabilities.

Prevent and mitigate the impact of occupational safety and health directly related to business relations

403-7

In order to avoid major occupational disasters in the supply chain and affect the company's operations, the company implemented the RBA system in 2018, audited the RBA according to the requirements of specific brands, ensured the stability of the supplier's production, and dispatched the RBA team to the supplier for on-site audit.

In addition to the above management, we carry out annual corporate environmental safety and health hazards identifications to implement risk management, continuously improve the safety of the working environment, and prevent endangering the safety and health of the employee. The company aims to protect not only its employees, but also its contractors and related third party.

Starting at the end of 2016, the company has been planning to establish a maternal health protection system so that the health of female employees will not be affected by the working environment in any way. In the near future, doctors will be dropping in regularly for on-site checkups on pregnant employees. Benefits and protection will also be provided such as reserved

parking spaces, more comfortable chairs, child-rearing related books, and information on postpartum diet.

Apart from minimizing occupational accidents and illnesses, a safe and healthy working environment can significantly increase product and service quality, enhance employees' willingness to stay, and boost employee energy level and passion. Some safety and health related performances we achieved are described below.

Participate in the "Disaster-free working hour" cumulative certification event promoted by the Ministry of Labor.

Promote the No Smoking campaign, given that smoking not only does harm to the smokers, but also affects the physical health of the people nearby, the indoor areas of the entire company is completely smoke-free.

Nursing room is provided for female employees to pump milk after giving birth.

Provide a fitness center with sports equipment as employees' leisure activities after work. Encourage employees to engage in club activities and participate in external competitions.

The Department of Health has adopted the "Self-Certification of Healthy Workplace" campaign to create a healthy working environment for employees. °

Talents are the company's greatest resources. Therefore, the company invites large-scale medical institutions to hold free health checks for all employees on a regular basis. Also, by cooperating with the Hsinchu City Lifeline Association, an excellent Employee Assistance Program (EAP) is established.

In compliance with the Labor Standards Act, every employee is covered by labor insurance and health insurance. In addition, the employee, his/her spouse and children are free to join the group insurance, and enjoy term life insurance, accident insurance, hospitalization medical insurance, surgery and cancer medical insurance, and many other comprehensive protections.



6.7 Employee training and development

Employee education and training

404-1

Major management policy – employee development 404

Policy and commitment

The company's greatest assets and competitiveness have always come from high-quality talents. We need to ensure that the training policy is closely linked to the company's business vision, strategic planning and business objectives, and to support colleagues in the field and to obtain support from all levels, in order to play the training benefits, and achieve organizational goals. According to the company's vision, strategy, and goals, the Human Performance Management Department will set training policies and objectives, encourage employees to continue learning and developing, retaining key talent, promote knowledge/experience sharing, and strengthen organizational manpower. By doing so, we will be able to cultivate diversified professionals and future successors, nonetheless, stay competitive under the challenge of global competition.

Resources

- Set up the Human Performance Management Department as a dedicated department for educational trainings
- Set up an e-learning integration platform

Management strategy

- Implement Talent Development Quality Management System (TTQS), and set up talent development quality management manuals its related procedures.
- The company manages our talent inventory, through expertise planning, set up goals for each unit, and arrange staff training.
- Course satisfaction survey

Medium-term and long-term plan

Encourage employees to continue learning and developing, and count their new learnings and developments into the annual assessment to stimulate their potential and breakthroughs. Retain key talent, promote knowledge sharing and experience transfer, and strengthen organizational talent competitiveness.

Performance in 2018

- Course satisfaction is 92.3%
- Trained 100 AI, 3D face recognition professionals
- 100% of technicians obtained technical certification
- Trained 30 management talents

Highlights in 2019

Cultivated 50 AI and 3D face recognition professionals, proposed 10 application projects, trained 30 management talents.

Corresponding to SDGs



Elan

At the end of each year, the Human Resources Department will provide a list of courses to all supervisors as a reference, after gathering supervisors' needs, present the annual training plans to the President for approval (also applicable to Elan H.K.) At the end of each course, trainees would be given written, oral or on-the-spot operation tests, as well as a Satisfaction Survey to fill out in order to understand the trainees' learning conditions and ensure the effectiveness of the training.

Educational trainings for new employee

To help new employees quickly adapt into Elan, on the first day an employee report for duty, a staff member from the Human Resources department will introduce the company and explain rules and regulations. The newcomer when then watch online courses on occupational safety and health totaling of 12 hours on the E-learning system. In 2018, a total of 114 new employees were hired, with a total of 1,368 training hours. After report for duty, information of the new employee is handed over to the unit in charge and a senior staff will be assigned to guide him/her to the job. After gaining some experiences, he/she will then begin to undertake new tasks, yet continue to learn through internal and external training resources. After a

three-month probationary period, the new employee will be evaluated by his/her performance. The results of a new employee's three-month and semi-annual performance assessment can also be used to check the effectiveness of those trainings.

Talent Quality-management System

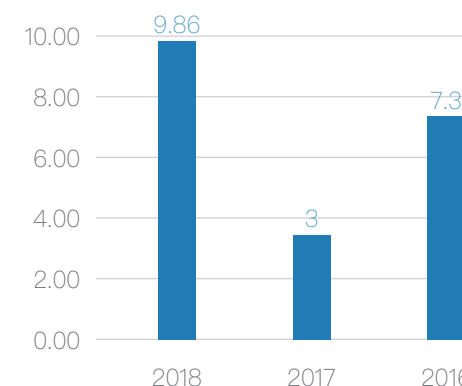
In order to strengthen the quality and performance of talent training, the company implemented the Talent Quality-management System (TTQS) in 2018, following Plan (P), Design (D), Do (D), Review (R), Outcome (O) systematic procedures, to raise not only company's but also employees' overall competitiveness. By the end of November, the company had obtained a bronze certification for this system.

The Human Performance Management Department set training policies and objectives based on the company's vision, strategy, and goals. The training development is based on company target gaps and individual expertise gaps. Company target gaps are the differences between the company's short-term goals/strategy and the current situation, whereas individual expertise gaps are the difference between an individual's current skills and his/her objectives. To systematically manage training needs, the company implemented the Talent Quality-management System, which categorizes each individual's expertise/skills and analyzes what other trainings

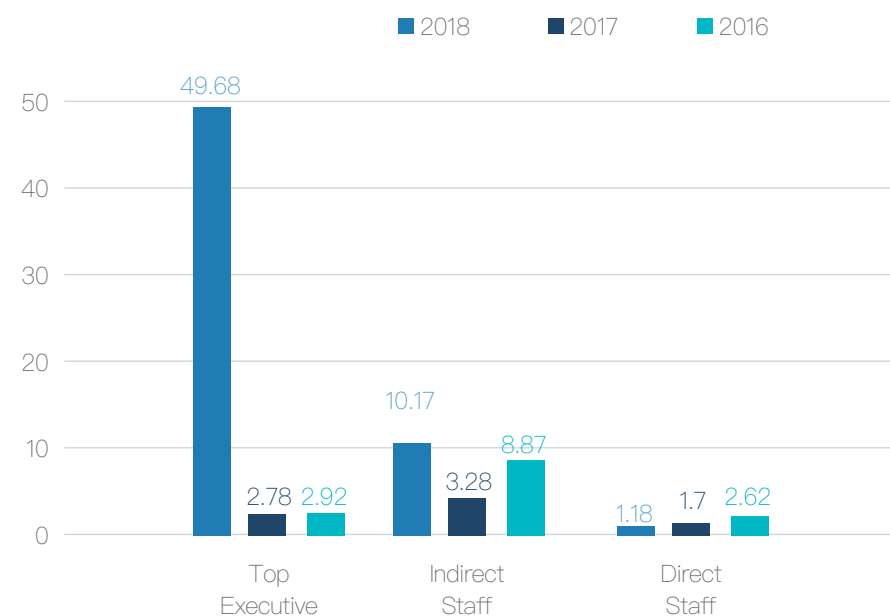
are needed for obtaining the objectives. With the analysis, provide a series of cross-training courses to enhance cross-department management skills, and launch a talent training program to enrich a person's speciality.

The company also made Talent Quality-management Manuals, training system charts, and related procedures to systematically announce, update and save relevant data.

The group's average employee training hour



The group's average employee training hour among different ranks

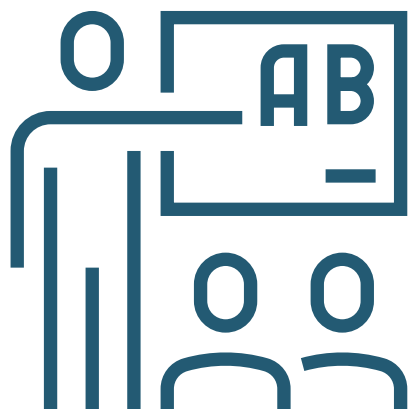


Metanoia

At the end of each year, the Human Resources Department will provide a list of courses to all supervisors as a reference, after gathering supervisors' needs, present the annual training plans to the General Manager for approval.

Avisonic PiXORD

According to the needs of each department, present the annual training plans from time to time to the General Manager for approval.



The summary of the group's employee training in 2018 is shown below. The average training hours per employee is 9.86 hrs, and Male/female average training hours are 12.7 and 5 hours.

Rank	Item	Elan		Metanoia		Avisonic		PiXORD		Elan H.K.		Total		Average training hour
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Top Exec-utive	Number of trainees	23	3	4	0	4	0	0	0	0	0	31	3	49.68
	Training hour	1,312	262	17	0	98	0	0	0	0	0	1,427	262	
	Average training hour	57	87.3	4.3	0	24.5	0	0	0	0	0	46	87.3	
Indi-rect Staff	Number of trainees	563	185	40	15	21	6	23	10	3	2	650	218	10.17
	Training hour	6,835.50	992	362	488	18	45	57.5	20.5	8	4	7,281	1,549.50	
	Average training hour	12.1	5.4	9.1	32.5	0.9	7.5	2.5	2.05	2.7	2	11.2	7.1	
Direct Staff	Number of trainees	5	182	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5	182	1.18
	Training hour	4	216	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4	216	
	Average training hour	0.8	1.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.8	1.2	

Note 1: Top executive: Director and above.

Note 2: Indirect staff: Below director level, including mid-level supervisors and other personnel who indirectly participate in product production. (e.g., purchasing, finance, QC, R&D, production management, etc.)

Note 3: Direct staff: Staff who are directly involved in product production, machinery and equipment operation, products assembly, etc. (e.g., technicians)

Note 4: Metanoia, Avisonic, PiXORD and Elan H.K. have no direct staff, hence trainings are N/A.



404-3

Regardless of gender, all employees in the group have accepted individual performance evaluations. This assessment is applicable to the new employee after a three-month probationary period. For new employees, the new employee examination will be used. Usually, performance evaluations are conducted 1~2 times throughout the year.

	Elan		PiXORD		Metanoia		Avisonic		Elan H.K.	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Top Executive	100%	100%	100%	0%	100%	0%	100%	0%	0%	100%
Indirect Staff	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Direct Staff	100%	100%	0%	0%	0%	0%	0%	0%	0%	0%
Evaluation method	- Ability and individual KPI as-assessment - Performance Assessment		Performance Assessment		Refer to Metanoia Working Rules – Chapter VI Attendance, Assessment, Reward and Promotion		- Ability assessment - Performance Assessment		- Ability and individual KPI as-assessment - Performance Assessment	
Performance evaluation	Every half year		Every half year		Every year		Every half year		Every half year	

6.8 Zero-distance communication with the employee and full-range complaint channels

406-1, 407-1, 205-1, 205-2, 205-3, 409-1, 419-1

Elan sets up several channels for employees to communicate with management. It convenes a labor and capital meeting each month where attendees are representatives from the Employees Welfare Committees, labor/employee representatives and company/employer representatives consisting of top management staff. They all gather face to face in open communications. Other avenues of communications are also provided for employees to express their opinions. These include employee suggestion box, performance interviews during personnel review, departmental staff meetings, etc. Through these communication channels, employee complaints are immediately taken into account and provided with effective solutions thereby reduces any adverse impact on employees' life and work, and hence enhances work performance efficiency. From 2014 to 2018, no serious case of employee complaint has been filed.

At the same time, in order to safeguard the legitimate rights and interests of the employees while assisting them in solving their problems individually without being treated unfairly, the company has introduced the "Grievance Handling Approach" system. The HR department is assigned to handle and help solve problems the staff has encountered at work as well as in their daily life. The approach not only promotes industrial harmony, it eliminates discrimination as well. Furthermore, to maintain gender equality and human dignity at work, the company has developed preventive

measures on evolving sexual harassment cases, so as to effectively address and prevent sexual harassment from happening. In handling employees' grievances, the company always processes the complaint cautiously and with strict confidentiality including the information provided therein. No matter which actions are taken, the company make sure that employees' human rights are fully respected and protected at all time. From 2014 to 2018, no violation of the human rights has been filed in Elan subsidiaries in Taiwan and Hong Kong. There is no record whatsoever under any formal complaint mechanism that would produce information on Elan's involvement in any human rights complaints by members of the human rights groups.

Similar to Elan, Metanoia also provided several communication channels between labor and capital, including employee suggestion box, performance interviews, departmental staff meetings, and many different channels to enable employees to respond to problems. By doing so, the problems can be solved immediately and effectively, reducing the impact of problems on the life and work of employees, thereby enhancing work efficiency. In addition, in order to safeguard gender equality and human dignity, special measures have been formulated to prevent and deal with sexual harassment. In response to the appeals, the company takes all its staff members' personal information cautiously with strict confidentiality to ensure that human rights of colleagues were fully respected at all time.

Avisonic holds labor-management meetings every quarter, with employee suggestion boxes, performance interviews, weekly department meetings and other multi-channels to allow employees to respond to problems, so that problems can be solved immediately and effectively, reducing the impact of problems on employees' lives and work, and thus improving work efficiency. At the same time, in order to protect the legitimate rights and interests of the company's colleagues, avoid forced labor, assist individuals to solve difficulties, and avoid unfair treatment, Grievance Handling Approach is implemented by the management office to solve problems in employees' work and life. The problems encountered in the past are expected to promote the harmony between labor and capital and avoid discrimination. In addition, in order to maintain gender equality and personal dignity, the "Sexual Harassment Prevention and Control Measures" has been formulated to effectively prevent and deal with sexual harassment. In response to the appeal, the company has adopted a prudent and confidential approach to ensure that the human rights of the colleagues are fully respected. Since the establishment of the company, there have been no cases of any labor complaints or violations of local human rights.

Last but not least, PiXORD holds labor–management meetings quarterly to let employees respond to problems, so that problems can be resolved in a timely and effective manner, reducing the impact of problems in employees’ lives and work, and thus improving work efficiency. In addition, in order to maintain gender equality and personal dignity, special measures for sexual harassment prevention and control have been formulated to effectively prevent and deal with sexual harassment. In response to the appeal, the company has adopted a prudent and confidential approach to ensure that the human rights of the colleagues are fully respected.

2018 Elan Microelectronics violations of the Labour Law

Penalty	Cause of penalty	Responses
Violation of the Labor Standard Law Article 79(1) and Article 80(1) Penalty: 150,000 NTD	Under the Elan labor contract, the salary period is from the 21st of the previous month to the 20th of the current month. However, considering the 5th of every month is the pay day, and the calculation and processing time required prior to that, with the consent of the all production–line employees, the salary period in February was adjusted (January 21st to February 11th) and the extended working hours were calculated according to the original salary period. This violated the Labor Standard Law Article 79(1) and Article 80(1).	Improve working–hour extension application system. Strictly control the time limits, and make sure adjustments made during the pay period are also under the labor contract.

Note: Metanoia, Avisonic, PiXORD and Elan H.K. have no incidence of violation of laws and regulations.

7. ENVIRONMENTAL PROTECTION AND SOCIAL WELFARE

7.1 Elan environmental policy

7.2 Product and service-related environmental protection

7.3 Participation in social welfare and charitable event

Electricity consumption per capita was 455.55 kWh.

Water consumption per capita was 2.75 kWh.

Participated in 34 social welfare events.

For fourteen consecutive years, Elan was once again honored with the "Distinguished Landscape Award" by the Hsinchu Science Park Bureau.

Monitored greenhouse gas emissions for 4 consecutive years. The target value for 2018 was to reduce 20 metric tons, and the actual reduction was 34 metric tons.

7.1 Elan environmental policy 302-1, 409-1

Pollution prevention | Company-wide participation | Environmental protection commitment | Continuous improvement

Elan Microelectronics carries out pollution prevention procedures, monitors and controls pollution regularly based on the ISO 14001 Environmental Management System Manual. All employees and contractors of the organization are required to fully participate in the implementation of the environmental policies. This includes complying with existing environmental regulations and requirements enacted by the government and various international environmental organizations. Performance needs to continually endeavor to achieve objectives and targets.

To solve resource shortage and environmental pollution problems, we should start with energy and recourse. The environment must be protected while maintaining the natural ecology. The two should complement each other, i.e., sustainable economic development has to integrate environmental protection. Rational use and conservation of resources would effectively help in promoting efficient ecological benefits such as water, electricity, and resource savings and provide protection to environment that mankind survived. Elan has always complied with the environmental laws and regulations. Since its establishment, the relevant environmental authorities have made regular or irregular inspections on the company facilities. To this date, the company has had no violations or been fined in any way.

The company has always been committed to sustainable development and protection of the environment. Green environment and green design are business ideas we have been focusing on. Our products, from

concept, design, mass production, to waste conservation, recycling and reuse, this Cradle-to-Cradle production approach gives full play to the modern method of resource recycling and in some ways, protects our environment and resources, achieving energy efficiency effects. Meanwhile, we continue to promote pollution prevention and energy-saving carbon-related activities, fulfill social responsibility as a good corporate.

Under the company's Environmental, Health, and Safety(EHS)policy, we uphold energy saving and gradually reduce energy consumption every year in order to love Earth – conserve energy and reduce carbon footprint. The main functions of Elan's factory in Zhonghe include marketing, R&D, production, operation management, etc. Due to its distinct characteristics of processing and operation, the manufacturing processes do not involve the use of highly polluted sewage, wastewater, oil(fuel), or such energy.

2018 Elan Microelectronics main power (Electricity, water, gas) consumption

Company/ Location	Electricity consumption(MJ) Note6	Water withdrawal/M ³	Gas consumption/Kg
Elan Hsinchu	13,762,800	23.064	11,540
Elan Zhonghe	4,652,161	N/A	N/A
Elan Tainan	489,361	N/A	N/A
Elan Kaohsiung	150,196	N/A	N/A
Elan Hong Kong	74,956	N/A	N/A
Total	19,129,474	23.064	11,540

Note 1: 100% of the water used by Elan Group is tap water supplied by Taiwan Water Corporation. As the Group has no production line, its water consumption is no more than that of household level. Hence water consumption is quite low.

Note 2: Elan Hong Kong, Tainan and Kaohsiung have their water consumption integrated into their respective monthly administrative fees. Hence detailed water bill figures are not available.

Note 3: Elan Zhonghe water consumption and water bill accounted for less than 1% of the administration fee in the whole area. Therefore, the cost is calculated based on the number of factories in proportion to the area.

Note 4: Among affiliated companies, Metanoia, Avisonic and PiXORD are renting factories owned by Elan Hsinchu headquarters. Due to leasing relationship, their public water and electricity bills are combined into Elan Hsinchu.

Note 5: As for gas costs, only Hsinchu headquarters is charged with gas bill due to the presence of a kitchen in the building, and as the staff increases, the usage amount also increases.

Note 6: 1 Kilowatt-hour (kWh) = 3.6 MJ

In response to the international attention on greenhouse gas reduction, since 2014, the group sets a target of reducing 1% of electricity usage per person. Elan headquarter in Hsinchu has also replaced all office lightings from halogen tubes to LED tubes. To effectively control and save electricity, we adjust the temperature of air conditioning daily according to the weather, set usage restrictions on weekends and perform monthly inspections.

Elan’s electricity usage is mainly in Hsinchu and Zhonghe. In Hsinchu, electricity is mainly used for air conditioners, lighting, and power. From 2014 to 2017, old tubes have been replaced by energy-saving LED tubes. As for statistical results, the average annual electricity consumption of 458.47 kWh/person in 2016 has lowered to 456.13 kWh /person in 2017, indicating the replacement to be helpful.

In 2018, Elan began to replace traditional air conditioners with converter-type air conditioners, and replace the ordinary lightings in the parking lot with LED tubes. The average electricity consumption in 2018 is 490.46 kWh/person, only 0.12% lower than that in 2017. However, the total electric power is reduced from 3,988,400 kWh in 2017 to 3,823,000 kWh, saving a total of 4.14%. In the future, we will continue to replace old equipment, traditional air conditioners and lamps to save energy effectively.

On the other hand, in Elan Zhonghe, electricity is mainly used in offices, production and other (calculated by MCA based on air conditioning usage rate). Due to the annual control of air compressors, the utilization rate per person from 2014 to 2015 shows a downward trend. The rate has slightly increased in 2018 to 328.5 kWh/person due to the addition of new employees and an increase in Company’s production capacity. Still a 4.25% decrease compared with last year. The stream-

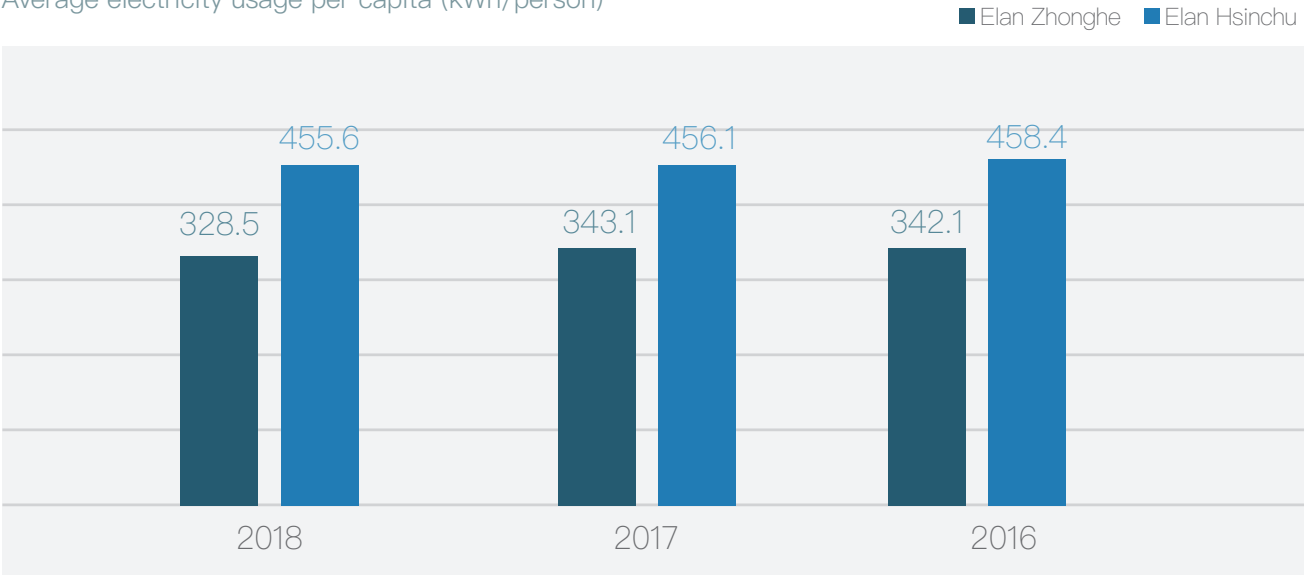
lined manufacturing operation increases the production capacity but also the power usage. Although the density of the PCBs was reduced and the consumables were saved, the total power consumption still increased by 14.57%. In the future, we will replace all air compressor systems with converter-type control to save power.

As global climate changes rapidly, water scarcity is worsening. Since Elan is an IC design company, it uses people’s livelihood water. The target rate for the annual water consumption per person is set and actions are taken to help obtain the goal. For example, toilets with higher water consumption have been replaced by toilets, in order to adjust the amount of water used. Also, when creating a green environment, plants with fewer water demands are used. Last but not least, in order to reduce water usage, monthly inspections are carried out to make sure we have effective control our water usage.

The Group uses tap water throughout the company, with consumption mainly from Hsinchu. The same applies to Elan Zhonghe, however, since the amount used and cost are less than 1% of the administration fee, the costs are calculated based on the number of factories in the park in proportion to its areas. No actual use of actual information on usage rates is enclosed.

In Hsinchu, water is used mainly for restrooms, water fountains, kitchens, watering flowers and others. The annual rate of water use per person does not fluctuate significantly. However, the rate in 2017 significantly reduced due to the repairing of underground pipelines. Since only households were used, the average water use per person in 2018 and 2017 was even. We will continue to maintain in this range in the future.

Average electricity usage per capita (kWh/person)



Greenhouse gas emissions 305-1

Major management policy – energy saving and carbon reduction 305 306 Other-3

Policy and commitment

In response to global trends, Elan set goals to reduce carbon despite we are not greenhouse gas reduction controlled targets. In view of the growing scarcity of the earth's resources Elan is committed to following the energy laws and promote energy conservation and carbon reduction, improving the company's energy efficiency, and creating a win-win situation for operating costs and environmental protection.

Resources

- Public Resources Department
- The environmental protection expenses in 2018 were about NT\$9,200.

Management strategy

- In accordance with the national greenhouse gas reduction policy, we standardized the greenhouse gas inventory process, effectively improved the performance of energy conservation, reduced greenhouse gas emissions, and implemented the goal of promoting greenhouse gas reduction.
- In 2014, the target of reducing 1% of electricity consumption per capita was set. In 2013, Elan Hsinchu replaced all halogen lamps with LED tubes. Also, adjusted the air conditioners according to daily temperature, controlled the usage on weekends, and finally, conducted monthly inspections to achieve effective power control and power saving.

Medium-term and long-term plan

- Energy saving and carbon reduction, becoming a Green enterprise.
- Replace old equipment to improve energy efficiency:
- Replaced traditional air conditioners with converter-type air conditioners.
- Replaced cooling tower fan motors with fan inverter motors.
- Replaced office lighting with LED tubes.

Performance in 2018

- For the fifth year, monitored the indirect greenhouse gas emissions and disclosed relevant information in the CSR report.
- The target value for 2018 was a 20-metric ton reduction, and the actual reduction was 34 metric tons.
- Set a target of reducing 1% of electricity consumption per capita, and the actual reduction was by 3.7%.

Highlights in 2019

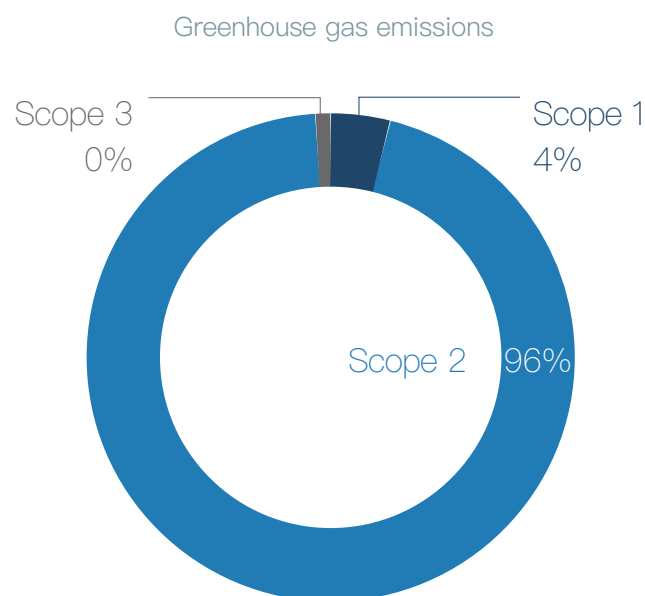
- The target value of indirect greenhouse gas emissions for 2019 is a 20-metric ton reduction.
- After the revision of ISO 14064-1 in 2018, the new content added in the greenhouse gas inventory could not have been fully disclosed yet. The company will further evaluate the feasibility of the evaluation.
- Set a target of reducing 1% of electricity consumption per capita.

Corresponding to SDGs



In 2018, the group's total greenhouse gas emissions have reached 3,084.828 ton CO₂-e, of which 96% of the emissions were from electricity (Scope 2).

Year	Unit	Scope 1	Scope 2	Scope 3	Total
2018	ton (CO ₂ -e)	124.001	2,946.02	14.807	3,084.83



Direct gas emissions (Scope 1):

Since the main source of direct greenhouse gas emissions is for company's operation, all we can do to reduce greenhouse gas is to purchase fuel-based company vehicles models and carry out regular maintenance when mileages are met.

The Group's direct greenhouse gas emission types are gasoline used for company vehicles, diesel fuel used for emergency generators, liquefied petroleum gas used in the kitchen, and personnel septic tank emissions. Only Elan headquarter in Hsinchu is equipped with company vehicles, emergency generators, and cafeteria, using a total of 32.028 tons of energy and producing 41.889 tons of CO₂-e greenhouse gas emissions. As for septic tanks, the total working hours refer to the data listed on the declaration of occupational hazards. Hours in Elan Tainan, Kaohsiung, Hong Kong and Avisonic are taken from each company's internal record for none of them is required to report online. Overall, the total amount of greenhouse gas emissions is 82.112 ton CO₂-e (refer to the table below). The Group's total amount of direct GHG emissions is 124.001 ton CO₂-e, representing an increase of 10.812% as compared with 2017. The increase is mainly due to the addition of employees at Elan Zhonghe in 2018, leading the greenhouse gas emissions of septic tanks increased. On the other hand, the increase in Elan Hsinchu was because the company vehicles were used a lot to conduct product testing, using more gas, and hence produced more greenhouse gas emissions.

2018 Elan Hsinchu CO₂ emission

	Gasoline used for company vehicles	Diesel fuel used for emergency generators	Liquefied petroleum gas used in the kitchen	Septic tank	Total
Energy usage (Kiloliter)	8.811	0.32	22.897	N/A	32.028
CO ₂ Emission (ton CO ₂ -e)	20.805	0.837	20.247	77.393	119.28

Note: The fourth IPCC Assessment Report (2007)

Elan Hsinchu gas emission factors (EPA's Greenhouse Gas Emission Factor Management Table 6.0.3)

Fuel Classification	Year	CO ₂ emission factor	CH ₄ emission factor	N ₂ O emission factor
Gasoline used for company vehicles	2018	2.2631	0.000816	0.000261
	2017	2.2631	0.000816	0.000261
	2016	2.2631	0.000816	0.000261
Diesel fuel used for emergency generators	2018	2.606	0.000107	0.000021
	2017	2.606	0.000107	0.000021
	2016	2.606	0.000107	0.000021
Liquefied petroleum gas used in the kitchen	2018	1.7529	0.000028	0.000003
	2017	1.7529	0.000028	0.000003
	2016	1.7529	0.000028	0.000003

Indirect greenhouse gas emissions (Scope 2): 305-2

To reduce greenhouse gas emissions as an effort in environmental protection, the Company aims to control indirect greenhouse gas (GHG) emissions by controlling the amount of electricity used. All kinds of actions are taken such as adjusting temperatures of the air conditioners daily according to the weather, performing regular maintenance on mechanical equipment, monitoring electricity rate each month, etc., to reduce greenhouse gas output.

Indirect greenhouse gas emissions come mainly from the Group's electricity usage. Among them, Hsinchu area covers Elan headquarter and its affiliates including Meta-nya, Avisonic and PIXORD. The Group's total power consumption rate is 5,313,743. (refer to the following table). Elan Group's electricity usage and CO₂ emissions in 2018 is 2,946.02 ton CO₂-e, 0.61% more compared to last year due to the addition of new employees and an increase of production capacity in Elan Zhonghe.

	Elan Hsinchu	Elan Zhonghe	Elan Tainan	Elan Kaohsiung	Elan Hong Kong	Total
Electricity consumption(kWh)	3,823,000	1,292,267	135,934	41,721	20,821	5,313,743
CO ₂ emission factor (Kg CO ₂ -e / kWh)	0.554	0.554	0.554	0.554	0.66	—
CO ₂ emission(ton CO ₂ -e)	2,117.94	715.916	75.307	23.113	13.742	2,946.02

Note1: 2017 Coefficient of Emissions in Taiwan, Bureau of Energy. Coefficient of Emissions in Hong Kong, China Light & Power Company Syndicate Sustainability Report 2018.

Other indirect greenhouse gas emissions (Scope 3): 305-3

The control of other indirect greenhouse gas emissions focuses on company vehicles and the removal of waste. For the company vehicles, fuel-efficient models are used and maintenance is carried out according to mileage. We also replace vehicles once in a while to reduce greenhouse gas emissions. As for waste removal, we choose to take the route with the shortest distance between the company and the incineration plant. The total amount of other indirect greenhouse gas emissions is 14.807 ton CO₂-e. Relevant data are as follows:

	Elan Hsinchu	Elan Zhonghe	Total
Waste removal(tkm)	407.758	5,185	—
CO ₂ emission (ton CO ₂ -e)	0.096	1.219	1.315
Waste produced(ton)	23.5	16.931	—
CO ₂ emission (ton CO ₂ -e)	7.99	5.502	13.492
Total(ton CO ₂ -e)	—	—	14.807

Note: Company vehicles are only available at the headquarter in Hsinchu.

Measures to reduce greenhouse gas emissions: 305-5

1. Since 2014, Elan headquarter in Hsinchu has begun to replace all office lightings from 27W PL lighting tubes to 9.8W LED energy-saving tubes. In 2018, we finished replacing lighting fixtures in all meeting rooms and changing some of the traditional air conditioners to converter-type air conditioners.
2. Office area on each floor is installed with temperature monitors to display actual indoor temperatures. The numbers are then used as standards for appropriate temperature adjustment. By doing so, air conditioning usage will not be wasted on individual preferences.
3. Announcements reminding all staff to turn off the lights to conserve electricity.
4. Computer not turn-off message reminder: Set up automatic monitoring system. If an employee did not shut down the computer after work, the MIS system will send an e-mail the next day to remind the employee and his/her supervisor to always shut down the computer before leaving.
5. Guard patrolling: During nighttime hours, a guard will patrol offices on each floor every hour and turn off the lights if no one is seen in the areas.
6. In compliance with the law, Elan performs initial filtration processes on each type of gas used in the laboratories.
7. Since the end of 2012, Elan Zhonghe started an independent power consumption analysis. For items with higher electricity usage, improvement measures on system and usage management aspect are carried out, such as replacing all lighting fixtures to T5, control air pressure according to needs, and control air conditioning temperature and time, etc. By saving electricity within the company, continue to reach the maximum production capacity with minimum electricity usage.
8. Elevator and public electricity usage at Elan Zhonghe are in coordination with the energy-saving concept of the Far Eastern New Century Industrial

Park. With reduced expenses, continue to improve main energy consumption in the park, and gradually promote the upgrading of the operational efficiency of the Company's facilities and equipment, such as chiller energy efficiency improvement, cargo lift and freight elevator deactivation on holidays, and hierarchical regional control on holidays and during night hours.

9. For fourteen consecutive years, Elan was once again honored with the highest award, "Distinguished Landscape Award" by the Hsinchu Science Park Bureau.
10. Paperless operations has been implemented in Hsinchu since 2001. In 2004, warehouse reports and documents were electronically controlled. In 2017, visitor's online reservation system was set up. To further save paper, a card-swiping function will gradually be added onto each printing machine. The change is expected to be complete by 2022. In the future, the use of printers in each department will be controlled and reduced. As for the printing paper usage, in 2018, we had used 674 bags of paper, a 20.61% reduction compared to 849 bags in 2011. Last but not least, the individual Withholding Tax Statement will no longer be given out, unless requested. The paper sign-up forms used in the cafeteria will also be replaced by card swipe machines.

Effluent and waste are classified as follows:

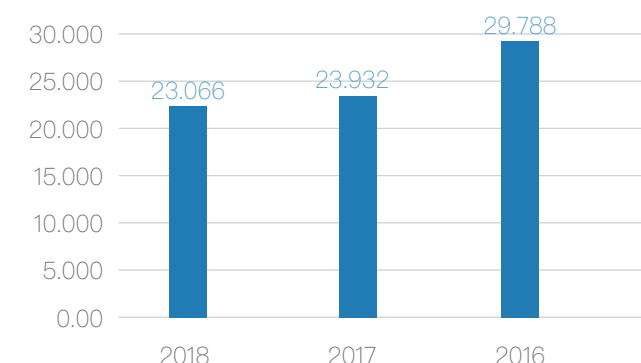
Effluent:

303-4,303-5,306-1,306-2

Elan is a professional IC and module designing company. Its wafer and downstream production are entirely outsourced. Hence, aside from household type of sewage, Elan does not create polluting wastewater or oil (fuel) and other high polluting waste. In Hsinchu

Science Park, after initial handling of sewage that flow from each of the park's tenants, all effluent is drained for integrated treatment into the sewage handling plant located inside the park and finally the Ke-ya river. An effluent handling fee is collected in reference to water consumption indicated in the water bills. The total effluent was 80% of the total withdrawal listed on the water bill. In 2018, the total water consumption in Hsinchu was 23.06m3, a decrease of 3.64% compared to 2017. Monthly water bills for Elan Hong Kong, Tainan and Kaohsiung are included in the management fee. Therefore, there is no detailed figures on water consumption. In addition, Elan Zhonghe water consumption and water bill accounted for less than 1% of the administrative fee in the whole area. Therefore, the cost is calculated based on the numbers of factory households in proportion to the factory area.

Elan Hsinchu Average water consumption per capita



Note 1: Elan Hong Kong, Tainan and Kaohsiung have their water consumption integrated into their respective monthly administrative fees. Hence no detailed water bill figures are available.

Note 2: Elan Zhonghe water consumption and water bill accounted for less than 1% of the administrative fee in the whole area. Therefore, the cost is calculated based on the numbers of factory households in proportion to the factory area.

Water consumption: 303–5

Water is mainly used at Elan for toilets, water dispensers, kitchens, watering flowers and others. The water consumption is calculated according to the difference between the effluent and the water withdrawal. The water consumption in 2018 is 4*10–6 megaliters. However, there was a time error in the calculation of effluent and water withdrawal, and the calculation was based on that on the water bill, so the actual water consumption cannot be presented on the data.

Waste: 306–2

The company's general waste mainly consisted of household waste. Moreover, waste that may pose as hazardous is categorized as the electronic components stored in the warehouse and the laboratory liquid substances. In 2018, Elan group's general industrial waste total output volume was 44.61 tons. Of the total, the recycled volume was 6.998 tons and waste considered hazardous was 6.1507 tons. The preceding figure indicates that the volume of hazardous industrial waste is less than 10% of the total, this shows that the harmful effect is extremely low in the industrial chain.

Elan group, in addition to reporting by the EPD's environmental regulations and implementing industrial waste recycling, asks its contractors to comply with the requirements set under Environmental Protection Law, Occupational Safety and Health Law, and Fire Control Law. Continue to educate and promote recycling, sort general business wastes by types such as non-process, recyclable/non-recyclable, etc. and hand them over to qualified handling vendors.

The company wastes are classified as general waste (Class D), recycle (Class R) and hazardous waste (Codes: C–0301, C–0202, E–222, E–0217). For confidential files, we will arrange special destruction each year to dispose them all at once.

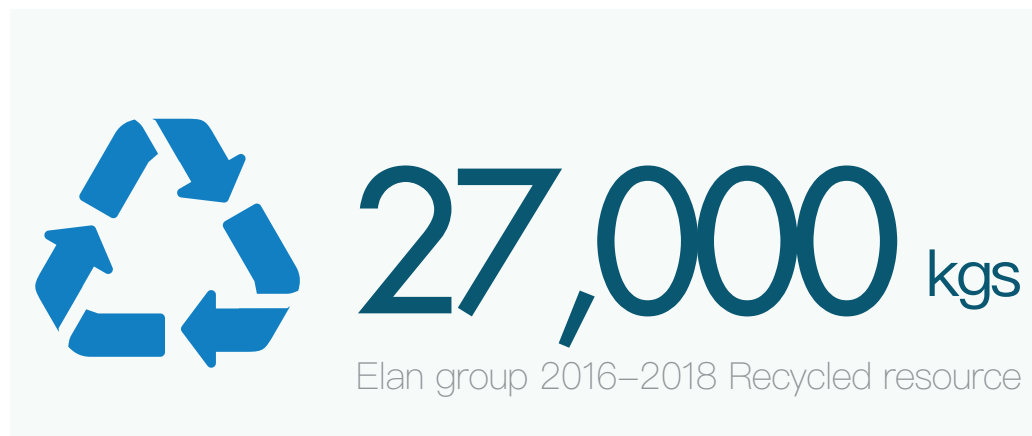
Disposal of waste: General waste, confidential documents and hazardous waste of code C–0301 are to be incinerated. Electronic components (Codes E–0222, E–0217) are to be physically shattered and code C–0202 waste acid is to go through chemical neutralization.

Aside from actively promote waste recycling, Elan has been working to implement the best management of general waste disposal by taking relevant actions include the following:

1. Wastes are classified and stored according to types and characteristics.
2. On-site management and proper labeling.
3. Perform waste storage site management audits aperiodically.
4. Arrange waste-removal vendors to perform tailgate audits.
5. Regularly audit the documents on waste removal.

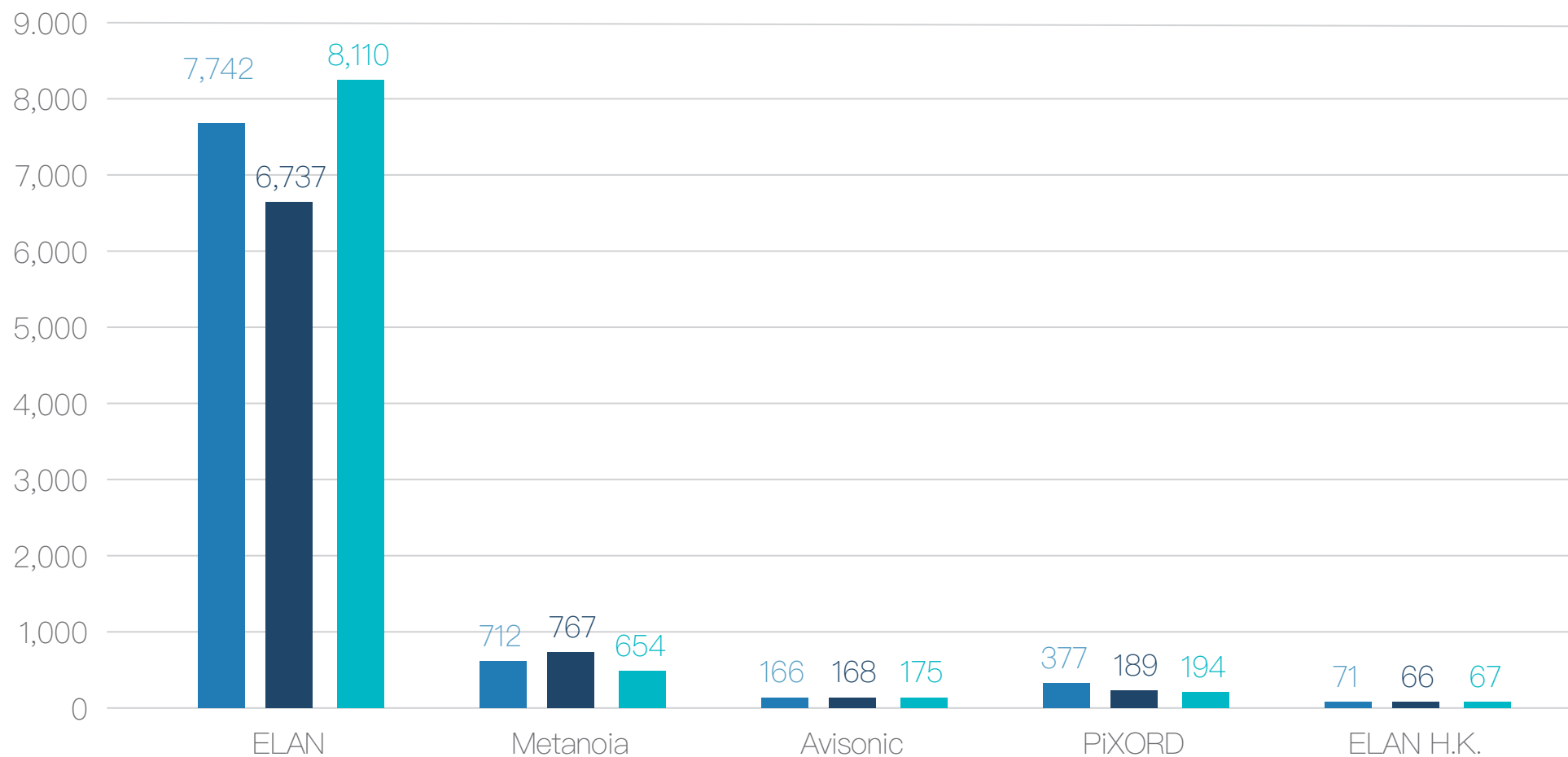
Elan group waste produced(2016–2018)

Total	Year	Amount of general industrial waste (ton)	Recycled resource (ton)	Amount of hazardous industrial waste produced (tons)					
				E-0222 PCB with components attached	E-0217 Waste components	C-0202 Waste components with pH ≤ 2	C-0301 Distillation residue containing aniline	Total	Destruction of confidential documents (ton)
	2018	44.61	6.998	1.206	4.7847	0.16	–	6.1507	3.36
	2017	46.84	9.043	1.092	3.869	–	–	4.961	2.54
	2016	44.412	11.422	0.3	2.866	0.1	0.008	3.274	2.89



Environmental expenditure and investment(2016–2018) Unit: thousand

■ 2016 ■ 2017 ■ 2018



Note: The environmental protection expenditures include cleaning fee, labor fee (e.g., verification fee), education and training fee, maintenance–housing equipment and consumables (e.g., lighting tubes repair).

7.2 Product and service–related environmental protection 302–5

“Green Products” has always been a fundamental requirement of Elan. All series of Elan’s products comply with RoHS, Sony GP, REACH, and Halogen-free requirements. Elan provides customers with a Warranty on Non-Inclusion of Hazardous Substances. From design, production materials to product output, Elan has consistently called for “Green Design”, “Manufacturing and Purchasing Processes”, “Conservation of Resources and Recycling” and “Waste Management”, continuously pursues improvement and innovation. Starting with design aspects, management control and actual implementation, to reduce unnecessary industrial wastes.

To achieve “Green Design”, while designing the perfect products to satisfy our customers, we also insist on following the basic principles of eco-design at all time. Playing a role in environmental protection, the use of hazardous substances declared by RoHS, Sony GP, REACH and Halogen-free requirements are strictly prohibited in the Group. Elan hopes and will continue to exert sustainable environmental protection efforts in Elan’s products and for the next generation.

Conservation and high efficiency are Elan’s R&D objectives that will help reduce the demand for energy or components of products and services:

1. “High-transparent Touch Optics Module” uses Low Power DSP to achieve handwriting recognition features. With simple design and peripheral components, Elan capacitive touch sensors can efficiently save space on circuit boards and reduce cost. Elan received the “Best Choice of the Year” award and the grand awards in peripherals and accessories

category with this module in the COMPUTEX TAIPEI 2009.

2. “Smart Touch Multifunctional Remote Control” is an all-in-one design that combines audio remote, TV remote, virtual PC keyboard, handwriting, presentation remote, gaming/joystick and other modes into one single remote, saving lots of materials, battery consumption and pollution. As environmental protection awareness rises, this product provides a better green living option. This product was rewarded the “Best Choice for Digital Entertainment Products” in the COMPUTEX TAIPEI 2009.
3. “Windows 8 Smart-Touchscreen™ Single Chip Solution” contains built-in high-efficient sensor circuits, high-voltage driver circuits and dual DSP core frameworks that can reduce chip working frequency and power consumption to conform to Windows 8 specifications. Windows 8 Smart-Touchscreen™ single chip integrated with excellent hardware and software technology, reducing the use of wafers, external components and PCB material cost. Moreover, it supports 11.6” ~18” touchscreens. This single chip uses small packaging and simple external components, and it is the world’s smallest circuit board with a width as little as 6mm. Not to mention its world’s lowest power consumption. By efficiently reduce component usage and metallic (battery) and other material pollution, goals of higher stability and lower power consumption can be obtained.

4. The development of “Low-Power-Consumption Ultra Energy-Efficient Solar-Powered Calculator Chip” has overcome the technical challenges of the overcritical low power consumption of a calculator. Satisfying 1.5V MCU, the chip uses solar panel as the power supply, conforms to the application trend of the international top manufacturer brands. With this chip, Elan is expected to be the first provider of solar-powered calculator chips in Taiwan.
5. “Single-Layer Touch Module Sensor” has a vertical triangular stack structure design, wafer pins can be laid on a single side. With shorter routing, the sensor requires only a single-layer ITO mask to complete. Not only does the sensor provides advantage in cost control, it also has good efficiency, supports 5-finger touch screen solutions, significantly reduces the use and pollution of masks and other materials which can all enhance product competitiveness.
6. “Pointing Stick Module” has power saving and low-cost features. Touch sensor senses finger movement through the integration of analog sensing. The advantage of this technology development is its low power consumption. When in operating mode, depleting an average of only 900 μ A and can totally be used for PS2/I2C mode. In addition to achieve low noise, simple external application circuits in our modules, fast yet low power consumption and green design are the biggest technological advantages and requirement of Elan.

7. The second generation of “Smart–Touchscreen single chip” is currently the market’s first single touch IC solution that meets the Windows 8 LPML1 (Link Power Management, L1) specification requirements.

8. The BLDC (Brushless DC) motor equips with 16–bit MCU and DSP total solution to provide a complete solution that achieves great efficiency, high rotational speed and low power consumption. It can be used in industrial grade products such as hair dryers, ceiling fans, etc. From 2014 to 2018, Elan has shipped out 115,694 units. Compared to traditional induction motors, it has already saved about 15,790,555 kWh of electricity.

Formula: kWh saved = amount of shipments * kWh saved per IC * hours used per day (3 hours) * days used per year (140 days) * lifetime (5 years)

9. Fingerprint identification wafers do not require external metal rings nor additional ICs to apply drive signals. This minimizes module design size, save materials and lower cost. With a single IC, high sensitivity performance can be achieved. Meanwhile, passive components can be enclosed into the sensor package, simplifying application circuits. Also, users can even use single–layer EPC to effectively reduce module cost. With the patented adaptive parasitic capacitance cancellation technology, higher level of sensitivity and lower energy consumption are achieved. Other competitive advantages include its fast unlock operational efficacy, simple hardware structure, high production efficiency, high yield, and no advanced semiconductor process is required for manufacturing fingerprint sensor chips.

10. The development of the Master IC Built–in Hardware Clock Circuit uses environment–friendly lithium batteries as the clock’s backup power supply, and it does not need to be replaced within the clock’s lifetime. If the main power supply is cut off, it can supply power to the clock, maintain precise internal operations for at least 5 years. When the battery voltage is low, the meter will give an alarm. The date and time settings must contain safety measures that prevent non–authorized operations.

11. The development of the Electric Energy Measurement and Smart Meter with Smart Monitoring ICs uses systems In–Synergy, smart meters (smart home appliance control), and smart monitoring/ smart home appliances. Provide intelligent, energy saving, security and other features, so that users can easily connect portable devices such as mobile devices to Smart devices for energy saving and safety monitoring purposes.

12. The development of the Glass–cover Capacitive Fingerprint Sensor Module has a built–in drive signal booster, with no additional IC required in order to minimize module design size and save parts cost. Its higher sensitivity lower power consumption also increases performance and cost competitiveness.

13. The development of the 2–in–1 Touch and Display Chip for smartphones has a built–in 60Hz/120Hz auto–switching function. Enter low power mode during low operation to achieve low power consumption. In addition, not only can the IPD (In–Phase Driving) function effectively reduces the external capacitance, it can also support larger panel loading (panel load). By combining touch and display driver chips, the production cost can be significantly reduced while performance improves and the use of peripheral components reduces.

14. The development of the Half Bridge Induction Heater with Capacitive Touch IC aims to achieve high anti–noise, waterproof, anti–accidental touch, gloves touch control, power (fire) control, timing control, etc. Elan strives to provide the best cost–effective control chip that coordinates with green energy–saving factors.

15. The development of a new type of VCM Driver Chip with built–in Flash Program memory users can instantly modify the control program to enhance the performance of the controller. The constant current drive is employed to achieve high–quality anti–shake and high accuracy. The 3 built–in channel halls amplify small signals during circuit processing to save the needs for external OP amplifier circuit. Improve the production process by writing the best parameters into the controller memory will also substantially stabilize product quality.

Production and purchasing

In response to the rising cost of major raw materials, upon the completion of a product design, planning, purchasing, production, and product output processes are all to be strictly controlled. Submit item purchase requisitions, reduce inventory stacking cycle, and decrease raw materials used in the manufacturing process by improving production techniques, etc. are all actions Elan has taken in hope to produce the maximum output value with the minimum materials.

Resource conservation and recycling 301-3

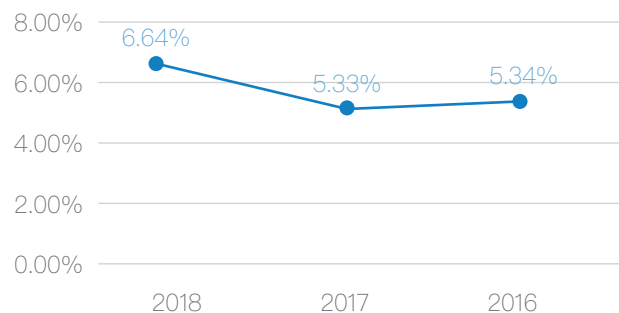
Establish Standard Operating Procedures (SOPs), from offices to the production sites, foster good organize and clean habits and achieve PDCA (Plan-Do-Check-Action) management cycle. Through continuous improvement in the control and management of materials, resources and waste recycling, reducing the purchasing and waste of materials.

1. Promote paperless operations, a fully electronic management system: For 14 years, Elan has been committed to “paperless” operations and has self-developed an electronic document system. Official documents, confidential documents, meeting information, quality system procedures/specifications, operational forms, etc. have all been electronicalized. By doing so, it greatly reduces the necessity and the amount of paper used.
2. Packaging material recycling: Materials such as trays, tubes, wafer cassette, cartons, buffer, etc. are all recycled in one way or another. For example, during the quarterly destruction of waste, scrapped trays will be retained and recycled aperiodically. In 2018, tray accounted for 6.64% of the total recycled materials being re-used. The rest such as tubes, wafer cassette, cartons, buffer, etc. are kept in the warehouse area for recycling and re-use.

The calculation formula is as follows: Number of scrapped trays recycled by a vendor * Average capacity per tray / Amount of PKG sales during the reporting period.

3. Recycling scrapped products: Defective semi-finished and finished products are categorized according to types such as Wafer, Dice, Package, and PCBA. During the quarterly destruction of waste, scrapped products are handed to recycling vendor. Metals such as gold thread and copper will be refined and re-used.

Percentage of scrapped trays recycled (2016~2018)



NTD **26,194**
Unit: NTD thousand

Total amount of environmental expense and investment (2016~2018)

7.3 Participation in social welfare and charitable events

Other—7 Participation in social welfare and charitable events

In the past few years, Elan has begun to participate in social welfare and charitable events. The elderly and children are the disadvantaged minorities we pay most attention to. By taking practical actions to host and sponsor events, donate money and supplies, we hope to contribute our efforts as part and fulfill social and civic responsibility. Each year, Elan lists an annual charity budget and searches for suitable non-profit organizations (currently focused on the elderly, children and other vulnerable groups). In addition, Company-wide charity events are often held which employees are encouraged to engage in these meaningful activities such as volunteering, supporting sales, making posters, etc. Not only do Company's executives participate in each activity, volunteered employees also actively support the campaign and contribute whatever they could — those with money donate money and those with time/effort donate time/effort. The company also granted compensatory days off to whoever volunteers in such events. Employees' partners and families are encouraged to participate as well. In the future, Elan hopes to gather more organizations and offer more care and assistance to disadvantaged groups in different parts of the society. By 2018, Elan has already participated in 34 charity events.

Organizer	Event	Group	2018	2017	2016	2015	2014	Hosting/ co-hosting	Sponsoring	Employee donation	Executive engage- ment	Corporate volunteer participa- tion
Jesuit Catholic Social Service Center in Hsinchu	"Hold on to the Years. Hold on to Love." "Cherish the elderly" propaganda and love carnival	The elderly	V	V	V	V	V	v	v	v	v	v
Huashan Social Welfare Foundation	"Love the Elderly. Love the Gathering." Moon Festival fortune food sending	The elderly	V	V	V	V	V	v	v	v	v	v
Huashan Social Welfare Foundation	Second-hand goods donation	The elderly		V	V	V		v			v	v
Children Are Us Foundation	"Painted Heart Smiles" Send love to the tribes — Aesthetic life exhibition tour	Children			V	V		v	v	v	v	
Taiwan Abundant Life Association	Summer English camp for tribal children	Children		V	V	V	V		v			
Accton Technology Corporation	Christmas Dream-Come-True project	Children	V	V	V	V	V			v		
National Taipei University of Technology	Cultivate technology talents	College students				V		v	v		v	
National Sun Yat-sen University	Cultivate technology talents in Southern Taiwan	College students			V			v	v		v	
Private Hui Ming School for the Blind	Thanksgiving charity event	Children			v	v	V	v		v	v	
Ta Hwa University of Science and Technology	Cultivate scientific and technological talents	College students	V	V								
Environmental Protection Bureau of Hsinchu City	Earth Day beach cleaning	Environment		V				v			v	v
Puzzle Cat Taiwan	Cat lunchbox fundraising event	Stray animals		V				v		v		
Taiwan AI Academy		AI talents	V					v				

Sponsorship	Event	Group	Number of people sponsored	Amount sponsored (in NTD)	Number of students participated in the industry–university cooperation	Number of volunteers
Jesuit Catholic Social Service Center in Hsinchu	"Hold on to the Years. Hold on to Love" love carnival	The elderly		46,458		13
Accton Technology Corporation	Christmas Dream–Come–True project	Children	99	49,500		
Ta Hwa University	Internship opportunities for college students	College students			14	
Taiwan AI Academy	Donation	AI talents		14,086,667		
Huashan Social Welfare Foundation	2018 "Love the elderly" Moon Festival Sports Day	The elderly		61,390		
	Total			14,244,015		

Care for vulnerable groups—the elderly with three lost

Toward the end of each year, Elan and Huashan Foundation will co-sponsor the "Love the elderly. Love the gathering." charity event, sending fortune food, red envelopes and rice dumplings to the elderly with three lost — loss of intelligence (disabled), loss of normal functioning (Dementia) and loss of reliable family member (abandoned). In hope to help putting up a warm New Year Eve dinner for those elderly. In addition, Elan hosted company-wide second-hand goods donation events, encouraged employees to donate first or second-hand items they no longer need (yet still usable). All the items are then collected and donated to Huashan Social Welfare Foundation to sell in their charity events. Profits gained from the charity sales are to be used as foundation's operating fund and fund to support the disadvantaged elderly. By doing so, not only can we save resources, but also provide direct help toward the disadvantaged elderly groups.

Care for vulnerable groups—solitary elderly

For the seventh consecutive year, Elan co-hosted the "Love Carnival" with the Jesuit Catholic Social Service Center in Hsinchu, setting up charity sales in the company, subscribing carnival tickets, and having employees to volunteer on the day of the carnival. The sale proceeds were donated in full to the Social Service Center to serve vulnerable elderly and purchase transport vehicles. We hope to give a hand to poor, disabled solitary elderly through these charity events and help them celebrate the Mid-Autumn Festival with love and blessings.



▲Love Carnival

Care for vulnerable groups—disadvantaged children

On Christmas Eve, companies in Hsinchu Science Park will all engage in the Christmas Dream—Come—True Project, fundraising Christmas gifts for disadvantaged children in Hsinchu. Elan has always been a major participant. With a pure intention of giving back to the society, employees gather goods to make disadvantaged children's Christmas wishes come true. This Christmas Dream—Come—True Project has been going on for 16 years, helped thousands of disadvantaged children and took practical actions to practice the concept of social citizenship. Moreover, we hope to plant a seed of love in each kid's heart, as the love takes root and grows, it may find a way to spread it to more people who need help.

In 2018, employees voluntary donated gifts and helped 99 children fulfill their wishes.

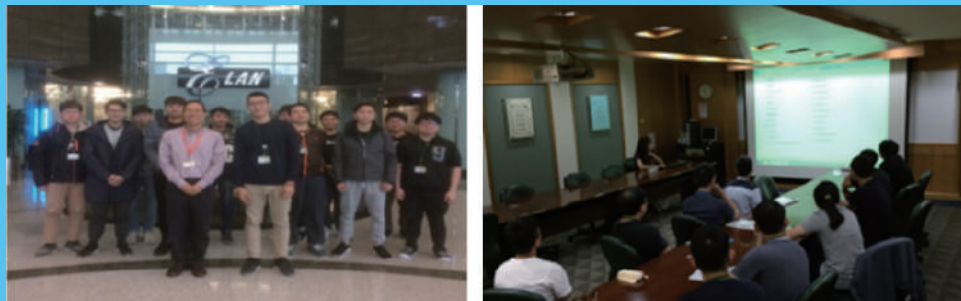


▲Christmas Dream—Come—True Project

Cultivate technology talents through Industry–University Cooperation Program—College students

As an IC design company, the cultivation of technology talents begins at schools and the promotion of Industry–University cooperation is the most direct and efficient way for Elan to contribute to the society. Rooted from the campus, provide internship opportunities to the school to create a win–win situation between Elan and the school. Without a doubt, providing internship is one of the most effective and easiest ways to develop talents in an early stage. Through the provision of workplace internship opportunities for students, the interns' learning and work content are arranged in a planned manner. Under the leadership and subtle influence of the seniors, interns are able to experience the practical skills in the workplace and cultivate correct working attitudes. This industrial–university cooperation will nevertheless foster students' potentials and cultivate young talents for the society.

Such internship program is planned in advance by Elan and the school, lasts for a semester or an entire year. The specific work content and achievable task system are designed to allow students to enter the workplace early. Extensive knowledge and practice have also injected new vitality and creativity into the company. Also, the company can explore suitable talents and retain excellent internships to create a new force for the company. For students, it is possible to recognize the workplace and the employment environment early, strengthen self–function, and then make the right career choices. From 2014 to 2018, Elan has provided a total of 49 job openings for undergraduate and graduate students as internships or Industry–University cooperation projects.



▲Industrial–university cooperation

Cultivate AI talents—AI Technology talents

In order to raise Taiwan industrial competitiveness, Elan Microelectronics has joined forces with a number of companies to promote the Taiwan Artificial Intelligence School. As a platform, we expect this school to promote the correct understanding of artificial intelligence and the latest technology for production, government, study, and research talents. This industrial–university cooperation will earn Taiwan a place in the rapid development of AI and data science technology globally. Nonetheless, building an AI School can bring young blood into the AI industry, cultivate AI talents with practical experiences, and gradually, develop independent AI technology here in Taiwan. On the other hand, it is also a contribution to Taiwan's technology ecology. In 2018, we donated more than 14 million NTD, and we expect to reach our goal of donating 30 million NTD within three years.



▲Taiwan Artificial Intelligence School



INDEPENDENT ASSURANCE OPINION STATEMENT

Elan Microelectronics Corporation 2018 Corporate Social Responsibility Report

The British Standards Institution is independent to Elan Microelectronics Corporation (hereafter referred to as Elan Microelectronics in this statement) and has no financial interest in the operation of Elan Microelectronics other than for the assessment and verification of the sustainability statements contained in this report.

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

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

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

Scope

The scope of engagement agreed upon with Elan Microelectronics includes the followings:

1. The assurance scope is consistent with the description of Elan Microelectronics Corporation 2018 Corporate Social Responsibility Report.
 2. The evaluation of the nature and extent of the Elan Microelectronics' adherence to AA1000 AccountAbility Principles (2018) and the reliability of specified sustainability performance information in this report as conducted in accordance with type 2 of AA1000 Assurance Standard (2008) with 2018 Addendum sustainability assurance engagement.
- This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the Elan Microelectronics 2018 Corporate Social Responsibility Report provides a fair view of the Elan Microelectronics CSR programmes and performances during 2018. The CSR report subject to assurance is materially correct without voluntary omissions based upon testing within the limitations of the scope of the assurance, the information and data provided by the Elan Microelectronics and the sample taken. We believe that the 2018 economic, social and environmental performance information are correctly represented. The CSR performance information disclosed in the report demonstrate Elan Microelectronics' efforts recognized by its stakeholders.

Our work was carried out by a team of (CSR) report assurers in accordance with the AA1000AS (2008) with 2018 Addendum. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Elan Microelectronics' description of their approach to AA1000AS (2008) with 2018 Addendum and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

Methodology

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

- a review of issues raised by external parties that could be relevant to Elan Microelectronics' policies to provide a check on the appropriateness of statements made in the report
- discussion with managers on Elan Microelectronics' approach to stakeholder engagement. Moreover, we had sampled two external stakeholders to conduct interview
- interview with 10 staffs involved in sustainability management, report preparation and provision of report information were carried out
- review of key organizational developments
- review of the extent and maturity of the relevant accounting systems for financial and non-financial reports
- review of the findings of internal audits
- the verification of performance data and claims made in the report through meeting with managers responsible for gathering data
- review of the processes for gathering and ensuring the accuracy of data, followed data trails to initial aggregated source and checked sample data to greater depth during site visits
- the consolidated financial data are based on audited financial data, we checked that this data was consistently reproduced
- review of supporting evidence for claims made in the reports
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018)

Conclusions

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

Inclusivity

In this report, it reflects that Elan Microelectronics has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Elan Microelectronics' inclusivity issues and has demonstrated social responsible conduct supported by top management and implemented in all levels among organization.

Materiality

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

Responsiveness

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

Impact

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

Performance information

Based on our work described in this statement, specified sustainability performance information such as GRI Standards disclosures disclosed in this report, Elan Microelectronics and BSI have agreed upon to include in the scope. In our view, the data and information contained within 2018 Elan Microelectronics CSR Report are reliable based on procedures undertaken by means of vouching, re-tracking, re-computing and confirmation.

GRI Sustainability Reporting Standards (GRI Standards)

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

Assurance level

The moderate level assurance provided is in accordance with AA1000AS (2008) with 2018 Addendum in our review, as defined by the scope and methodology described in this statement.

Responsibility

This CSR report is the responsibility of the Elan Microelectronics' chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14084 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Peter Pu
Managing Director BSI Taiwan
2019-07-12

bsi.

AA1000
Licensed Assurance Provider
000-4

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GRI Index

General disclosures

Disclosure item	Chapter/remarks	Page	Omission	
			Type	Description
102-1	Organization name	Editorial policy		
102-2	Brands, products, and services	1.1 Company profile		
102-3	Location of the organization's headquarters	1.1 Company profile		
102-4	Operating bases	1.1 Company profile		
102-5	Nature of ownership and legal form	1.1 Company profile		
102-6	Markets served	1.1 Company profile		
102-7	Scale of the organization	1.1 Company profile		
		1.3 Operational performance		
		4.1 Customer relationship and cooperation with leading platforms		
102-8	Information about employees and other workers	6.2 Workforce practices and decent work		
102-9	Supply chain	1.6 Supply chain		
102-10	Major changes in the organization and its supply chain	Editorial policy		
102-11	Early warning principle or policy	1.7 Precautionary approach and principle		
102-12	External initiative	1.7 Precautionary approach and principle		
102-13	Membership of the Association	2.2 Principles of business ethics and integrity		
102-14	Message from the Chairman	Message from the Chairman		
102-16	Value, principles, standards and codes of conduct	2.2 Principles of business ethics and integrity		
102-18	Governance body	2.1 Highest governance body		

Disclosure item	Chapter/remarks	Page	Omission	
			Type	Description
102–40	Stakeholder groups	3.2 Stakeholder engagement	32	
102–41	Group agreement	Elan Group did not form a trade union, hence no collective agreements are available.	–	N/A
102–42	Identify and select stakeholder	3.1 Important stakeholder and material aspect identification	28	
102–43	Guidelines for communicating with stakeholders	3.2 Stakeholder engagement	32	
102–44	Key topics and concerns raised	3.2 Stakeholder engagement	32	
102–45	Entities included in the consolidated financial statements	1.3 Operational performance	11	
102–46	Define report content and topic boundaries	3.1 Important stakeholder and material aspect identification	28	
102–47	Major topic list	3.1 Important stakeholder and material aspect identification	30	
102–48	Information re–editing	No information is reedited.	–	–
102–49	Changes in the report	No major changes in the scope of disclosure. In response to GRI, announced two guideline updates in December 2018 (GRI 303, GRI 403).	82,87,89 67–74	
102–50	Report period	Editorial policy	1	
102–51	Date of the last report	Editorial policy	1	
102–52	Reporting cycle	Editorial policy	1	
102–53	Contact person who can answer questions related to the report	Editorial policy	1	
102–54	Declaration in accordance with GRI guidelines	Editorial policy	1	
102–55	GR Index	GRI Index	98–103	
102–56	Independent Assurance Statement	Independent Assurance Statement	97	

Specific disclosures

Specific disclosures	Disclosure item		Chapter/remarks	Page	Omission	
					Type	Description
Economic performance	201-1	Direct economic value generated and distributed by the organization	1.3 Operational performance	7-10		
	201-4	Financial assistance from the government	1.4 Government financial aid	10		
Market image	202-1	Ratio of standard salary to local minimum salary for grass-roots personnel of different genders	6.3 Employee benefits and salary	62		
	202-2	The proportion of hiring local residents as high-level management	6.2 Workforce practices and decent work	58		
Purchasing practice	204-1	Proportion of purchases from local suppliers	1.6 Supply chain	13-14		
Anti-corruption	205-3	Confirmed corruption incidents and actions taken	2.2 Business ethics and integrity principles	25		
Raw material	301-3	Recycling products and their packaging materials	7.2 Environmental protection of products and services	92		
Energy	302-1	Energy consumption within the organization	7.1 Elan Environmental Policy	82-83		
	302-4	Reduce energy consumption	7.1 Elan Environmental Policy	82-83		
	302-5	Reduce energy requirements for products and services	7.1 Elan Environmental Policy 7.2 Environmental protection of products and services	82 90-91		
Water and effluent	303-3	Water withdrawal by source	7.1 Elan Environmental Policy	82		
	303-4	Amount of effluent	7.1 Elan Environmental Policy	87		
	303-5	Water Consumption	7.1 Elan Environmental Policy	88		
Emission	305-1	Direct (Scope 1) greenhouse gas emissions	7.1 Elan Environmental Policy	85		
	305-2	Indirect energy (Scope 2) greenhouse gas emissions	7.1 Elan Environmental Policy	86		
	305-3	Other indirect (Scope 3) greenhouse gas emissions	7.1 Elan Environmental Policy	86		
	305-5	Greenhouse gas emission reduction	7.1 Elan Environmental Policy	87		
Effluent and waste	306-1	The amount of water discharged by water quality and destination	7.1 Elan Environmental Policy	87		
	306-2	Waste by category and disposal method	7.1 Elan Environmental Policy	88		
Environmental protection regulations	307-1	Violation of environmental regulations	7.1 Elan Environmental Policy	82		

Specific disclosures	Disclosure item		Chapter/remarks	Page	Omission	
					Type	Description
Supplier Environmental Assessment	308-1	Screening new suppliers with environmental standards	6.1 Commitment to corporate responsibility 5.1 Supplier strategy	58 49-51		
	401-1	New and resigned employees	6.2 Labor practice and dignity labor	59		
Employee-employer relations	401-2	Benefits for full-time employees (excluding temporary or part-time employees)	6.3 Employee benefits and salary	62-66		
	401-3	Parental leave	6.3 Employee benefits and salary	63		
Labour-management relations	402-1	Minimum notice period for operational changes	6.2 Labor practice and dignity labor	61		
	403-1	Representatives of workers in the formal safety and health committee formed by labor and capital	6.4 Elan occupational safety and health policy	67,72		
Occupational safety	403-2	Injury category, injury, occupational disease, number of days lost, absence, etc., and the number of deaths while on duty	5.3 Risk Management 6.6 Emphasis on workplace safety, zero occupational hazards in 24 years	54,55 73		
	403-3	High incidence and high risk of diseases associated with their occupation	6.4 Elan occupational safety and health policy	67		
	403-4	Occupational safety and health participation, consultation, and communication	6.4 Elan occupational safety and health policy	67		
	403-5	Occupational safety and health training	6.4 Elan occupational safety and health policy	67		
	403-6	Worker health promotion	6.5 Health management	68		
	403-7	Prevent and mitigate occupational safety and health related business impacts	6.6 Emphasis on workplace safety, zero occupational hazards in 24 years	74		
	403-8	Workers covered by the occupational safety and health management system	6.6 Emphasis on workplace safety, zero occupational hazards in 24 years	73		
	403-9	Occupational injury	6.6 Emphasis on workplace safety, zero occupational hazards in 24 years	71		
	403-10	Occupational disease	6.6 Emphasis on workplace safety, zero occupational hazards in 24 years	71		
	404-1	Average number of training hours each employee receives each year	6.7 Employee training and development	76-77		
Training and education	404-3	Proportion of employees who regularly receive performance and career development checks	6.7 Employee training and development	78		

Specific disclosures		Disclosure item	Chapter/remarks	Page	Omission	
					Type	Description
Employee diversity and equal opportunities	405-1	Governance body and employee diversity	2.1 Highest governance body	19		
No discrimination	406-1	Discrimination incidents and improvement actions taken by the organization	6.8 Zero-distance communication with the employee and full-range complaint channels	79-80		
Freedom of association and group consultation	407-1	Operators or suppliers who may face freedom of association and group negotiation risks	6.1 Commitment to corporate responsibility 5.1 Supplier strategy	58 50-51		
Child labor	408-1	Significant risks of using child labor at operating locations and suppliers	6.1 Commitment to corporate responsibility 5.1 Supplier strategy	58 49		
Forced or compulsory labor	409-1	Operating bases and suppliers with significant risks of forced and compulsory labor events	6.1 Commitment to corporate responsibility 5.1 Supplier strategy	58 49		
Supplier social assessment	414-1	Screen new suppliers using social criteria	6.1 Commitment to corporate responsibility 5.1 Supplier strategy	58 49		
Customer health and safety	416-2	Violation of health and safety regulations regarding products and services	4.5 Product and service labeling	39		
Marketing and labeling	417-1	Product and service information and labeling requirements	4.5 Product and service labeling	39-42		
	417-2	Events that do not comply with marketing-related regulations	4.5 Product and service labeling	39		
Customer privacy	418-1	Complaints that infringe customer privacy or loss of customer information	4.7 Customer privacy protection	43		
Social and economic compliance	409-1	Violation of social and economic laws and regulations	2. Corporate governance 6.2 Workforce practices and decent work 6.8 Zero-distance communication with the employee and full-range complaint channels 7.1 Elan Environmental Policy	17 61 79 82		

Specific disclosures	Disclosure item	Chapter/remarks	Page	Omission	
				Type	Description
Other-1	Customer relationship participation	4.1 Customer relationship and cooperation with leading platforms	35		
Other-2	New product development capabilities	4.2 A sound patent system that encourages employees to innovate new products	36		
		4.3 Knowledge management system that accelerates the efficiency of new product technology integration	37		
Other-3	Supplier strategy	5.1 Supplier strategy	49-51		
Other-4	Number of business key performance indicators	5.2 Key Performance Indicator, management process optimization, and electronization	53		
Other-5	Care for employees and their family	6.3 Employee benefits and salary	62-66		
Other-6	Industry-University Cooperation Program	4.3 Knowledge management system that accelerates the efficiency of new product technology integration	37		
Other-7	Participation in social welfare and charitable events	7.3 Participation in social welfare and charitable events	93-96		
Other-8	Risk Management	5.3 Risk Management	54-55		
Other-9	Product contribution to world trends	4.4 Product contribution to world trends	38		
Other-10	Investor relationship optimization	1.8 Investor relations transparency	16		

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