



2019

Corporate Social
Responsibility
Report



ELAN MICROELECTRONICS CORP.

CONTENTS

About this report	01
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Message from the Chairman	02
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01 Company Overview

1.1 Company Profile	05
1.2 Organization history	07
1.3 Operational performance	09
1.4 Government financial aid	13
1.5 Supply chain	14
1.6 Precautionary approach and principle	16
1.7 Investor relations transparency	17

02 Corporate Governance

2.1 Highest governance body	20
2.2 Principles of business ethics and integrity	26

03 Stakeholders' Management and Engagement

3.1 Important stakeholder and material topic identification	29
3.2 Stakeholder engagement	34

04 Product Design and Customer Rights & Interests

4.1 Customer relationship and cooperation with leading platforms	38
4.2 A sound patent system that encourages employees to innovate new products	39
4.3 Knowledge management system that accelerates the efficiency of new product technology integration	40
4.4 Product contribution in relation to world's trend	41
4.5 Product and service labeling	42

4.6 Customer service and customer rights	46
--	----

4.7 Customer privacy protection	47
---------------------------------	----

4.8 Customer Satisfaction Survey	48
----------------------------------	----

05 Supplier Management and Risk Management

5.1 Supplier strategy	57
5.2 Key Performance Indicator, Management process optimization and electronization	63
5.3 Risk Management and Opportunity	64

06 Industrial Relations and Public Safety

6.1 Commitment to Corporate Social Responsibility	69
6.2 Workforce practices and dignity of labor	70
6.3 Employee benefits and salary	73
6.4 Occupational safety and health policy	77
6.5 Health management	78
6.6 Emphasis on workplace safety, zero occupational hazards in 25 years	80
6.7 Employee training and development	84
6.8 Zero-distance communication with the employee and full-range complaint channels	88

07 Environmental Protection and Social Welfare

7.1 Elan environmental policy	92
7.2 Product and service-related environmental protection	99
7.3 Participation in social welfare and charitable events	102

External assurance / conviction	104
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GRI Index	105
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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, 2019. In this report, Elan Group (or the Group) refers to Elan headquarter and its affiliated companies including Metanoia Communications, Avisonic Technology Corporation, PiXORD Corporation and Elan H.K. Microelectronics Corporation.

Assurance (ESG Reporting Standards/Verification of ESG reporting) 102-54

The contents of this report follow the Global Reporting Initiative (GRI) guidelines, and according to industry characteristics and regional references, follow 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 SGS Taiwan Inspection Technology Co., Ltd. based on AA 1000 Type II at a moderate level. Refer to Page104 for the Independent Assurance Statement.

Major changes in 2019 102-10

Elan	Metanoia	Avisonic	PiXORD	Elan H.K.
No major changes in organization scale, ownership or supply chain.	Capital reduced (69,700,000 shares) to cover accumulated deficits, accounted for 82% of the total capital. No other major changes.	Capital reduced (24,879,400 shares) to cover accumulated deficits. Increased capital and issued 5 million new shares. No major changes in organization scale, ownership or supply chain.	The company's name was changed from PiXORD Corporation(一碩科技) to PiXORD Corporation(義碩智能). No other major changes.	No major changes.

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 website as 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 2019).

Contact information 102-53

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

Elan Microelectronics Corporation
 Human Performance Management (HPM)/ Industrial Performance Management (IPM) Dept.,
 Vice Director: Ming-Shia Lee
 Address: 12 Innovation 1st Road, Hsinchu Science Park, Hsinchu City, Taiwan (R.O.C.)
 Phone: +886-3-5639977
 Fax: +886-3-5639966
 E-mail: csr@emc.com.tw
 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 25th anniversary this year. For the past 25 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, 2019 revenue hit an all-time high. The group's consolidated revenue reached 9.48 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 addition to formulating work rules that comply with relevant regulations, the board of directors approved to set up human rights policy to protect workers' rights in the workplace. We recognized and supported international human rights conventions such as the United Nations Universal Declaration of Human Rights (UDHR), the United Nations Global Compact, and the UN International Labour Convention. We also require cooperating manufacturers to eliminate any violations or offenses of human rights during operation. We treat and respect internal and external members in the company with dignity, and follow up with labor-related regulations in where the company is located. We try hard

to create a safe, healthy and comfortable workplace for the employees. Besides obtaining the Healthy Workplace Innovation Golden Pin Award - Innovation Workplace Award by Health Promotion Administration, Ministry of Health and Welfare (Taiwan), our training system was also awarded with the Talent Quality-management System silver medal certification by Workplace Development Agency, Ministry of Labor. Meanwhile, we successfully obtained ISO 45001: 2018 certificate for occupational health and safety management system.

From the environmental topic, in view of global warming and climate change, 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 reduce 15 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.

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.

I. H. Yeh
Chairman and President



01

Company Overview

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



Management performance (2017-2019)

	2017	2018	2019
● Operating Revenue (NT\$ thousand)	7,503,267	8,651,332	9,487,977
● Earnings Per Share (EPS) (dollar)	2.58	4.16	8.57
● R&D grant accounted in operating revenue (%)	18%	18%	17%

* Note: The company reduced its capital by 30% in August 2018.

EPS is calculated by dividing the current net profit by the weighted average shares outstanding for the current year.

Awards in 2019



Obtained the Talent Quality-management System (TTQS) silver medal certification from the Workplace Development Agency, Ministry of Labor.



Awarded with the 2019 Outstanding Green Environment Award by the Hsinchu Science Park Bureau



Obtained the ISO 45001:2018 Occupational Health and Safety Management System certification.



Won the Best Choice Award at COMPUTEX TAIPEI.



Awarded with the 2019 Smart Science Park Innovation Application Award by the Hsinchu Science Park.



Awarded with the 2019 Healthy Workplace Creative Golden Point Award by the Health Promotion Administration, Ministry of Health and Welfare.

1.1 Company Profile

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

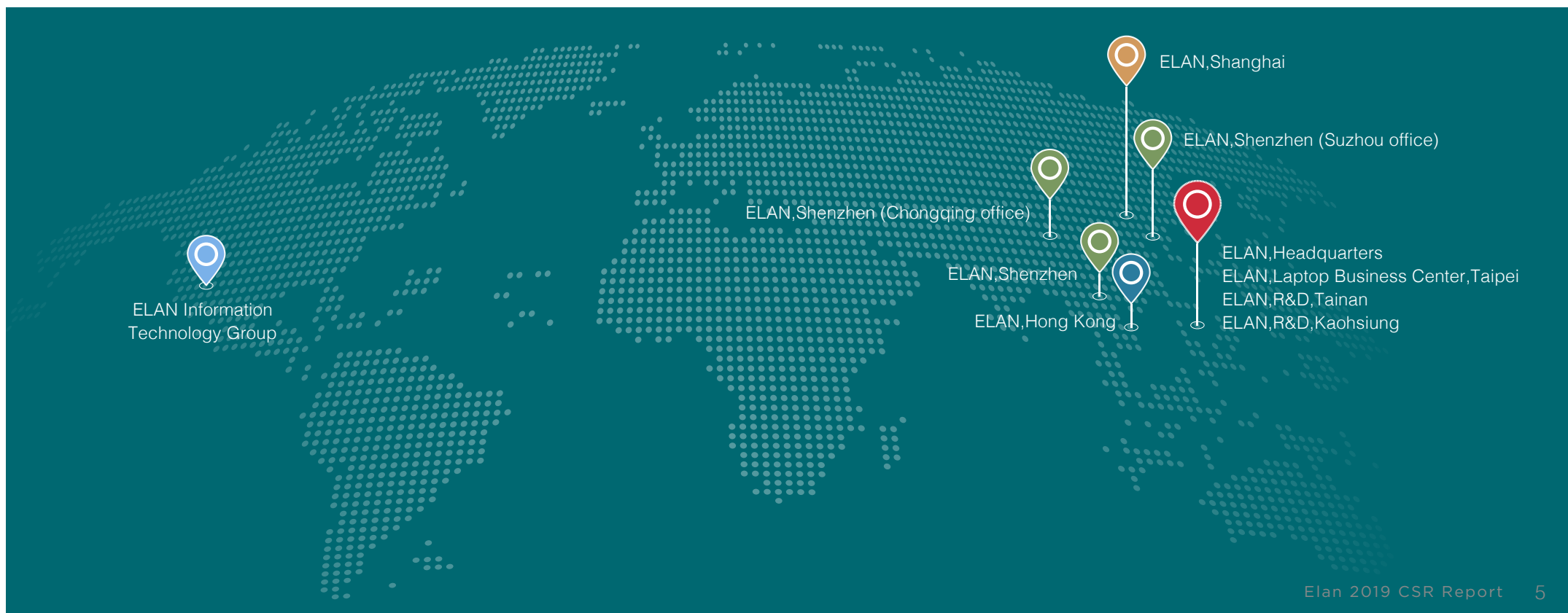
Date founded: May 1994

Capital: NT\$3,039 million (2018/8)

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 response 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 2019, the number of full-time employees has reached 1,140. Elan main sales markets include Taiwan, China, Hong Kong, the United States and Japan.



Worldwide Locations

General overview of Elan Microelectronics worldwide locations: <http://www.emc.com.tw/emc/en/location>



ELAN MICROELECTRONICS CORP.-Headquarters

ADD : No.12,Innovation 1st Rd.,Hsinchu Science Park,Hsinchu 30076,Taiwan(R.O.C)

TEL : +886-3-5639977

FAX : +886-3-5639966



ELAN MICROELECTRONICS CORP. SHENZHEN,LTD.

ADD : 8A Floor,Micropofit Building,Gaoxin South Road 6,Shenzhen,China 518057

TEL : +86-755-26010565

FAX : +86-755-26010500



ELAN (H.K.) MICROELECTRONICS CORP.

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

TEL : +852-27233376

FAX : +852-27237780

ELAN MICROELECTRONICS CORP.-NB Business Unit

ADD : 5F.,No.150,Jian Yi Rd.,Zhonghe Dist.,New Taipei City 23511,Taiwan(R.O.C)

TEL : +886-2-82263008

FAX : +886-2-82263138

ELAN MICROELECTRONICS CORP. SHENZHEN (SuZhou Office),LTD

ADD : Room 302,Unit 1,Building 9,Ping Jiang Wanda Plaza,Gusu District,Suzhou City,China 215001

ELAN MICROELECTRONICS CORP. SHENZHEN (ChongQing Office),LTD

ADD : No.10-6,Chongqing Normal University Academic ExchangeBuilding,No.12,Tianchen Road,Shapingba District,ChongQing 518057

TEL : +86-23-65415861



ELAN Information Technology Group.

ADD : 10268 Bandlely Drive Suite 101,Cupertino,CA 95014,USA

TEL : +1-408-366-8225

FAX : +1-408-366-8225

ELAN MICROELECTRONICS CORP.-Tainan Design Center

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

TEL : +886-6-2159977

FAX : +886-6-2131696

ELAN MICROELECTRONICS CORP.-Kaohsiung Design Center

ADD : Rm.602,6F-5,No.2,Fuxing 4th Rd.,Qianzhen Dist.,Kaohsiung City 80661,Taiwan(R.O.C)

TEL : +886-7-5370105

FAX : +886-7-5370107



ELAN MICROELECTRONICS CORP. SHANGHAI,LTD.

ADD : Room 703,No.3,Lane88,Shengrong Road,Pudong New Area,Shanghai,China 201203

TEL : +86-21-50803866

1.2 Organization history

2019

Dec	Nov	Oct	Sep	Jun	May
Elan Extremely Non-battery and Non-touch Fingerprint Identification Smart Card Solution was awarded with the 2019 Innovation Application Awards by the Hsinchu Science Park Bureau. For 15th consecutive years, Elan was honored again with the Distinguished Landscape Award by the Hsinchu Science Park Bureau.	Won the Healthy Workplace Creative Golden Point Award of the Health Promotion Administration, Ministry of Health and Welfare.	Elan 2018 Corporate Social Responsibility Report has passed the GRI Standards and met AA1000 Assurance Standard (2008) Type 2, Moderate level assurance. Won SGS 2019 ISO 45001 Plus Award.	Won the TTQS silver Medal from the Workforce Development Agency for its Talent Quality-management System.	Elan AI 360 Degree Fisheye Image Intelligent Vehicle Detector Technology was awarded with the Best Choice Award at COMPUTEX TAIPEI.	Obtained the ISO 45001:2018 Occupational Health and Safety Management System certification.

2018

DEC	OCT	MAY
Received the Workplace Health Excellence - Gender Friendly Health Award from the Health Promotion Administration, Ministry of Health and Welfare. Elan Extremely High Security AI Dual Biometric Identification Solution was awarded with the 2018 Innovative Product Awards by the Hsinchu Science Park Bureau. Honored with the 2016 Science Park R&D Accomplishment Awards by the Hsinchu Science Park Bureau.	For 14th consecutive years, Elan was honored again with the Distinguished Landscape Award by the Hsinchu Science Park Bureau. Won the TTQS Bronze Medal from the Workforce Development Agency for its Talent Quality-management System. PIXORD was awarded with the Smart Park Innovative Planning Award by the Hsinchu Science Park Bureau.	Elan 2017 Corporate Social Responsibility Report has passed the GRI G4 guidelines and met the AA1000AS Moderate Assurance Standard. Won the 15th Taiwan Golden Root Award - Industrial Technology Special Contribution Award.

2017

DEC	JUL	JUN	DEC	JUL
Pen-Emulated Finger-Pen-Concurrent Touch Screen Solutions won the Excellent Manufacturer Innovation Product Award honored by Hsinchu Science Park.	Elan 2016 Corporate Social Responsibility Report has passed the GRI G4 guidelines and met the AA1000AS Moderate Assurance Standard. For thirteen consecutive years, Elan was honored again with the Distinguished Landscape Award by the Hsinchu Science Park Bureau.	Fingerprint Identification Smart Financial Card won the 2017 Top 100 Great Innovation Product Award in 2017 Information Month - Consumer Electronic Commodity category.	Smart-ID Solutions was conferred with the 2016 Innovative Product Awards by the Hsinchu Science Park Bureau. Honored with the 2016 Science Park R&D Accomplishment Awards by the Hsinchu Science Park Bureau.	Honored with the Distinguished Landscape Award by the Hsinchu Science Park Bureau. Elan 2015 Corporate Social Responsibility Report has passed the GRI G4 guidelines and met the AA1000AS Moderate Assurance Standard.

Glory and Affirmation in 2019



Elan Extremely Non-battery and Non-touch Fingerprint Identification Smart Card Solution was awarded with the 2019 Innovation Application Awards by the Hsinchu Science Park Bureau.



Awarded the Distinguished Landscape Award by the Hsinchu Science Park Bureau.



Elan Corporate Social Responsibility Report has passed the GRI Standards and met AA1000 Assurance Standard (2008) Type 2, Moderate level assurance.



Won SGS 2019 ISO 45001 Plus Award.



Elan AI 360 Degree Fisheye Image Intelligent Vehicle Detector Technology was awarded with the Best Choice Award at COMPUTEX TAIPEI.

Obtained the ISO 45001:2018 Occupational Health and Safety Management System certification.



Won the Healthy Workplace Creative Golden Point Award of the Health Promotion Administration, Ministry of Health and Welfare.

Won the TTQS silver Medal from the Workforce Development Agency for its Talent Quality-management System.



1.3 Operational performance

Major management policy — Financial Performance

201, 405, Voluntary Disclosure-1, 2, 4, 8, 9

Corresponding to SDGs



Decent Work and Economic Growth SDG 8

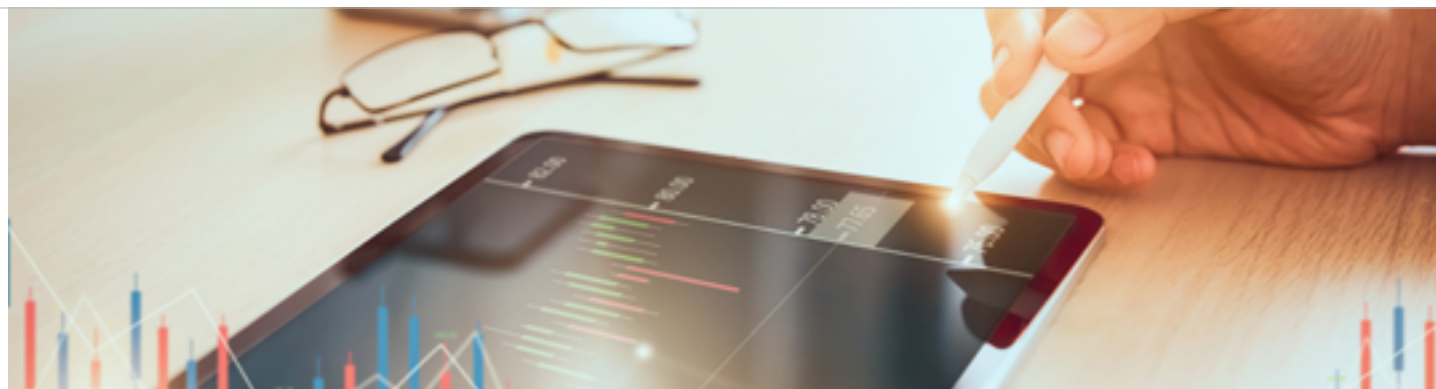
Policy and commitment

Elan 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 7 male 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 19.5 years. The team is all very experienced in R&D, design, management, and leadership.
- Establish the professional and strong R&D team.

* Note: MTR: Monthly Technology Review
QTR: Quarterly Technology Review
MBR: Monthly Business Review
QBR: Quarterly Business Review
KPI Review: Key Performance Indicator Review



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.
- Every year, we conduct the risk assessment operation about quality system, environmental system, occupational safety and health management system; the items rated as higher risk are amended with established plans. The results of related issue improvement will be disclosure by annual management Review meeting.

Medium-term and long-term plan

- Focus 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 2019

- Consolidated revenue in 2019 reached 9.488 billion dollars, setting a new record high since the company established.
- 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.
- With annual risk assessment, the 10 high-risk environmental systems, the 19 occupational safety and health management system have formulated improvement measures, and related improvement results were also approved by management review committee.
- Formulate the information safety risk management and continuous operating plan.

Highlights in 2020

- Engage in the product development and application of fingerprint identification; strengthen the function about payment and encryption of capacitive-type fingerprint sensor and enhance additional value.
- Continue to develop various high-demand products and respond to the development trend of the terminal market.
- Conduct the risk assessment of quality management system, environmental management system, occupational safety and health management system every year. In the future, new risk projects will be evaluated in response to the different risks of global operation, such as contingency plan of Wuhan pneumonia or critical diseases, etc.

Revenue and Profit Hit a New High

In 2019, the company introduced high value-added wafer products, enhancing product functions, and hence increased the average selling price as well as gross profit margin of the module products. Meanwhile, while providing complete solutions and emphasizing on customer service, customer penetration of the first-line laptop brands over the world has increased significantly. Furthermore, with increased shipments in 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, our company still focused on strengthening the functions of terminal application products through new technology, boosting market share and additional values of wafer as operating spindle, making progress in revenues, gross profit margins and profits.

Despite the tough competition at home and abroad, Elan effectively reduced costs and optimized our product sets with the advantages of our wafer design and engineering technology, the consolidated revenue increased 9.7% more than that of last year. In 2019, the consolidated revenue reached 9.488 billion NTD, setting a new record since the company was founded. With continuous product optimization and reduced costs, the consolidated net profit margin also increased significantly, maintaining a high level of 46.6%. The consolidated net income rate reached 21.9%, and the pre-tax earnings reached 2.81 billion NTD.

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

102-7 / 201-1

Unit / NT\$ thousand

	2017	2018	2019
Operating Revenue	7,503,267	8,651,332	9,487,977
Gross Profit	3,347,820	3,944,177	4,416,688
Net Operating Income	1,349,782	1,730,288	2,081,426
Non-operating Income and Expense	(87,521)	139,780	728,234
Pre-Tax Income	1,262,261	1,870,068	2,809,660
Income Tax Expense	230,151	338,366	344,918
Net Income	1,032,110	1,531,702	2,464,742
Total Assets	10,142,805	9,803,147	11,246,892
Total Liabilities	2,819,342	3,220,389	3,643,740
Total Stockholders' Equity	7,323,463	6,582,758	7,603,152
Earnings Per Share	2.58	4.16	8.57

* 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.

* Note2: The company reduced its capital by 30% in August 2018. EPS is calculated by dividing the current net profit by the weighted average shares outstanding for the current year.

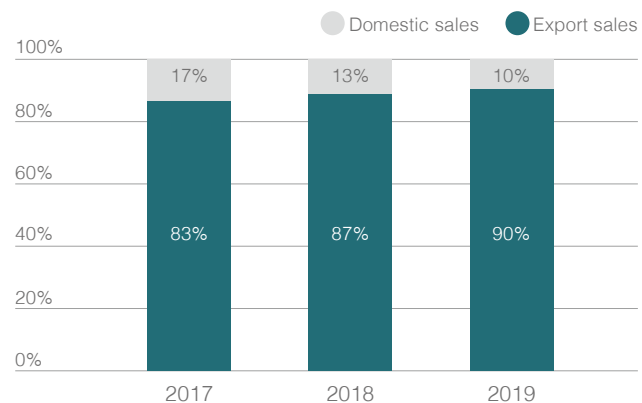
Consolidated Sales Table (consolidated basis)

Unit / NT\$ thousand

Main product	Domestic		Export	
	Sales volume	Sales value	Sales volume	Sales value
Consumer Touch IC	170,388	767,164	252,984	2,315,152
NB Input Device Module	1,109	80,833	92,367	6,147,163
Network Communication IC	144	59,963	77	28,121
Image Processing IC	387	44,352	73	7,441
Safety Monitoring Module	1	35,678	2	2,110
Total	172,029	987,990	345,503	8,499,987

* Note: The data are based on the consolidated financial statements on Page 67 of Elan Annual Report 2019.

Percentage of product export and domestic sales (2017~2019)



2019 Distribution of economic benefits (individual)

Unit / NT\$ thousand

	Revenue	Operating Costs	Employees' Salaries and Benefits	Interest Payments or Dividend Distribution	Account Payable to the Government	Donations
Elan	9,309,465	5,299,862	1,771,356	1,519,402	340,630	7,701
Metanoia	89,240	83,841	56,741	4,194	0	0
Avisonic	51,821	52,018	39,269	1,352	0	0
PIXORD	39,844	37,140	28,397	137	0	0
Elan H.K.	804,378	565,681	13,150	0	0	0
Total	10,294,748	6,038,542	1,908,913	1,525,085	340,630	7,701

* 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.

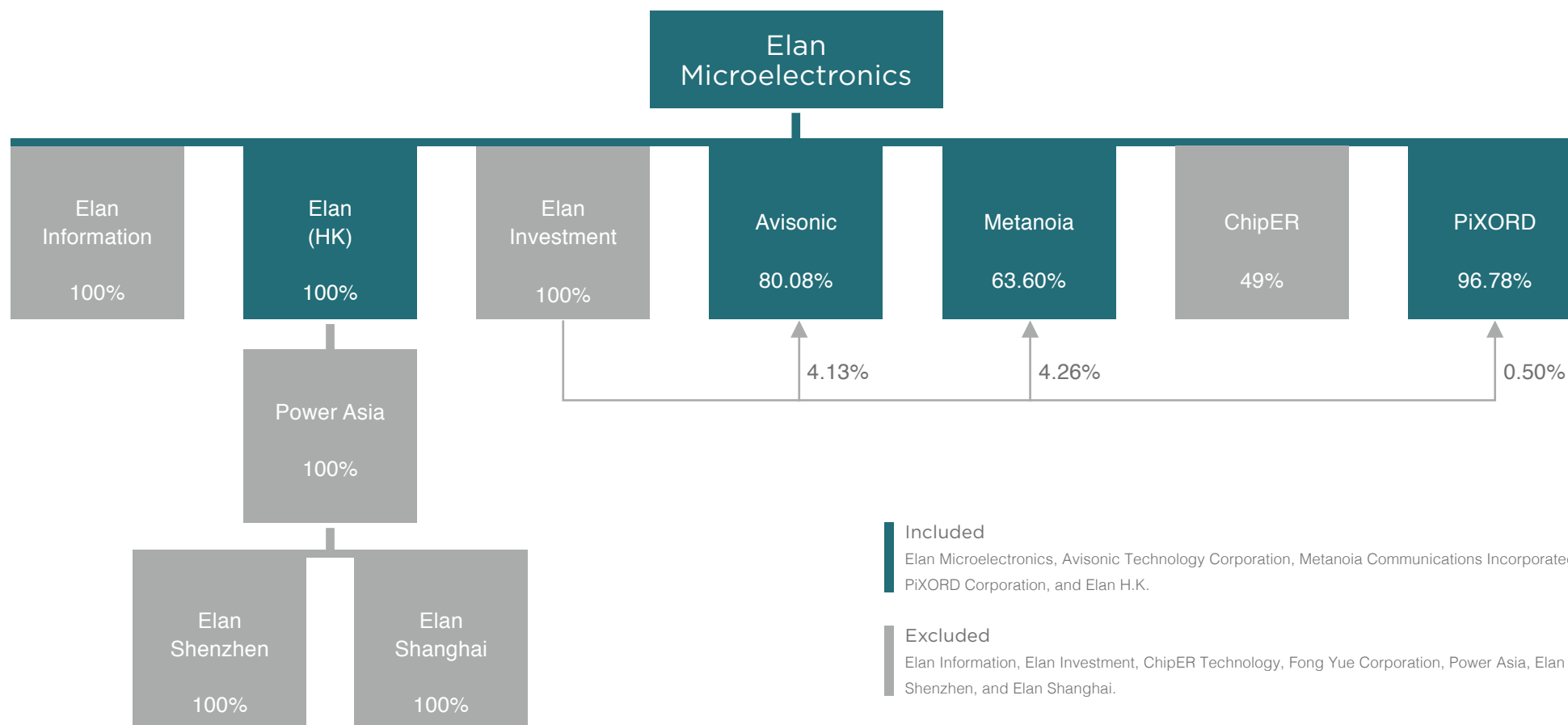
* Note 4: Interest Payments or Dividend Distribution: Dividends are given out as 2018 cash dividend.

* 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.).

Defined entities within the organization 102-45

In addition to Elan 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.



Included

Elan Microelectronics, Avisonic Technology Corporation, Metanoia Communications Incorporated, PiXORD Corporation, and Elan H.K.

Excluded

Elan Information, Elan Investment, ChipER Technology, Fong Yue Corporation, Power Asia, Elan Shenzhen, and Elan Shanghai.

* Note: The company's name was changed from PiXORD Corporation(一碩科技) to PiXORD Corporation(義碩智能) in July 2019.

1.4 Government financial aid

201-4

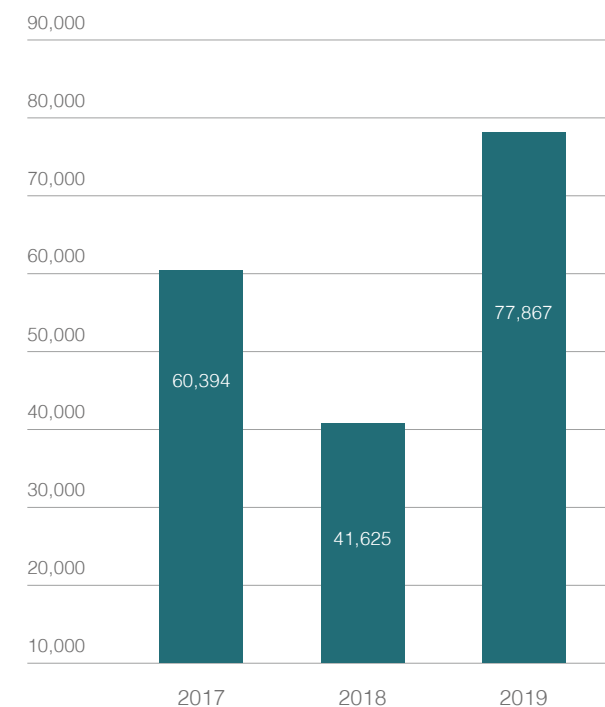
Government financial aid (2019)

Unit / NT\$ thousand

Company Name	Type	Government Organization	Item	Amount in 2019	Description
Elan	Financial rewards	Hsinchu Science Park Bureau	Smart Science Park Innovation Application Award Initial review bonus	100	
			Smart Science Park Innovation Application Award 1 st place bonus	400	
	Financial rewards	Industrial Technology Research Institute	The subsidy for electric vehicle	10	
	R&D grant	Industrial Development Bureau	Grant for innovation and optimization project	29,400	Accountant verified
	Waived	National Taxation Bureau, Ministry of Finance	Tax reduced or waived	47,597	Accountant verified
Avisonic	Financial rewards	Hsinchu Science Park Bureau, MOST	Innovative Product Awards	260	
			Smart Science Park Innovation Application Award Initial review bonus	100	
Total				77,867	

Government financial aid (2017-2019)

Unit / NT\$ thousand

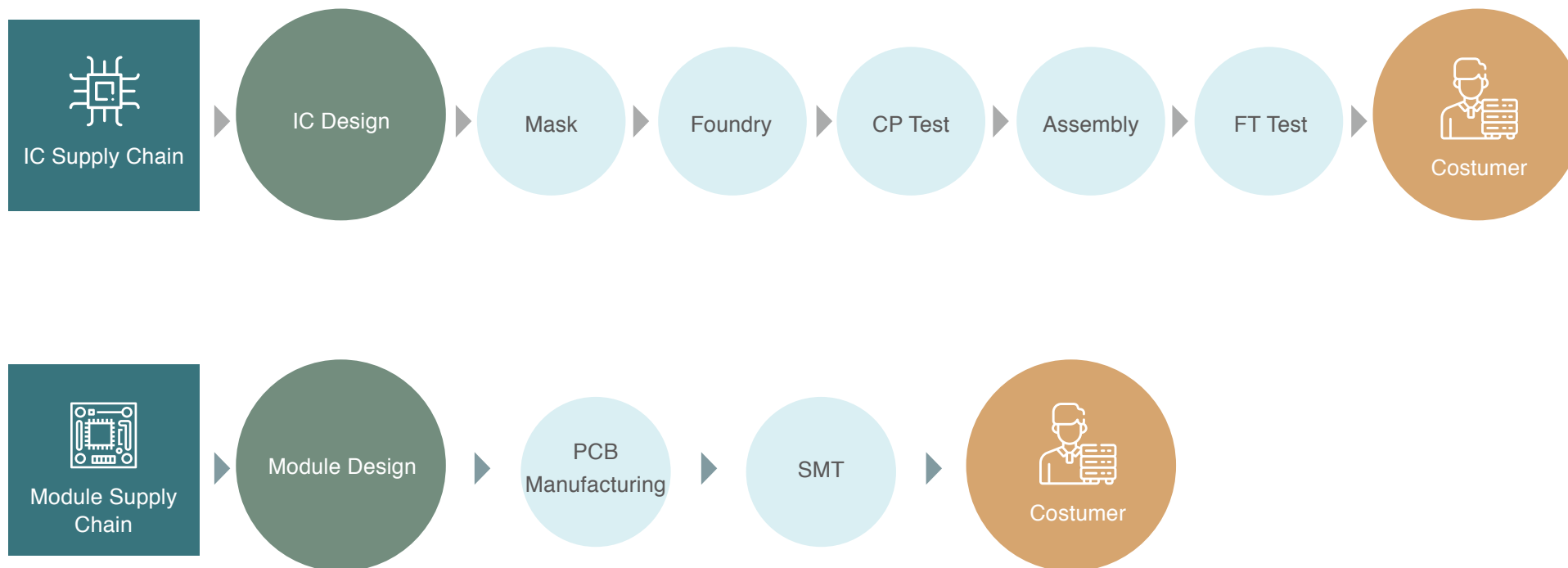


Note: Metanoia, PIXORD, and Elan H.K. did not receive financial aids from the government in 2019.

1.5 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 2019 is **64%**

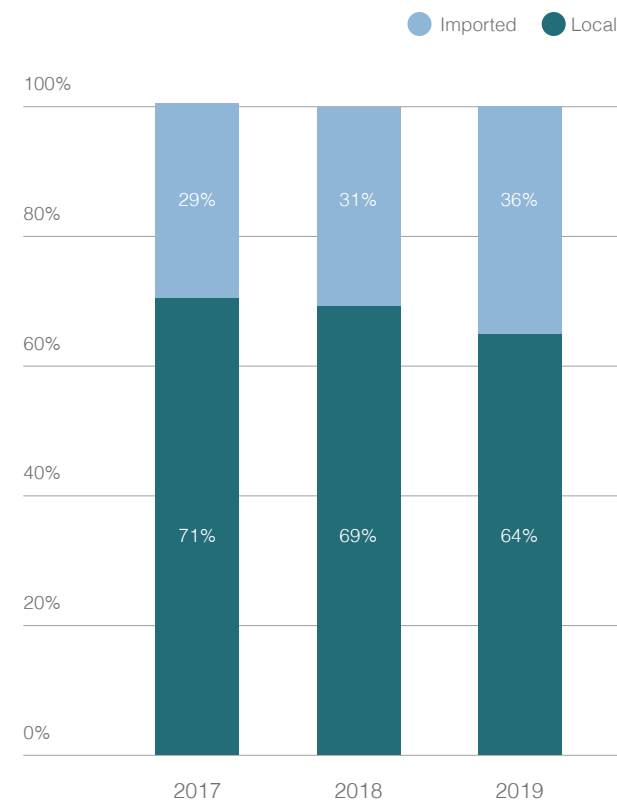


IC/Module-commodity purchase ratio from local suppliers

Elan Group IC/Module-commodity purchase ratio from local suppliers: 2019

		Elan		Metanoia		Avisonic		PiXORD		Elan H.K.	
		Number of suppliers	Transaction Amount (%)	Number of suppliers	Transaction Amount (%)	Number of suppliers	Transaction Amount (%)	Number of suppliers	Transaction Amount (%)	Number of suppliers	Transaction Amount (%)
IC Commodity	Local	35	77.6%	6	100.0%	9	100.0%	8	100.0%	NA	NA
	Imported	14	22.4%	0	0.0%	0	0.0%	0	0.0%	NA	NA
Module Commodity	Local	95	50.1%	1	95.0%	15	94.3%	89	99.8%	NA	NA
	Imported	42	49.9%	1	5.0%	2	5.7%	3	0.2%	NA	NA
Other services		629		133		112		76		36	-

Elan Group IC/Module-commodity purchase ratio from local suppliers (2017-2019)



* Note 1: IC-Commodity includes cutting, mask, packaging, wafer and testing suppliers.

* Note 2: Module-Commodity includes PCB, SMT and commodity suppliers.

* Note 3: Other services: such as transportation, labor costs, development costs, security, insurance, contract maintenance, food expense to the suppliers, etc.

* Note 4: Local: Refer to the location of the group. Elan, Metanoia, Avisonic, PiXORD are established in Taiwan, and Elan H.K. in Hong Kong.



1.6 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 social economy 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 has 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 Procedures of Editing and Declaring Cooperate Social Responsibility Report of OTC-Listed Companies, Responsible Business Alliance (RBA), International Standard Organization enacting environmental management standards (ISO 14001), United Nations Conference on Sustainable Development Goals, United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the International Labor Convention, etc., all internationally recognized basic human rights.





1.7 Investor relations transparency

Voluntary Disclosure- 10 Investor relations transparency

On March 7, 2017, the Taiwan Stock Exchange announced the amendment of Article 8 in Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities that starting in 2018, all domestic listed companies shall hold an institutional investor conference at least once a year (self-hosting or invited).

Elan Microelectronics has always held institutional investor conferences as required. Since 2012, we have been holding quarterly conference calls (4 times/year). Through interacting and taking advice from investors at home and abroad, gather important references for future development strategy. Besides conducting numbers of investor meetings (including one-on-one, one-to-many, face-to-face communication, and real-time teleconference), we disclose relevant news and financial information on the company website that investors may be interested in.

Actions we have taken to disclose information to investors:

Elan

- Put up an "Investor Relations" section on the company official website. Its contents include:
 - Financial Information: Monthly, quarterly, semi-annual, and annual revenue reports.
 - Investment Column: Stock price information, dividend distribution over the years, shareholders' meeting, investor conference, newsletter and contact information.
- Published 14 related news on the company official website.
- Issued a total of 23 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 10, 2019.
- Held quarterly conference calls on February 26, May 7, July 30, and October 29. Video files of the conferences were uploaded to Stock Exchange Wipro platform and the company website.
- Held 95 investor conferences with domestic/foreign investors and analysts. These include one-to-one, one-to-many, face-to-face communication (securities forums are included), and real-time teleconferences.

Metanoia

- Private entity.
- Held an annual shareholders' meeting on June 11, 2019.

Avisonic

- Private entity.
- Held an annual shareholders' meeting on June 11, 2019.

PiXORD

- Private entity.
- Held an annual shareholders' meeting on June 11, 2019.

02

Corporate Governance

2.1 Highest governance body

2.2 Principles of business ethics and integrity





	2017	2018	2019
● Combined revenue (NT\$ thousand)	7,503,267	8,651,332	9,487,977
● EPS (dollar)	2.58	4.16	8.57
● Percentage of independent directors (%)	42.9	33.3	42.9
● Listed company information disclosure evaluation level (%)	21-35	6-20	6-20
● No corruption occurred in 2019			

* Note: The company reduced its capital by 30% in August 2018. EPS is calculated by dividing the current net profit by the weighted average shares outstanding for the current year.

Compliance of regulations and laws

307-1 / 416-2 / 419-1

	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.			
Improvement measures for the major violations	No violation, hence no improvement measures.			
Complaint mechanism management	No cases of integrity and anti-corruption have been received.	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.

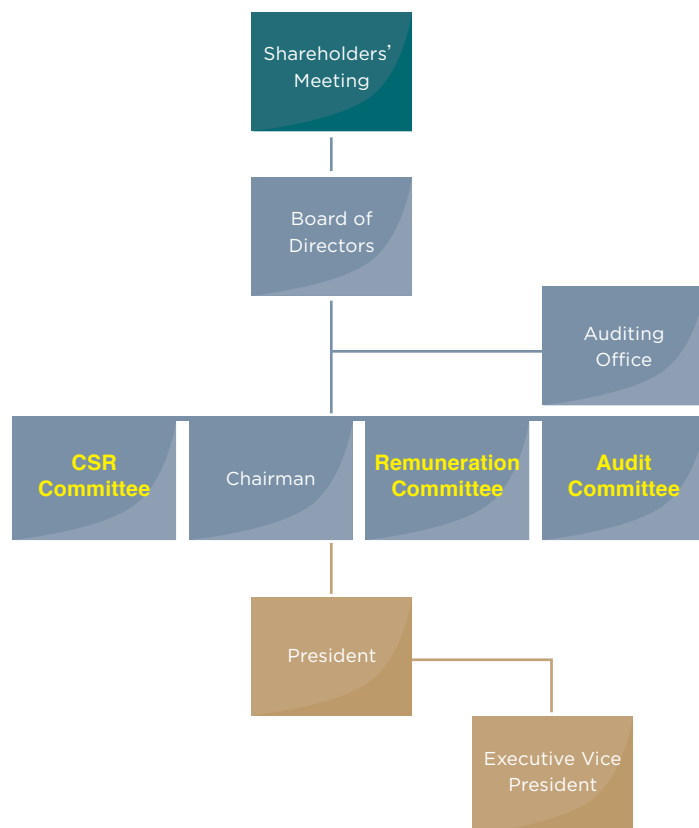
2.1 Highest governance body

102-18

The Board of Directors is the highest governance body of Elan Microelectronics. The eighth term of the Board of Directors consisted 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. There were two management team members (Chairman I. H. Yeh and director Kuo-Lung Yen), and the Board of Directors also authorized Chairman (Chairman I. H. Yeh) as the key member of Elan 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 operational management conferences. The managers then instruct the employees and the plans are carried out.



ELAN Governance



Composition of Elan and affiliates' Board of Directors

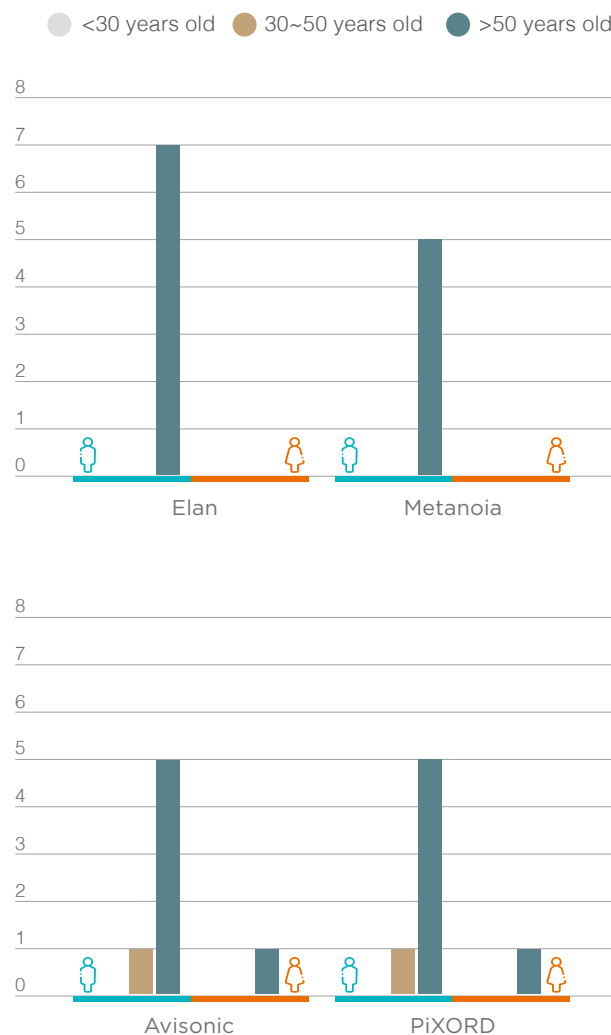
405-1

Elan			Metanoia			Avisonic			PiXORD		
Name	Title	Gender	Name	Title	Gender	Name	Title	Gender	Name	Title	Gender
I. H. Yeh (Yu Long Investment Corp.)	Chairman Corporate director		I. H. Yeh (Elan Microelectronics Corp.)	Director		I. H. Yeh	Director		I. H. Yeh	Director	
Kuo-Lung Yen	Director		Kuo-Lung Yen (Elan Microelectronics Corp.)	Director		Kuo-Lung Yen	Director		Meng-Chun Lin	Director	
Chi-Lin Wea (Tsung Long Investment Corp.)	Corporate director		Dennis Liu (Elan Microelectronics Corp.)	Director		Dennis Liu	Director		Chung-Chi Lien	Director	
Te-Chen Chiu	Director		Andy Wu	Director		Vincent Tao	Director		Zong-Liang Yang	Director	
Hou-Ming Chen	Independent Director		Didier M.H. Boivin	Director		Meng-Chun Lin	Director		Jhong-Ping Hu	Director	
Hsien-Ming Lin	Independent Director		Elan Investment Corp.	Director	NA	Yong-Ren Lin	Supervisor		Yong-Ren Lin	Supervisor	
Rong-da Jhong	Independent Director					Wen-Ya Tseng	Supervisor		Wen-Ya Tseng	Supervisor	

* Note1: An independent director, Rong-da Jhong, is elected in the shareholders' meeting on June 10, 2019.

* Note2: Metanoia, Avisonic, and PiXORD are unpublished companies, so no independent directors have been set up.

Board Members' Age/Gender Distribution (2019)



Elan Microelectronics Directors' trainings

Title	Name	YY/MM	Organizer	Course Title	Hours
Chairman Corporate Director	I. H. Yeh	2019/04	Securities & Futures Institute	Practical Advanced Seminars for Directors and Supervisors (Including Independent) - Corporate Governance and Securities Regulations	3
		2019/03	Securities & Futures Institute	Corporate Governance and Securities Regulations -- Talk About Corporate Governance from Cases Related to Business Secrets	3
Director	Kuo-Lung Yen	2019/04	Securities & Futures Institute	Practical Advanced Seminars for Directors and Supervisors (Including Independent) - Corporate Governance and Securities Regulations	3
		2019/05	Securities & Futures Institute	2019 Annual Prevent Insider Trading Propaganda	3
Director	Te-Chen Chiu	2019/04	Taiwan Academy of Banking and Finance	Corporate Governance and Sustainable Development Workshop No. 7	3
		2019/07	Securities & Futures Institute	The Following of Company's laws and Regulations and Supervisory Obligations Of the Directors	3
Corporate Director	Chi-Lin Wea	2019/08	Securities & Futures Institute	Duties and Obligations of Company Directors & The Topic of Money Laundering Prevention	3
		2019/12	Securities & Futures Institute	Obligations of Directors in Mergers and Acquisitions	3
Independent Director	Hsien-Ming Lin	2019/09	Taiwan Corporate Governance Association	Cooperate Social Responsibility and Sustainable Competitiveness	3
		2019/09	Taiwan Corporate Governance Association	How the Directors Supervise a Company To Implement the Cooperate Risk Management	3
Corporate Director	Rong-Da Jhong	2019/04	Securities & Futures Institute	Practical Advanced Seminars for Directors and Supervisors (Including Independent) - Corporate Governance and Securities Regulations	3
		2019/07	Taiwan Corporate Governance Association	Board Functions and Salary Seminar	3
Corporate Director	Hou-Ming Chen	2019/09	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3
			Taiwan Corporate Governance Association	The Trends and Challenges for Information Safety Governance	3

* Elan 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 3 independent directors are not shareholders.

* For details on the above-mentioned trainings, refer to P30-31 of the 2019 Annual Report.

Board meeting

Elan

Elan Board of Directors convenes at least once every quarter, with a total of 5 meetings (3/12, 5/9, 8/13, 11/8, 12/20). The Board of Directors sets out economic, environmental and social standards in accordance with relevant laws and regulations, amending the article of association, obtaining and disposing the procedures of assets, regulations of endorsements/guarantees, whistleblower system, self-evaluation of the board of directors, self-assessment questionnaire, formulating the standard operating procedures for handling directors' requests and passing 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 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:
 - (1) Meeting minutes from the previous meeting and its implementation
 - (2) Important financial business reports
 - (3) Internal audit business reports
 - (4) Other important matters
 2. Matters to be discussed:
 - (1) Matters retained in the previous meeting
 - (2) Matters discussed in the current meeting
 3. Extempore Motion

Metanoia

Convened a total of 4 board meetings in 2019
(3/11, 5/6, 7/24, 12/4)

- 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:
 - (1) Matters retained in the previous meeting
 - (2) Matters discussed in the current meeting
 3. Extempore Motion

Avisonic

Convened a total of 3 board meetings in 2019
(3/11, 9/27, 10/22)

- The proceedings of the board meeting held periodically include the following:
 1. Matters to be reported:
 - (1) Meeting minutes from the previous meeting and its implementation
 2. Matters to be discussed:
 - (1) Matters retained in the previous meeting
 - (2) Matters discussed in the current meeting
 3. Extempore Motion

PiXORD

Convened a total of 2 board meetings in 2019
(3/11, 6/11)

- The proceedings include the following:
 1. Matters to be reported:
 - (1) Meeting minutes from the previous meeting and its implementation
 - (2) Other important matters
 2. Matters to be discussed:
 - (1) Matters discussed in the current meeting
 3. Extempore Motion



* Note: For the attendance of board members, please refer to Elan Annual Report P.23

Elan Remuneration Committee

To establish a fair remuneration and profit-sharing system in the organization that reflects employees' individual performances, the Remuneration Committee was set up in December 2010. Later 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 management and promote economic benefits. Elan Remuneration Committee is composed of 3 independent directors, Hou-Ming Chen (convener), Hsien-Ming Lin and Mao-Kuei Lin. However, director 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. 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 convener 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. Request the enterprise 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 no 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 report processes and financial controls. According to law of the Republic of China, the members of the Audit Committee shall compose 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 meeting at least once a quarter, with no less than 3 members in each meeting (one being the convener and at least one member 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 (convener), Hsien-Ming Lin and Mao-Kuei Lin. However, director Mao-Kuei Lin passed away on September 13, 2018, so Rong-Da Zhong was elected as a new member of the committee on June 10, 2019. None of the three 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 should be approved by the majority of all the members of the Committee before being proposed to the Board of Directors for approval. For Item 10, if the majority of the members disapprove the subject, the approval of two-thirds or more of the members of the Board of Directors may still get subject approved.

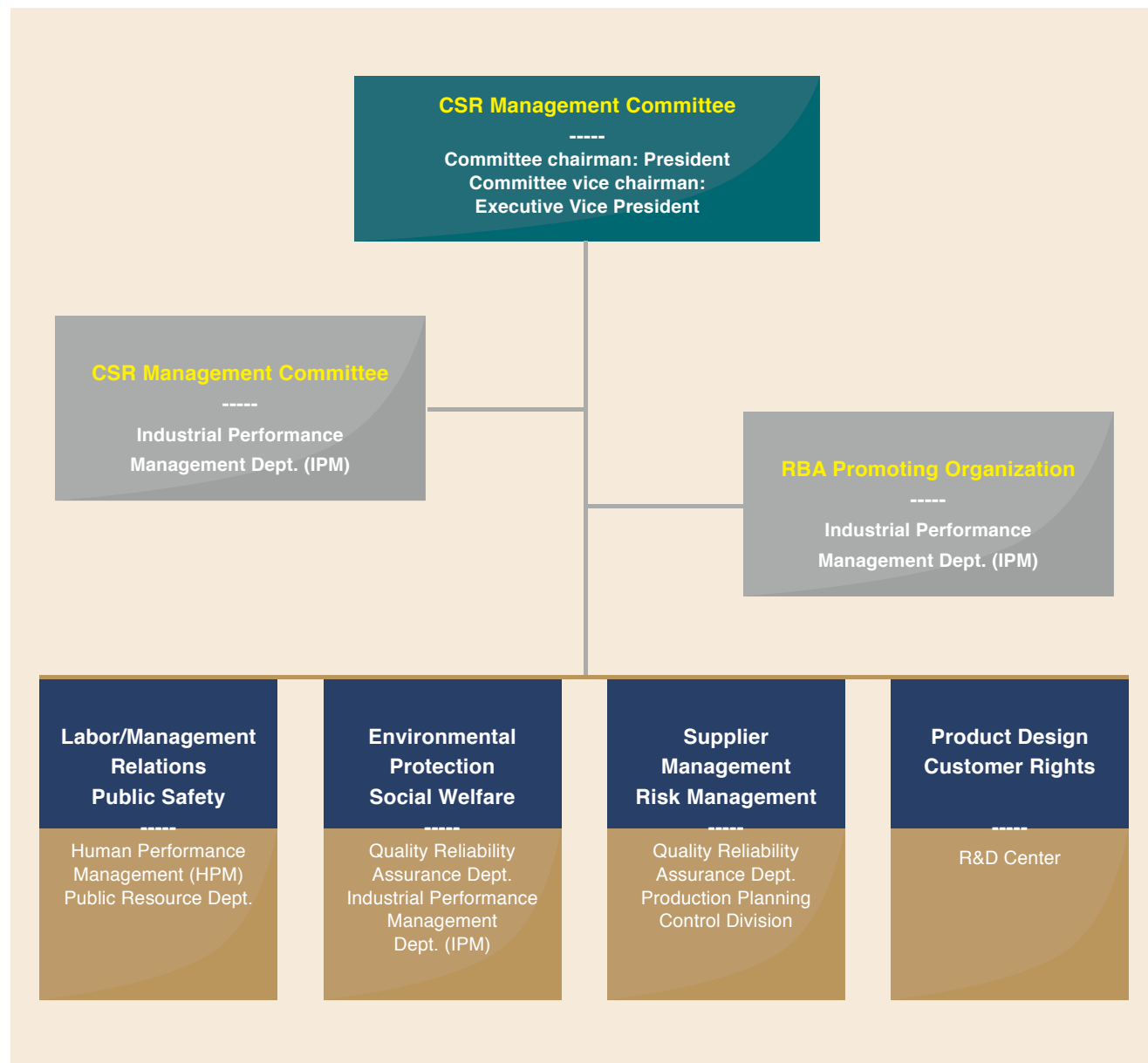
* Note: Metanoia, Avisonic and PIXORD are unlisted OTC companies, hence have not set up audit committees.



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. The committee set up an executive team, Industrial Performance Management Office (IPM), to be responsible for corporate social responsibility. Four other teams including Labor-Management Relation & Public Safety, Environmental Protection & Social Welfare, Supplier Management & Risk Management, and Product Design & Customer Rights also help promote all matters regarding to 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 in April. 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, Elan implemented RBA 6.0 (Responsible Business Alliance Code of Conduct) upon brand customers request. 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. The committee reviewed its effectiveness in the board meeting on December 20, 2019. For more information, refer to the page 42 of the 2019 Annual Report.



Major management policy

Major management policy

— Follow the regulations, and no penalty records

307 / 402 / 419

Corresponding to SDGs



Decent Work and Economic Growth SDG 8

Policy and commitment

Elan undertakes and supports economic, environmental and social regulations, principles, or other initiatives formulated by outside parties (government agency, customer). Through the related responsible department updating the information regularly, reviewing compliance with current operations and take relevant countermeasures, and ensuring that all operations comply with the regulations and work performances. It not only boosts the trust of stakeholders, but also eliminates the operational risk of association.

Resources

- Team members of cooperate social responsibility
- Risk management evaluation system
- Cooperate social responsibility and occupational safety and health management regulations and requirements control system



Management strategy

- Every year, we conduct a risk evaluation of regulations with regard to quality, environment, occupational safety and health system, the items rated as higher risk will be improved by formulating the programs, and the improvement results will be disclosed by annual management review meeting.
- Confirm the cooperate social responsibility, occupational safety and health management regulations and requirements control system.
- According to the government regulations, fill in the occupational disaster statistics; declare the business waste and employee salary overview, reveal important information of market observation post system.
- The annual report will be issued by the company every year.
- For major operational changes, Elan Microelectronics will notify its employees and representatives with the local laws in advance, and ensure the relevant response.
- A labor-management meeting is held quarterly to communicate and coordinate between labor and management, promote and obtain consensus on laws and company regulations

Performance in 2019

- A total of 13 social responsibility and environmental safety and health management regulations and environmental regulations of the requirements control system, 2 product regulations, 8 occupational safety and health regulations, 3 labor related regulations, 11 social economy related regulations have been updated.
- A total of 2 audits by the administration of environmental safety and health in 2019, no violations.
- No major operational changes in 2019.
- Hsinchu/Zhonghe each held 4 labor-management meetings

Highlights in 2020

- Monitor the relevant regulations under evaluation regularly and the conformity of the company.
- Follow the company governance, environment, society, product regulations continuously, and conduct the relevant declaration.

2.2 Principles of business ethics and integrity

Major management policy — integrity management

205

Corresponding to SDGs



Peace, Justice and Strong Institutions SDG 16

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. Perform its business in accordance with the management standards of the five major topics 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

- The Human Performance Management Department is in charge.
- Set up a "Reporting Mailbox" on the company website 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.
- "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.

Performance in 2019

- The online training courses for new employees include guides to all kinds of regulations, including business ethics and anti-corruption, etc.; and completing 100% of the relevant trainings and online quizzes.
- No corruption cases were reported in 2019.

Highlights in 2020

- Anti-corruption courses are digitized and updated regularly

102-16 / 205-3

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. The 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 an Elan personnel is 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 department 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, trustworthiness, and transparency. It has established a reporting system in charge by the heads of the Human Performance Management Dept. (HPM) and 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 HPM/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.

Elan has set 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. The audit office conducts routine audits and reports to the board of directors if any dishonest behavior is found. As for 2019, no violations was found. The committee reviewed its effectiveness in the board meeting on December 20, 2019. Please refer to Page 42 of 2019 Annual Report.

Organization, domestic professional association, union and academic institution the Elan Group cooperated in 2019

102-13

Company Name	Organization Name	會員	備註
Elan	The Allied Association for Science Park Industries		14 Committees
	Friends of the Police Association		
	Chinese Professional Management Association of Hsinchu (CPMAH)		
	SINOCON Industrial Standards Foundations		
	Taipei Computer Association		
	NTU System-on-Chip Center, SOC		
	Taipei Tech Elite Union		
	Global Research & Industry Alliance		
	International Industry-Academia Alliance of NTUT		
Metanoia	NCTU Consortium of ESD Protection Technology for Circuits and Systems		
	NCTU Global Research & Industry Alliance		
	The Allied Association for Science Park Industries		
Avisonic	The Allied Association for Science Park Industries		
PiXORD	The Allied Association for Science Park Industries		
Elan H.K.	N/A	N/A	N/A

03

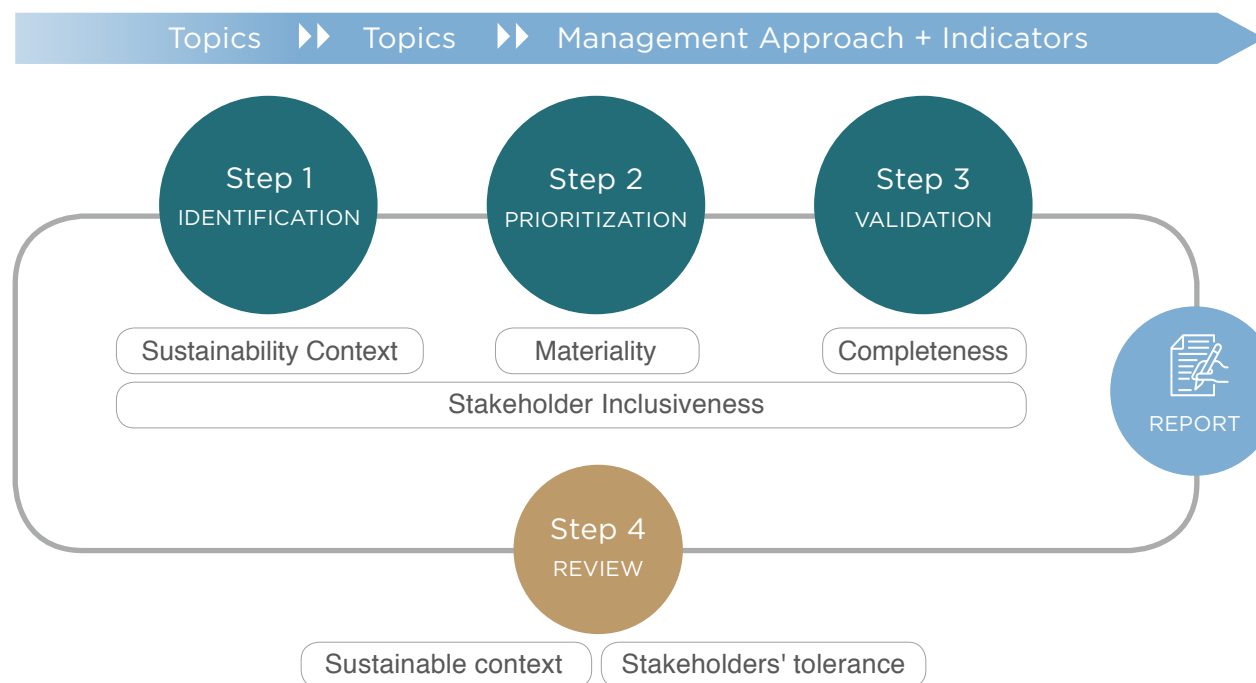
Stakeholders' Management and Engagement

3.1 Important stakeholder and material topic identification

3.2 Stakeholder engagement



3.1 Important stakeholder and material topic identification



Identifying Material Topics and Boundaries 102-40, 102-42, 102-47, 102-49

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 topics plus 10 "Other" based on GRI Standards. A total of 43 topics. Each department then evaluates whether these 43 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.

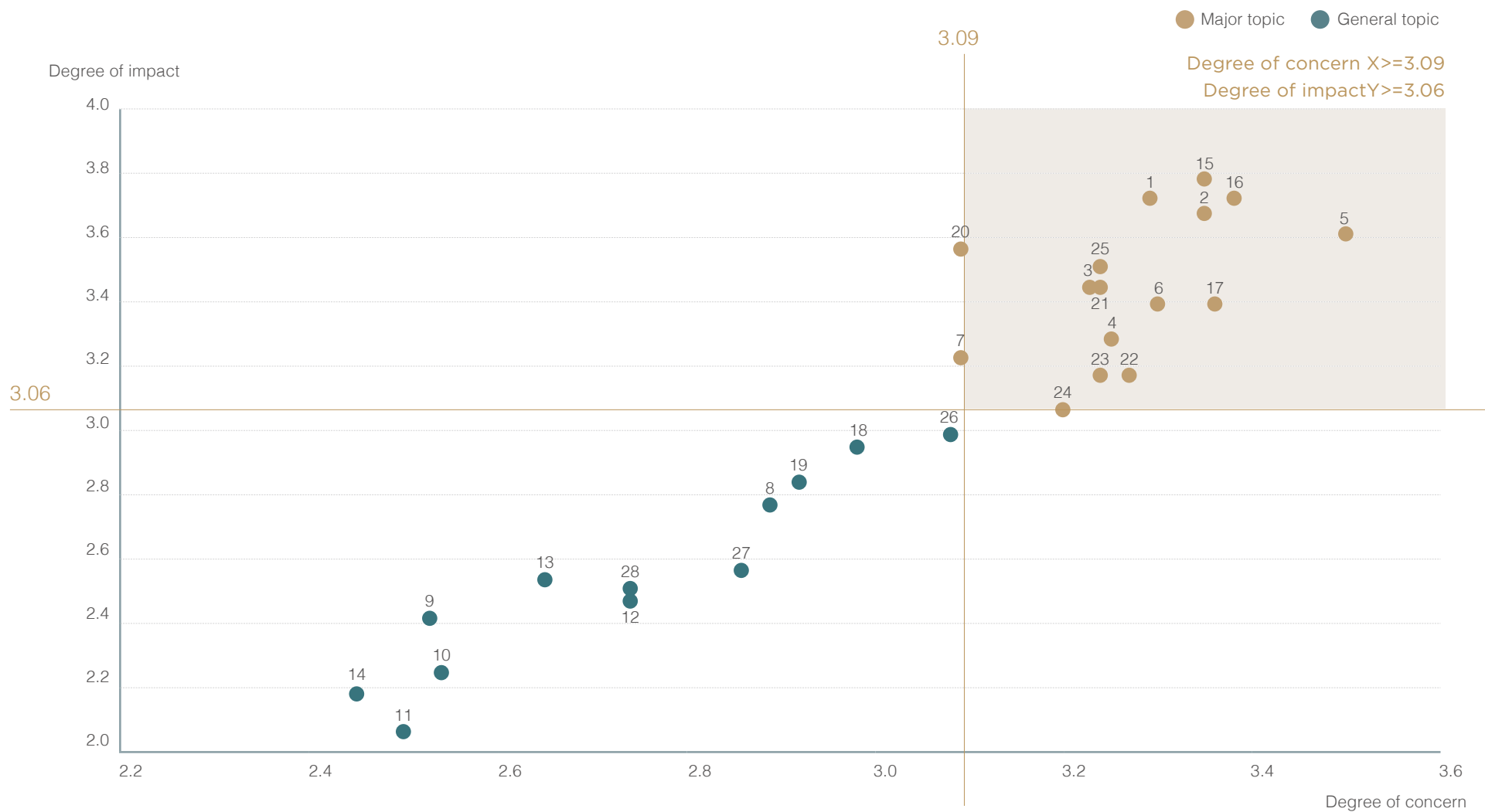
In accordance with routine business operation, Elan CSR Management Committee, along with other affiliates' representatives have listed a total of 65 relevant stakeholders and classified the natures of them into 14 categories based on the basic principles of AA1000 STAKEHOLDER ENGAGEMENT STANDARD 2015. 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 346 degree 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 evaluate each assessment in accordance with "Dependency", "Tension", and "Influence" category. A score of 3.09 or above is considered "highly apprehensive", while a score of 3.06 or higher is considered "highly impactful." The "highly apprehensive" and "highly impactful" can be summed up in 21 consideration topics. 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 Company's performance.

Due to the fact that this report adheres to core principles in selecting items for disclosure, each material topic exposes at least one indicator. Hence, except for the other categories and the single-indicator topic which are excluded from the assessment, indicators all other material topics 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 27 major indicators that will be covered within the scope of the CSR report.

Material topics

102-47



Major topic		
Questionnaire title		Corresponding to GRI standard/ voluntary disclosure of topic
1	Organization strategy	202 Market Presence
2	Corporate governance	405 Employee diversity and equal opportunities
3	Risk management	Voluntary Disclosure - 8 Risk management
4	Regulation compliance	307 Environmental Compliance 419 Social economic Compliance
5	Operational performance	201 Economic performance
6	Ethical integrity	205 Anti-corruption
7	KPI/Process Optimization	Voluntary Disclosure - 4 Operational performance indicator
15	Maintain good relationship with customers (including leading brand manufacturer)	Voluntary Disclosure - 1 Customer engagement
16	Company new product development / patent	Voluntary Disclosure - 2 New product development Voluntary Disclosure - 9 Product contribution to world trends
17	Customer satisfaction	418 Customer Privacy
20	Supply chain management	204 Procurement practices 414 Supplier Social Assessment 308 Supplier Environmental Assessment Voluntary Disclosure - 3 Supplier strategy
21	Labor relations	402 Employment
22	Employees' occupational health and safety	403 Occupational health and safety

23	Employees' work environment	Voluntary Disclosure - 5 Care for employees and their families
24	Staff career development and education training	404 Training and Education
25	Employee salary and benefits	401 Employment
General topic		
Questionnaire title		Corresponding to GRI standard/ voluntary disclosure of topic
8	Investor relations transparency	Voluntary Disclosure -10 Investor relations transparency
9	Energy management	302 Energy
10	Water and effluents	303 Water
11	Emission of greenhouse gases	305 Emissions
12	Waste management and recycling	306 Effluents and waste
13	Environmental protection strategy	301 Materials
14	Environmental protection expenditure and investment	306 Effluents and waste
18	Product hazardous substance management (Green product-oriented)	416 Customer health and safety 417 Product and service labeling
19	Product material source (no conflict minerals)	416 Customer health and safety 417 Product and service labeling
26	Employee communication and appeal	406 Non-Discrimination 409 Forced or compulsory labor
27	Social care and charity activities	Voluntary Disclosure - 7 Participation in public service
28	Industry-University Cooperation Program	Voluntary Disclosure - 6 Industry-University Cooperation Program

Impact boundaries of material topics

102-46 / 102-47 / 103-1

● Information disclosed ● Information to be disclosed in the future

Material Topic / Stakeholder		Significance	Elan	Affiliates			
				Metanoia	Avisonic	PiXORD	Elan (H.K.)
Economy	201 Economic performance	Generating revenue is the foundation of business operations and can provide long-term stable and sustainable performance.	●	●	●	●	●
	202 Market Presence	The appointment of local personnel becomes the high-level management of the organization, which helps to strengthen the understanding of local needs and increase economic efficiency.	●	●	●	●	●
	204 Procurement practices	Suppliers are important partners, and establish a supply chain operation mode with effective communication for mutual benefit and win-win.	●	●	●	●	●
	205 Anti-corruption	Based on the incorruptibility and responsibility, a policy is formulated based on the integrity. All employees are required to abide by it so that the company can continue to operate.	●	●	●	●	●
Environment	307 Compliance of environmental laws	Compliance with environmental protection regulations can increase the trust of stakeholders and reduce the influence and impact on the company's reputation.	●	●	●	●	●
	308 Supplier environment evaluation	Continuously assessing suppliers' compliance with the requirements of environmental system is an important issue of supplier management. In addition to meeting customer requirements, it is also the foundation for enterprises to pursue sustainable development.	●	●	●	●	●
Society	401 Employment	A good labor-employment relationship can promote internal communication in the organization and facilitate harmonization between labor and management.	●	●	●	●	●
	402 Labor/management relations	In case of major operational changes, Elan Electronics will notify its employees with the local laws in advance, and avoid and eliminate the negative impact.	●	●	●	●	●
	403 Occupational health and safety	Employees are the company's greatest asset. Ensure a safe working environment to avoid potential costs and risks caused by job losses.	●	●	●	●	●
	404 Training and education	Good training courses and development plans help retain talents, strengthen the professional capabilities of employees, and accumulate the company's innovative energy.	●	●	●	●	●
	405 Employee diversity and equal opportunities	Follow the international trend and implement gender equality, and gradually implement the diversified development of the company's management and employees to enhance the company's overall image.	●	●	●	●	●
	414 Supplier environment evaluation	Continuously assessing suppliers' compliance with the requirements of social assessment is an important issue of supplier management. In addition to meeting customer requirements, it is also the foundation for enterprises to pursue sustainable development.	●	●	●	●	●
	418 Customer privacy	We respect and honor our guests. Only by implementing information security risk management, so that we can deepen customer relationships and ensure sustainable business operations.	●	●	●	●	●
	419 Compliance of social and economic laws	Compliance with socioeconomic regulations can increase the trust of stakeholders and reduce impacts on company's reputation.	●	●	●	●	●
Voluntary Disclosure	1 Customer engagement	By actively interacting with leading brand manufacturers, putting specifications into new products in advance to ensure that technology continues to lead competitors.	●	●	●	●	●
	2 New product development	Continuous product/technological innovation are the motivation to maintain the company's revenue growth, which enable the company to develop sustainably.	●	●	●	●	●
	3 Supplier strategy	Suppliers are important partners, and establish a supply chain operation mode with effective communication for mutual benefit and win-win.	●	●	●	●	●
	4 Operational performance indicators	Key performance indicators are set every year, and combined with regular reviews of whether each department reaches the expected goals to ensure that the company's overall performance can meet the standards.	●	●	●	●	●
	5 Care for employees and their families	Employees are the company's greatest asset. We extend benefits to family members so that employees can work with peace of mind without worries.	●	●	●	●	●
	8 Risk management	Effective risk management and control can create a safe and stable business environment for enterprises and ensure sustainable business operations.	●	●	●	●	●
	9 Product contribution to world trends	Continue to expand the application scope of existing technologies, and turn them into commodities. It not only meets the market-leading trend, and seizes the market share in advance, but also brings a new source of revenue of the company.	●	●	●	●	●



Material topics on the value chain 103-1

● Had an impact

	Major topic	Supplier	Agent	Customer	Leading platform manufacturer
Economy	201 Economic performance		●	●	●
	202 Market image				
	204 Procurement practice	●			
	205 Anti-corruption		●	●	●
Environment	307 Compliance of environmental laws		●	●	●
	308 Supplier environment evaluation	●			
Society	401 Employment				
	402 Labor/management relations				
	403 Occupational health and safety		●	●	●
	404 Training and education				
	405 Employee diversity and equal opportunities				
	414 Society – social evaluation of suppliers	●			
	418 Customer privacy	●	●	●	●
	419 Society – Compliance of social and economic laws		●	●	●
Voluntary Disclosure	1 Customer engagement			●	●
	2 New product development		●	●	●
	3 Supplier strategy	●			
	4 Operational performance indicator				
	5 Care for employees and their families				
	8 Risk management	●	●	●	●
	9 Product contribution to world trends			●	●

3.2 Stakeholder engagement

102-40 / 102-43 / 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 with stakeholders during routine business operations in different ways, an external contact mailbox and stakeholder's concern questionnaires are provided on Company's website as an effort to stay in touch with the stakeholders.

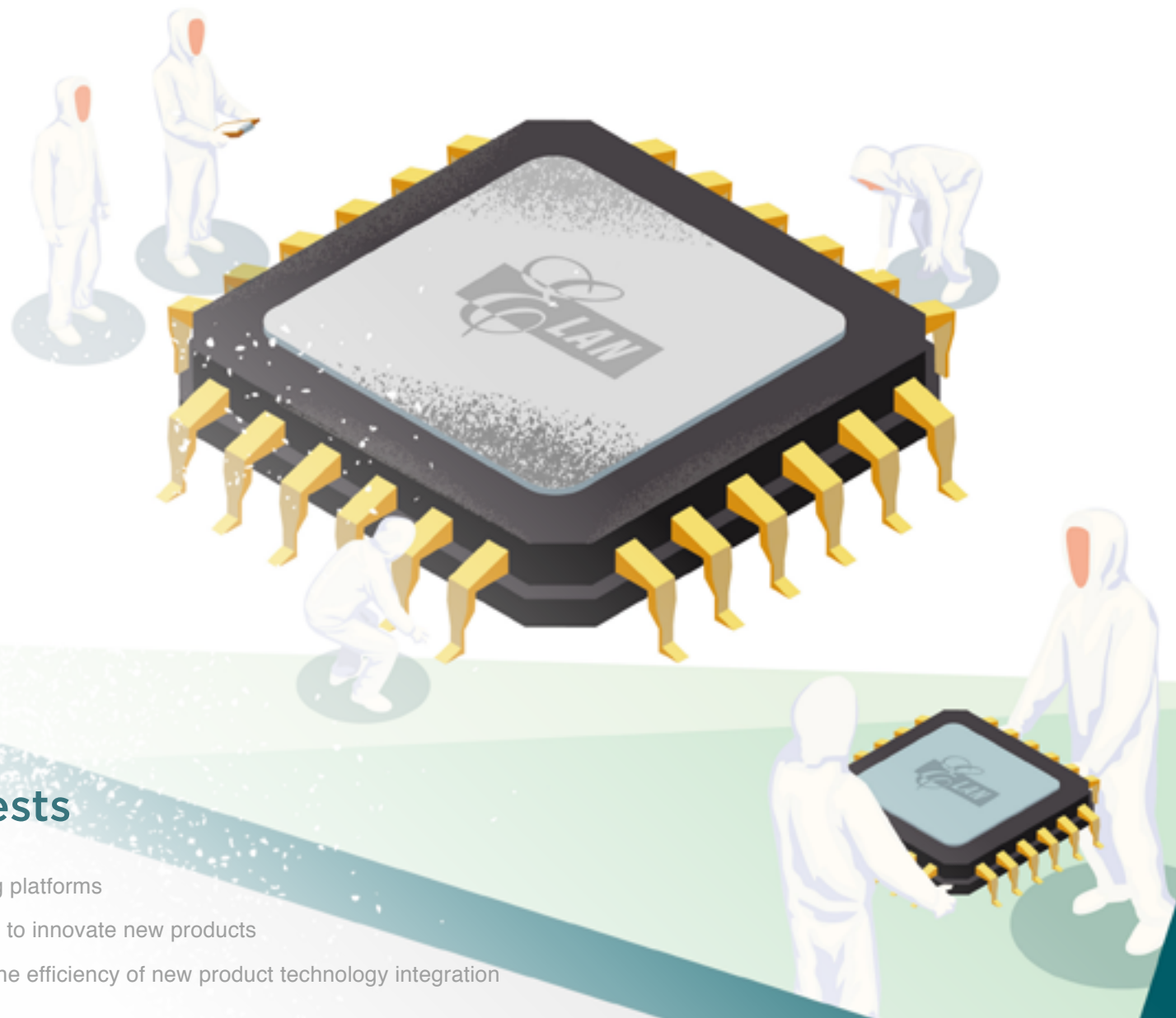
Stakeholder	Concerned topic	Communication channel	Commination frequency	Responsible unit
Employee	Society - Employment Society - Labor/management relations Society - Occupational health and safety Economy - Economic Performance	- Employee satisfaction survey - Operational & Labor/management meeting - 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	HPM CSR Report Committee
Shareholder	Economy - Economic Performance Social - Employee diversity and equal opportunities Environment- Regulations compliance about environment protection Society - Compliance of social and economic laws Economy- anti-corruption	General shareholder - Shareholder's meeting - Annual report - Major announcement - Company website - Stakeholder survey - Spokesperson	Annually Annually Anytime Anytime Annually Non-scheduled	Investment Relations Office
		Corporate shareholder - Company visits - Corporate seminar - Spokesperson - Annual report	Anytime Quarterly Anytime Annually	
Affiliate	Society - Employment Society - Employment Economy - Economic performance Society – Training and education Society – Occupational safety and health	- Phone/E-mail - Stakeholder survey	Anytime Annually	Sales Department CSR Report Committee

Stakeholder	Concerned topic	Communication channel	Commination frequency	Responsible unit
Customer	Other- customer's participation	- Company website - Phone/E-mail - Satisfaction survey - Stakeholder survey - External mailbox - Questionnaire	Anytime	Sales Department QA Department CSR Report Committee
	Economy- Procurement practice		Anytime	
	Society – Social evaluation of suppliers		Every six months	
	Other - Supplier strategy		Annually	
	Other – Customer satisfaction		Anytime	
	Society – Customer privacy		Non-scheduled	
	Other – Products contribution to world trends			
Agents	Other – Products contribution to world trends	- Company website - Phone/E-mail - Satisfaction survey - Stakeholder survey - External mailbox	Anytime	Sales Department QA Department CSR Report Committee
	Other – New product development		Anytime	
	Society – Customer privacy		Every six months	
	Other- customer participation		Annually	
	Economy- Procurement practice		Anytime	
	Society – Social evaluation of suppliers			
	Other - Supplier strategy			
Suppliers	Economy - Economic performance	- Company website - Phone/E-mail - Outsourcing meeting - Supplier audit - Supplier conference - Stakeholder survey - External mailbox	Anytime	Development & Planning Department QA Department CSR Report Committee
	Society - Occupational health and safety		Anytime	
	Other- Customer participation		Monthly	
	Other - New product development		Anytime	
	Other – Products contribution to world trend		Regularly	
			Annually	
Leading platform manufacturers	Economy- Market image	- Project meeting - Company visits - Phone/E-mail - Company website - Stakeholder survey - External mailbox - Questionnaire	Anytime	Market Planning Department Sales Department R&D Department CSR Report Committee
	Social - Employee diversity and equal opportunities		Anytime	
	Other - Risk management		Non-scheduled	
	Environment- regulations compliance		Non-scheduled	
	about environment protection		Annually	
	Society - Compliance of social and economic laws		Anytime	
	Economy - Economic performance		Anytime	
	Economy-Anti-corruption		Anytime	
	Other- Management		Anytime	
	performance indicator		Anytime	
	Other - Investor relations		Anytime	
	transparency		Anytime	
	Environment -Waste water and waste		Anytime	
	Other - Customer engagement		Anytime	
	Other- New product development		Anytime	
	Other – Products contribution to world trend		Anytime	
	Society - Customer privacy		Anytime	
	Society – Customer health and safety		Anytime	
	Social-Marketing and Labeling		Anytime	
	Environment- Raw material		Anytime	
	Economy- Procurement practice		Anytime	
	Society –Social evaluation of suppliers		Anytime	
	Other - Supplier strategy		Anytime	
	Society - Labor/management relations		Anytime	
	Society - Occupational health and safety		Anytime	
	Other- Staff and family care		Anytime	
	Society – Training and Education		Anytime	
	Society - Employment		Anytime	
	Society – Non- discrimination		Anytime	
	Society-Freedom of association and group negotiation		Anytime	
	Society- Forced labor		Anytime	
	Other- Participation in public welfare activities		Anytime	
	Other- Industry-University Cooperation Project		Anytime	

04

Product Design and Customer Rights & 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

2,580 (including 656 Touch Digitizer Certifications)

- Number of patents obtained

20 件

- Number of fines imposed for violations of health and safety regulations regarding products and services

0 件

- Number of complaints related to infringement of customer privacy or loss of customer information

0 件

- Numbers of industry-university cooperations

7 件

- Touchscreen chip annual shipment

More than 17 million sets

- Touch pad module and chip

50% market share (world's top)

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 2019, Elan Microelectronics mass produced 341 sets of new product solutions.

102-7

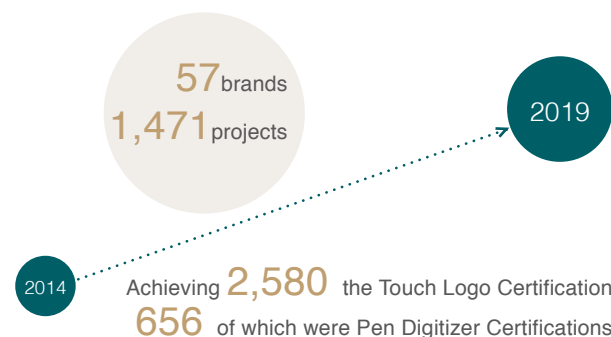


4.1 Customer relationship and cooperation with leading platforms

Voluntary Disclosure-1 Customer relation involvement

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.

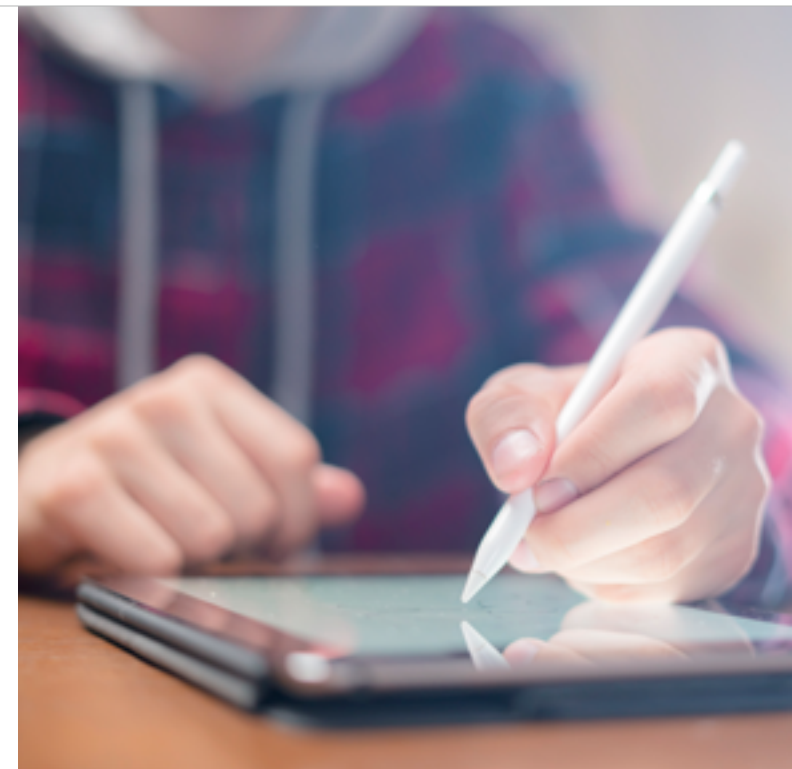
Take Microsoft's releases of Windows 7, Windows 8, Windows 8.1, Windows 10 certifications for examples, before the certifications were issued, Elan assisted Microsoft in confirming the test specifications and provided technical advice. Once the certifications were issued, Elan quickly helped its customers pass the touch certifications. From 2014 to the end of 2019, Elan assisted 57 brands (including single submission), a total of 1,471 projects, in achieving 2,580 the Touch Logo Certification, 656 of which were Pen Digitizer Certifications.



Elan Touch Pad 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 Touch Pad 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 Track Pad 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 strategic 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 the raise the value and volume of Elan's products and drive the growth of the operation.

The Pointing Stick (PST) module products were profiting in 2018, 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 customers in the States. 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

Voluntary Disclosure-2 New product R&D

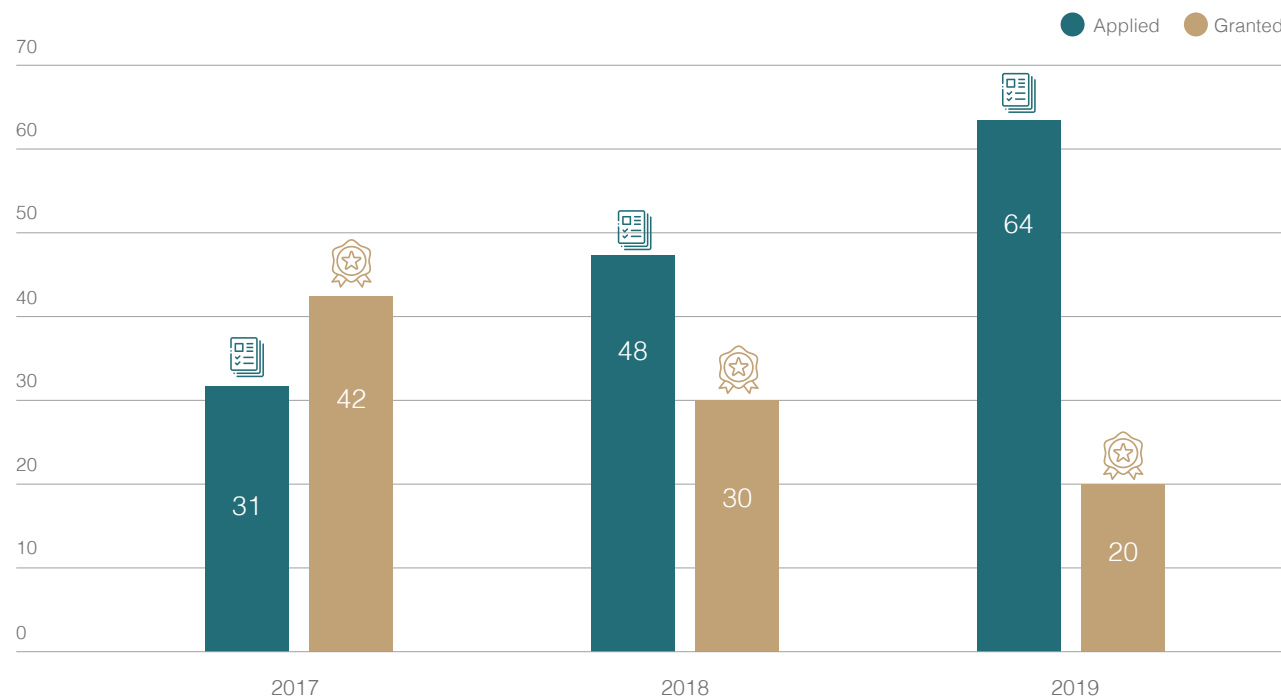
To encourage employees, Elan set up Intellectual Property Right & Legal Department, a unit dedicated to set generous bonus system for those who invent a new product. By putting forth a new innovation that has a market value and meets the eligibility requirements prescribed in the Domestic and International Patent Law, an employee can apply for patent awards according to Elan Patent Management Regulations, 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 sense of achievement, making this energy of creativity flows endlessly. Elan Group has obtained 971 patent certificates from 2000 to 2019.

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

The group's numbers of patent applications in 2019



The Group's total numbers of patent applications (2017~2019)



* Note: Elan H.K. is a delivery and customer service center.
It does not have an R&D department, so patent information is N/A.

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

Voluntary Disclosure-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 to standardize new product proposals, development, and verification process. Since the launch of the online Knowledge Management System in February 2008, as of December 31st, 2019, up to 376,936 visitors logged in, and the number of files uploaded reached 52,354.



Industry-university cooperative project

Voluntary Disclosure-6 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 2019, Elan carried out seven industry-university cooperative projects with industry experts and the academic professors at Academia Sinica, National Taiwan University, and National Chiao Tung University. Metanoia, PiXORD, Avisonic and Elan H.K. have no relevant cooperation plans.



4.4 Product contribution in relation to world's trend

Voluntary Disclosure-9 Product contribution in relation to world's trend

In 2019, touch related application products have grown significantly in revenue and profit. Through maintaining cooperating closely with major global specifications and platform developers such as Microsoft, Wacom, Google, Huawei and other leading brands in the US, China, and Japan, Elan was able to obtain first-hand information and technology to provide to our first-tier manufacturers at once. With customers' confidence, the competitive advantages of Elan touch products can be brought into play. The penetration rate of individual customers has boosted significantly in 2019, leading the global market share to increase as well. In 2019, Elan touch screen chip and touchpad module/chip both hold more than 50% of the global market share. These products are two major sources that built up Elan's revenue and profit.

At the same time, because of cooperating with specification and platform developers, the company also implemented high value-added chips into those developers' products, such as Microsoft 2-in-1 laptop Surface Go second-generation products. With the wide global marketing channels of those major platform/specification developers, this will help increase sales in Elan products and drive operational growth.

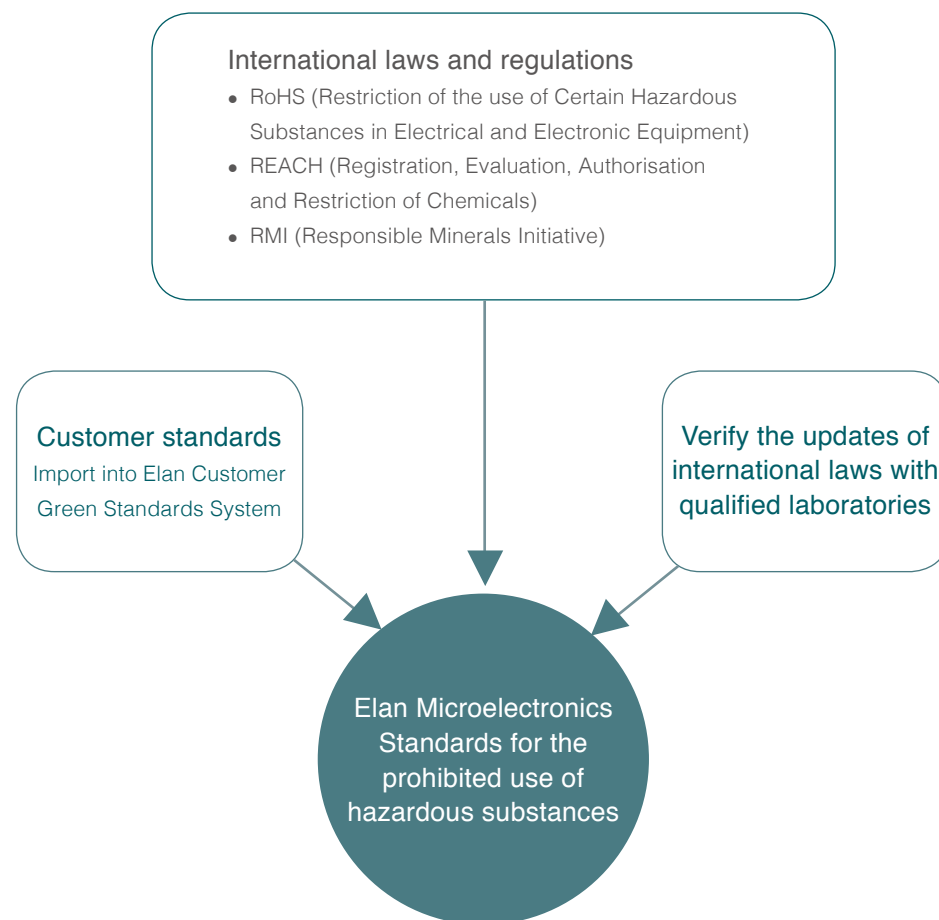
Nevertheless, Elan actively invested in the development and application of fingerprint recognition products. In view of the fierce competitions on the smartphone market, we minimized smartphone-related fingerprint shipments and focused on the profitable notebook market instead. In results, the fingerprint revenue has achieved more than 30% annual growth. At the same time, to seek market segmentation and increase profit margins, Elan strengthened the payment and encryption functions of the capacitive fingerprint sensor as added values. Due to the relatively low penetration rate of fingerprint recognition in the notebook market, major brands have shown great interests in implementing fingerprint identification onto their notebook products. Therefore, we expect this increase in the penetration rate will aid in the company's revenue in 2020.



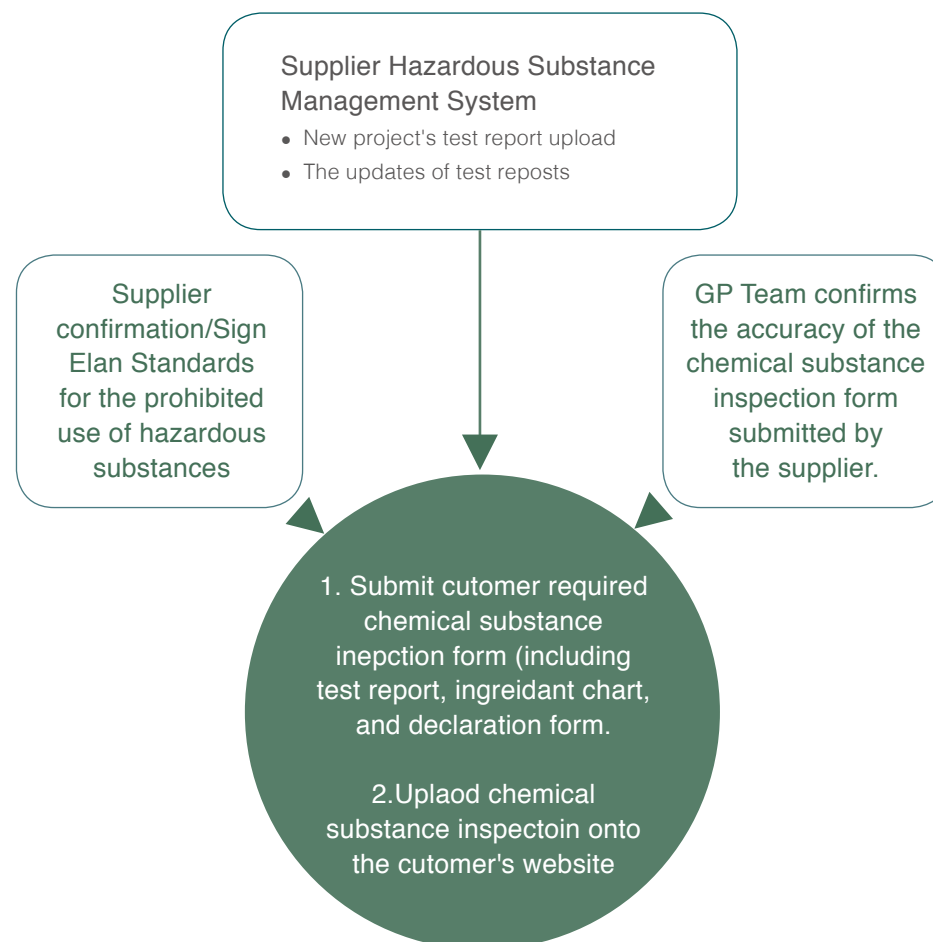
4.5 Product and service labeling 417-1

Elan drafted the 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. The standard for the prohibited use of hazardous substances and submission process for acknowledgement document of customer's product have been formulated.

Standards for the prohibited use of hazardous substances are drafted as follows



Submission process for customer product acknowledgement document is as follows



Include Hazardous Substance Management on the portal site

Codevelop the Green Product Management System (GPMS) 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.



Make announcement on the external website stating that Elan products do not use conflict minerals.



Pay attention to the latest developments in green product issues derived from the supply chain.



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 product 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.

GP inspects products regularly and confirms whether the supplier's products violate Elan's requirements simultaneously, the procedure is as follows:

Random inspect company products regularly



Verify company inspections with third parties



GP determines the test results

Up until 2019, there were no offences of health and safety regulations on products and services. 416-2, 417-2



Subsequent disposal of the product 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.

Adherence to environmental protection and industrial safety is necessary for sustainable operation. Elan insists on using "Green products". All Elan product series are in accordance to RoHS, Sony GP, REACH, and Halogen-free requirements. Hazardous substance declaration forms are provided.

- Products conformed to EU RoHS (2011/65/EU) are labeled with 
- Products conformed to Sony (SS-00259) are labeled with HF  GP

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 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. The permissible concentration limit of lead in paint is less than 90 ppm; and less than 800 ppm in solder. 2. The permissible concentration limit of lead in plastic (including PCBs), rubber, coatings, and inks is less than 100 ppm. 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
	Cl (Chlorine) + Br (Bromine)	< 1000 PPM
Packaging Materials	Cd + Pb + Hg + Cr ⁶⁺	< 70 PPM

* Note: The standards mentioned above are according to the Hazardous Substances Management Procedures (Ver. 3.6).

4.6 Customer service and customer rights 418-1

Elan has established entity stronghold layout and online marketing in Shenzhen, Chongqing, Suzhou, Shanghai, Hong Kong and the United States. Aside from the bases, customer service, strategic planning and management centers are available. The company's website in both Chinese (Simplified and Traditional) and English provides 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 a 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 customer 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' feedbacks 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 and perfecting our products, 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 provide 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.

Elan Microelectronics official website



Metanoia Corporation official website



PiXORD Corporation official website



Avisonic Technology Corporation official website





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 outstanding performances. 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 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 are 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 that 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 experiences 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 price in shortest time possible and fast services that meet customers' requirements. Each department works closely together to offer global integrated logistics, shorten delivery lead time, increase the rate of meeting customer order requirements and inventory turnover, as well as reduce inventory and transportation costs. So far, we have gained good results.

4.8 Customer Satisfaction Survey

Major management policy —
product quality and customer satisfaction

418 / 102-44

Corresponding to SDGs



Partnerships for The Goals SDG 17

Policy and commitment

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

Resource

- 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 on 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 between us and the leading manufacturers, customers, suppliers, and agents.

Performance in 2019

- The majority of the customers responded positively on the satisfaction survey.
- Followed up on the implementation in the ISO9001 management review meeting.

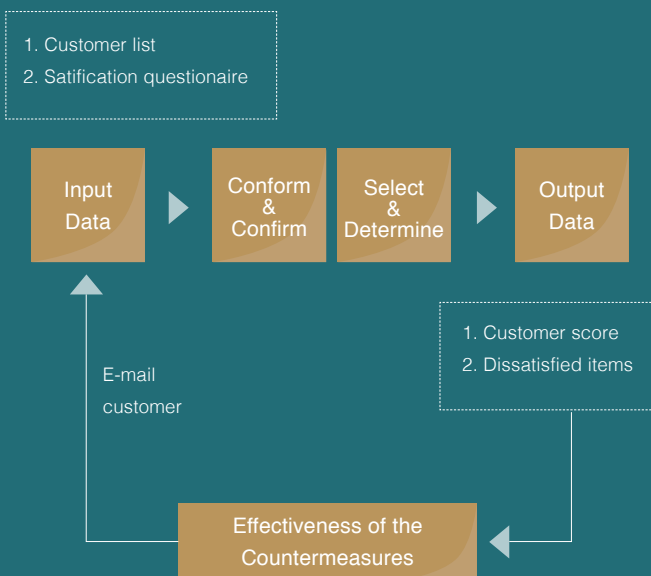
Highlights in 2020

- Continue to pay attention to and value customer satisfaction scores and response rates
- Followed up on the implementation in the ISO9001 management review meeting.



Elan

Elan conducts e-Customer Satisfaction Survey every year with key customers and agents of various product lines. 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. Every year since 2014, the Sales Department is to report and state with regard to the overall response rate and the scores received on the Customer Satisfaction Survey in a management review meeting. The policy is also applicable to Elan H. K.



Elan conducts the Customer Satisfaction Survey 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:

- Survey response rate
- Classified reasons for customer dissatisfaction
- Sales and technical service score
- Tracking of customer satisfaction and improvements

Emphasize on the items with low satisfaction and propose corrective and preventive measures. Sales personnel have to understand the reasons for customer dissatisfaction and make improvement actions and confirm the effectiveness of the countermeasures.

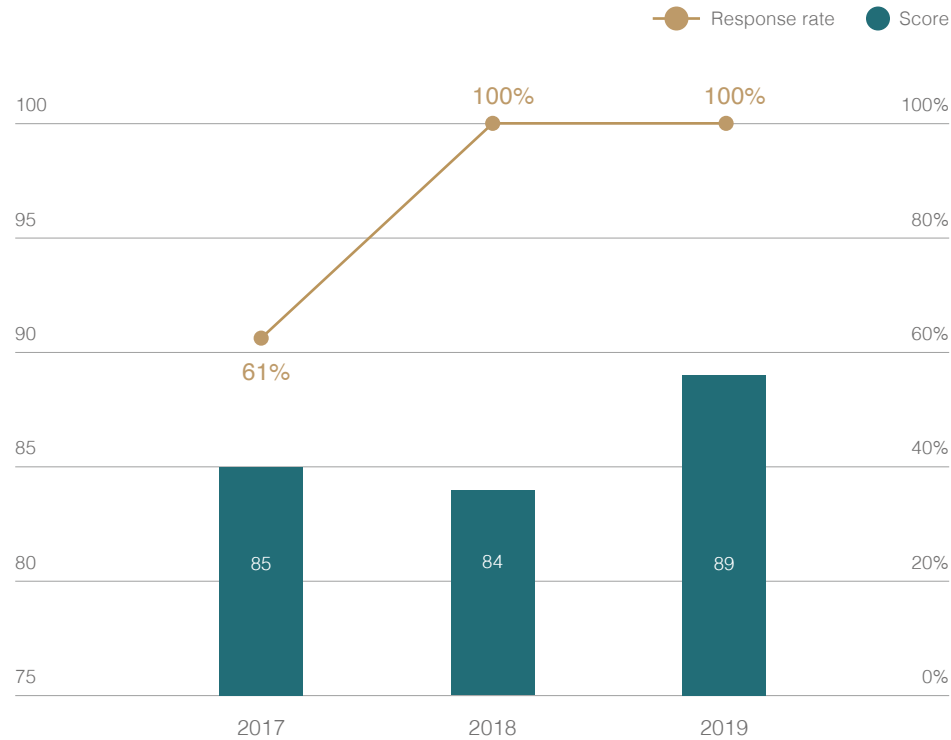
CSR-related questions was added in the 2018 Customer Satisfaction Survey to evaluate customer satisfactory on the information Elan disclosed in the CSR report. Based on customers' responses from a total of 106 questionnaires in 2019, the contents disclosed in Elan CSR reports did meet customer needs.

2019 Elan Microelectronics (Hsinchu) Customer Satisfaction Survey results

Product line	Numbers of surveys sent	Numbers of Responses		Response rate (%)
		Sales Service	Technical Service	
MCU products	42	21	21	100
Smart human-machine interface product	40	20	20	100
Fingerprint identification product	24	12	12	100
Total	106	53	53	100
Response rate (%)		100	100	

- Elan Microelectronics (Hsinchu) Customer Satisfaction Survey. In 2019, a total of 106 surveys were sent, and the response rate was 100%.
- As a result of the optimization and review of the satisfaction questionnaire operation with comprehensive upgrade and electronic process in 2017, it has greatly improved the convenience of customers to fill out and reply. With the concerns and follow-up of sales unit, the performance of high response rate is still maintained in 2019.
- Besides, ELAN continues to maintain good communication and interaction with customers, conducting the review and improvement with every suggestion of the customer satisfaction questionnaire in 2019.
- If the satisfaction score is less than 70 or 10% lower compared to last time, a meeting will be held to review and propose improvement measures.

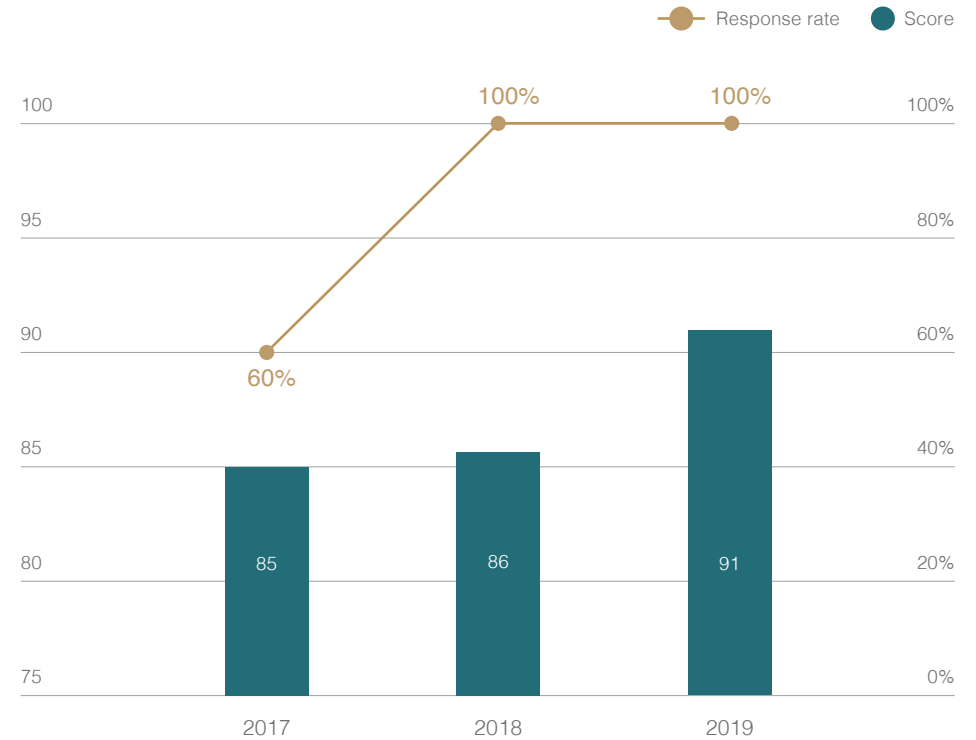
2017 – 2019 Elan (Hsinchu) Customer Satisfaction Survey - Sales



* Note 1: As shown in above charts, all scores met the target scores set by the company.

Note 2: Classification of the sales questionnaire coring items : delivery date, delivery quantity, sales, service.

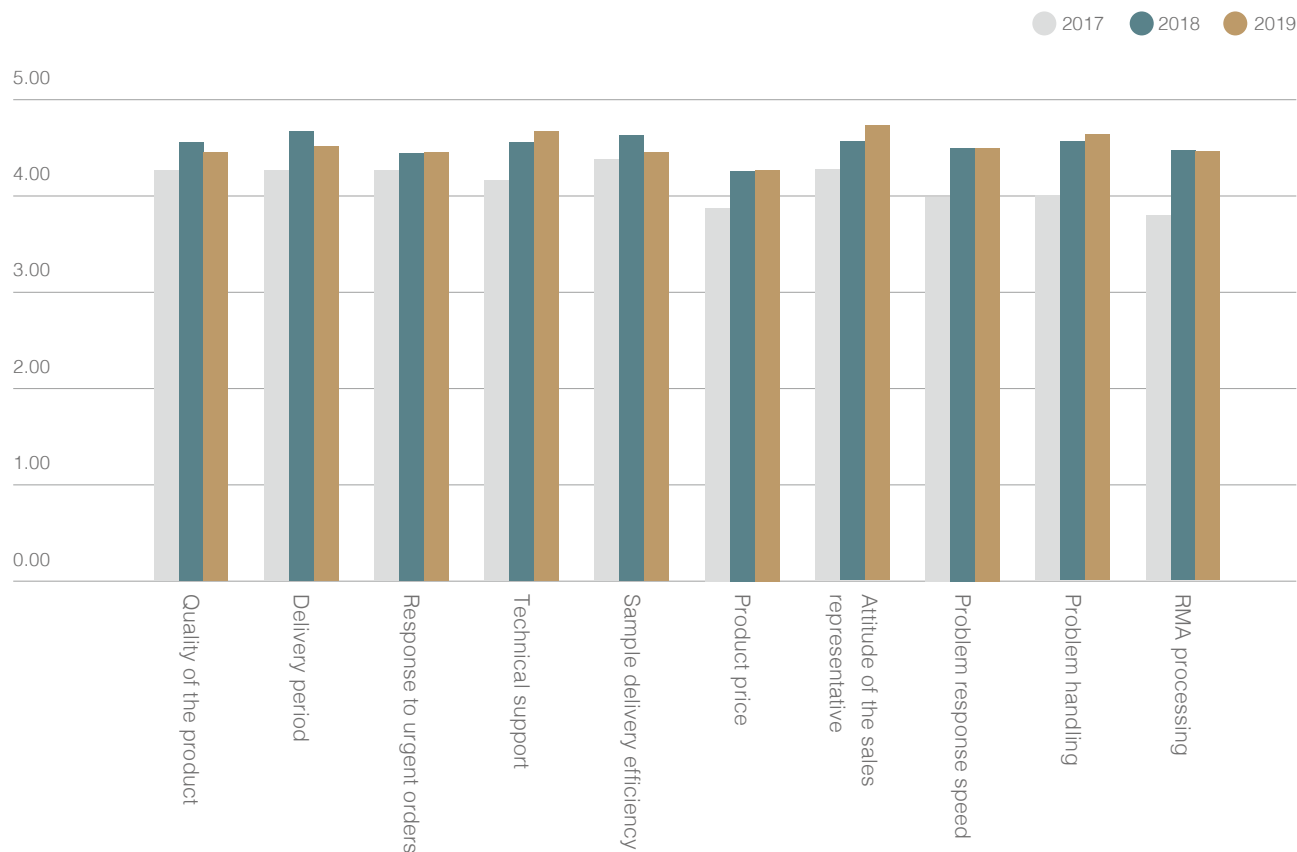
2017 – 2019 Elan (Hsinchu) Customer Satisfaction Survey- Technical



* Note: Classification of technical questionnaire scoring items: quality, customer service/customer complaint, technical service.

Elan Microelectronics (Zhonghe) Customer Satisfaction Survey

For the 2019 Elan Microelectronics (Zhonghe) Customer Satisfaction Survey, a total of 41 surveys were sent, 35 were collected and the response rate was 85%. In the past two years, through face-to-face communication between R&D, Quality departments and the customers, customer satisfaction with technical support, problem handling, and defective product handling has increased significantly. Although scores on product quality and delivery time were slightly lower than 2018, now that more responses were received, Elan will continue to improve on those services.



For the three items with the lowest scores, Sales Department have discussed with the relevant departments and came up the following improvement measures:

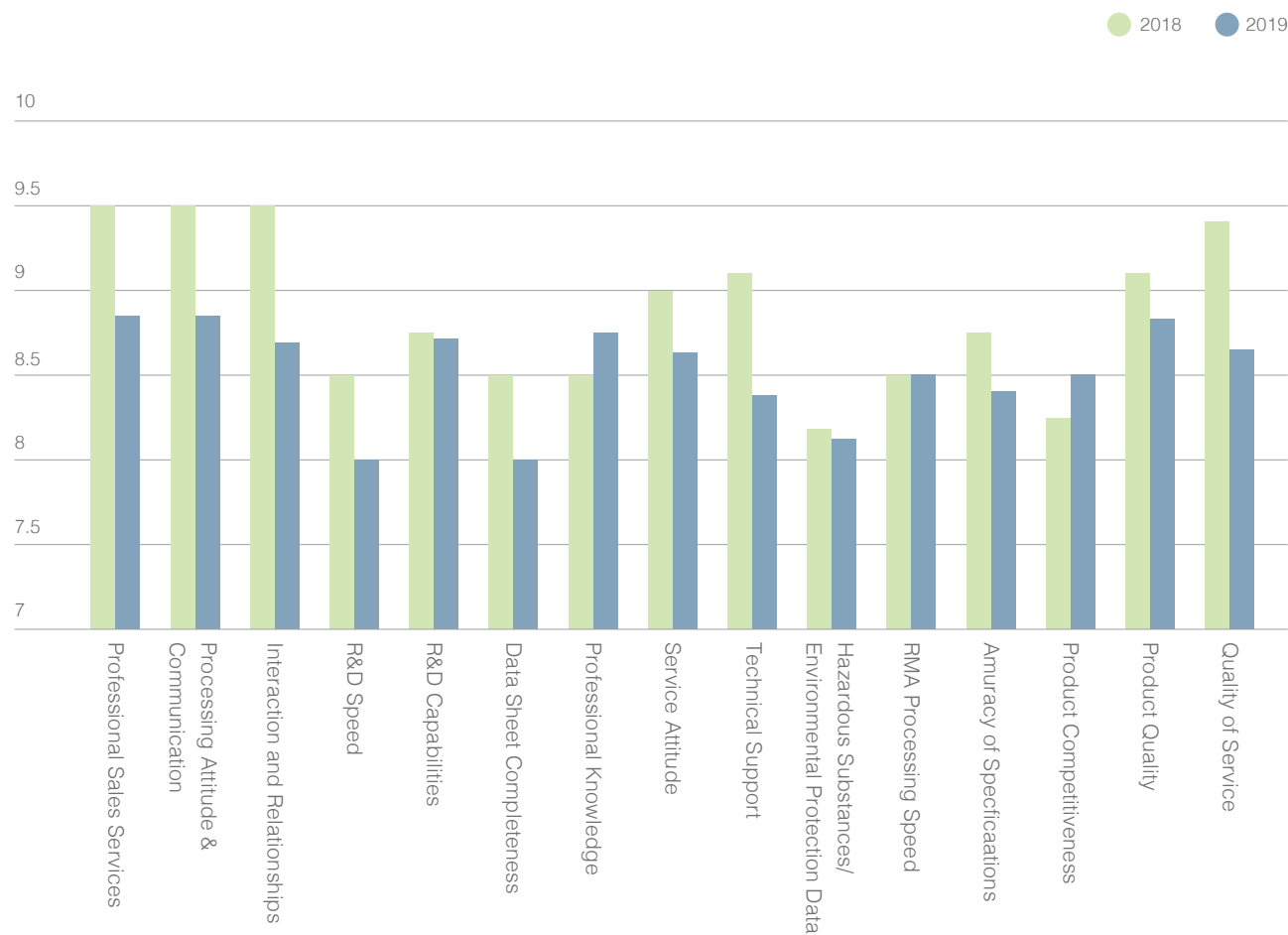
	Department in charge	Solutions
Product price	Purchasing	Research other competitors' product price. Continuously reduce product cost operation during DFM (Design for Manufacturing) process.
	Sales	Introduce new products, enhance added values.
Response to urgent orders	Production Planning	Stock reasonable amounts of shared materials with long delivery period, in case of urgent orders.
Product quality	Production	Continuously optimize the process parameters Strengthen personnel educational training, and introduce AOI (AI Image Recognition) to assist inspection. Poor appearance: Strengthen personnel educational training, and introduce AOI (AI Image Recognition) to assist in inspection.
	QA	Defective materials Improve the supplier incoming inspection. Use barcode system to manage incoming stock.

Metanoia

Conduct e-Customer Satisfaction Surveys on 10 major clients in 2019. The survey focused on Sales, R&D, Technical Support, Quality of Production Management, Supplier, and overall. The results of the survey are submitted to related departments for review. The overall customer satisfaction score in 2019 was slightly lower than that of last year. The average scores on "R&D speed", "Datasheet content completeness", "Technical Support", "Hazardous Substances/ Environmental Protection Information" and "Accuracy of Specification" were lower than the target KPI (8.5). With "R&D speed" and "Datasheet content completeness" being scored the lowest, R&D and customer service personnel have been asked to assist customers in datasheets and other matters.

The customer satisfaction survey results show that the satisfaction in 2019 is getting behind than in 2018. Due to the conversion of new and old products and the addition of one-time project engineering costs in 2019, the clients have unsatisfactory feedbacks on the increase in costs, but in order to maintain customer's subsequent promotional program and product satisfaction, Metanoia will maintain the requirement of one-time project engineering costs. The sales unit will regularly communicate with the customer's purchaser to confirm the product delivery period and visit PM regularly, assisting customers with the progress of new product development and customized requirements. The sales unit has continued to meet customer needs and service standards, and has made a reviewing and improvement for the insufficient service.

At the end of 2017, due to the change of company policy, no agents were brought in. Therefore, questions regarding to agents on the satisfaction survey were removed. The above data did not include 2017.



PIXORD

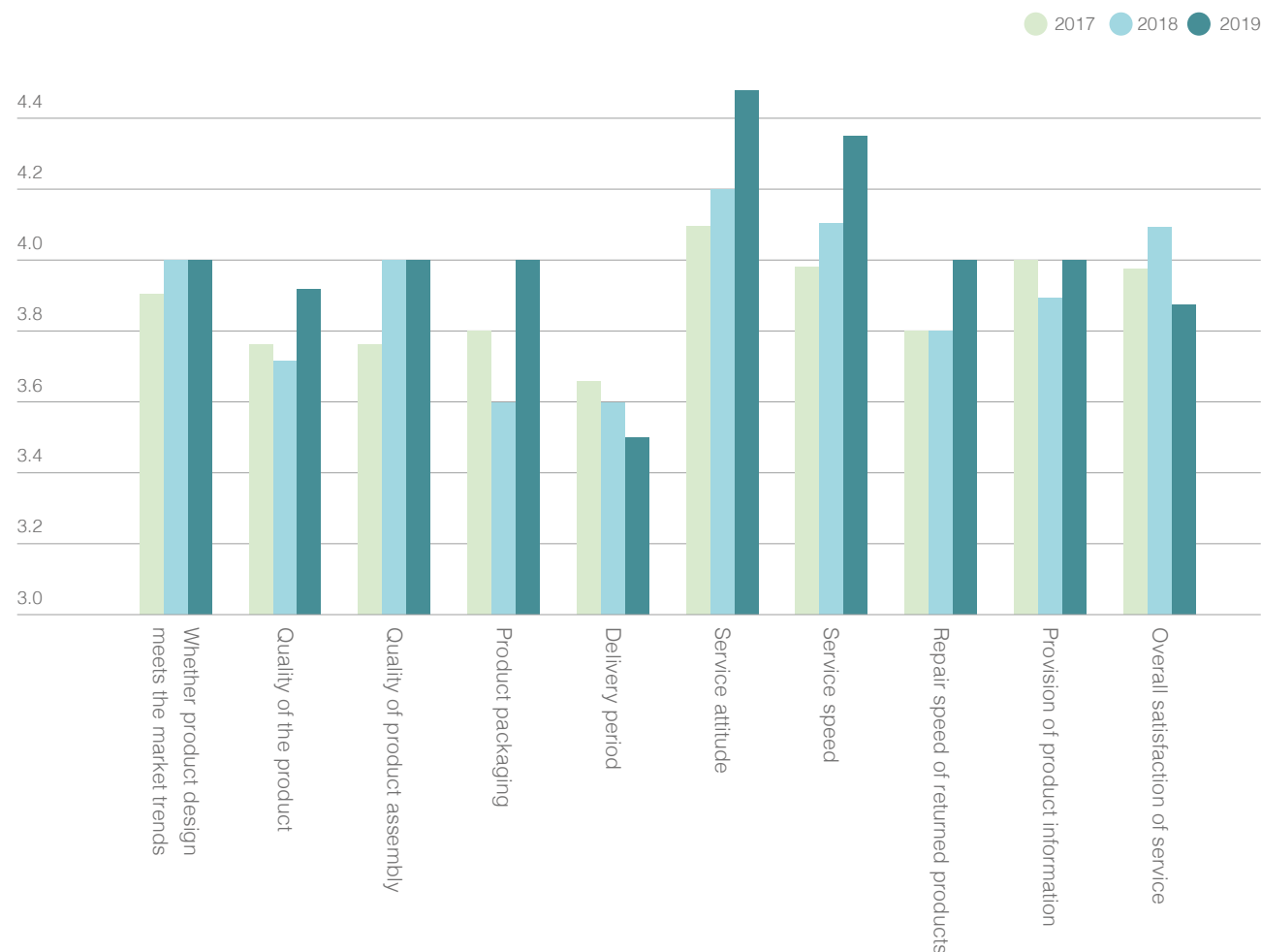
Conduct an e-Customer Satisfaction Survey on important clients or agents each year. The survey focuses on whether product design meets the market trends, delivery period, speed and attitude of customer service, provision of product information and overall satisfaction on services, etc. The results of the survey are submitted to related departments for review.

The main operation of PiXORD had been IP surveillance solutions (network surveillance cameras). In 2019, its new smart traffic detection system had been focusing on large-scale domestic traffic tenders and subsidies. As for the customer satisfaction survey, the scores on “product packaging” and “speed and attitude of customer service” have increased, yet scores on “product delivery period” and “overall satisfaction” slightly reduced. PiXORD will enhance staff trainings on market trends, so that it can develop products simultaneously with the market trends. Nonetheless, the company will continue to maintain high-quality service and improve its overall shortcomings such as accelerate the delivery period and coordinate with customers to create a win-win situation.

In 2019, PiXORD conducted the customer satisfaction survey on 6 major clients and the response rate was 100%.

For the item with the lowest scores, improvement measures were proposed:

	Responsible departments	Measures
Product delivery period	Procurement Department	Use shared materials, continue to develop 2nd sources.
	Sales Department	Discuss delivery period through production and sales meetings.



Avisonic

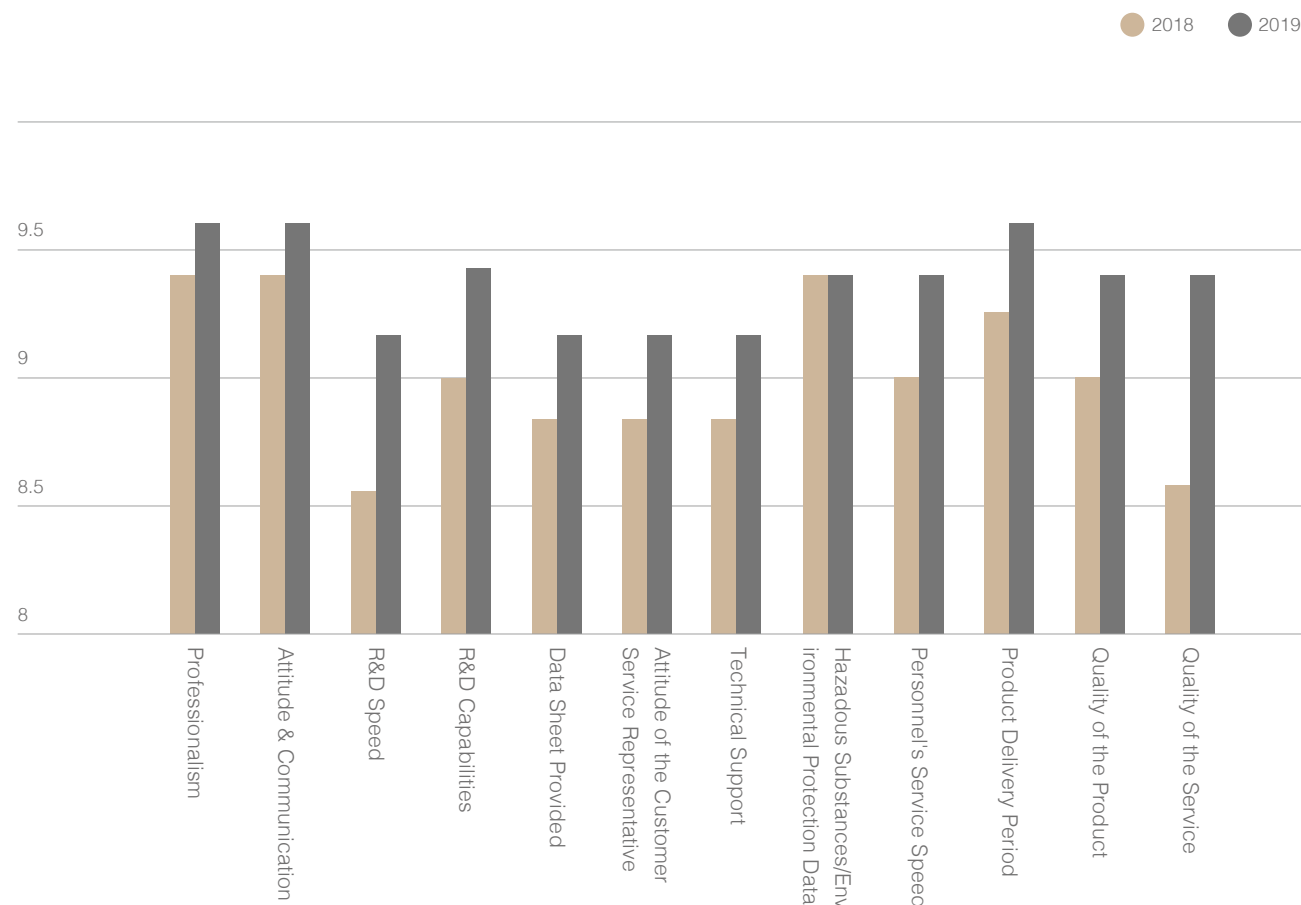
Conduct an e-Customer Satisfaction Survey on important clients or agents every year.

The survey focuses on areas including Sales, R&D, Technical Support, Production Quality, Customer Complaint Handling, Product Quality and the Overall Performance. The results of the survey are submitted to related departments for review.

The survey was sent to five major clients of Avisonic in 2019, and feedbacks were collected within two weeks. Scores on 12 items on the survey were shown in the chart above. Compared to the results in 2018, each item has shown positive growth and the overall satisfaction has increased. The average scores in 2018 and 2019 were all 8.6 (out of 10 points) or higher, indicating that Avisonic maintains its current service standards and continues to improve.

Results of the Customer Satisfaction Survey will be reviewed by internal departments and we 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.

Avisonic implemented the ISO 9001 system in 2019. To better understand customer expectations on product and services, more items were added onto the customer satisfaction survey in 2018. Therefore, the chart only presents the survey results from 2018 to 2019.



05

Supplier Management and Risk Management

5.1 Supplier strategy

5.2 Key Performance Indicator, Management process optimization and electronization

5.3 Risk Management and Opportunity





Critical Supplier Survey

100%

the suppliers had signed Supplier Social Responsibility Commitment and Business Ethics and Code of Conduct.

Elan's suppliers

64%

of Elan's suppliers were from Taiwan.

KPI

85.3%

KPI achievement rate throughout the Group.

Quality System Risk Assessment results

100% low risk

5.1 Supplier strategy

Major management policy — sustainable supply chain

204, 308, 414, Voluntary Disclosure -3 Supplier strategy

Corresponding to SDGs



Partnerships for The Goals SDG 17

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.

Resource

Under the CSR Committee, an RBA Promotion Team (Members: Industrial Performance Management Office, Human Performance Management Department, Quality Assurance Department and Public Resources Department) was organized.



Management strategy

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

Medium and long-term plan

Elan Microelectronics hopes to become a long-term partner of coexistence and co-prosperity with our suppliers. In addition to ensuring the quality, delivery period and price of suppliers' products, the company formulated the Corporate Social Responsibility Management System and Promotion Plan in accordance with the Responsible Business Alliance Code of Conduct (RBA, formerly known as EICC). We ask for all 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 2019

- The company has launched RBA audit activities for specific brand customers, 23 companies in total.
- Major suppliers had signed the Supplier Social Responsibility and Business Ethics Consent.

Highlights in 2020

The RBA Audit Annual Plan has been formulated, requiring suppliers to sign the Supplier Social Responsibility and Business Ethics Consent, committing to comply with corporate social responsibility and accept document/on-site inspections for continuous improvement.

Voluntary Disclosure- 3 Supplier strategy

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 put 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.

308-1 / 409-1 / 414-1

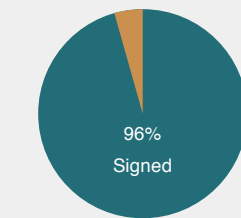
Since 2018, important suppliers in Taiwan and China have been surveyed about:

- Whether the supplier provides a CSR report.
- Whether the supplier holds the 2015 ISO 14001 certificate.
- Whether the supplier holds the 2015 ISO 9001 certificate.
- Whether the supplier holds the OHSAS 18001 certificate.

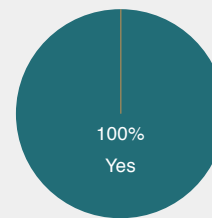
The results in 2019 were as follows:

Except the suppliers who went out of business, all important suppliers had signed the Supplier Social Responsibility and Business Ethics Consent, and had obtained ISO 9001 and ISO 14001 certificates. 65% of the suppliers hold the OHSAS 18001/ISO 45001 certificate.

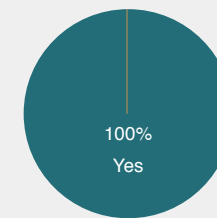
4% Not signed (out of business)



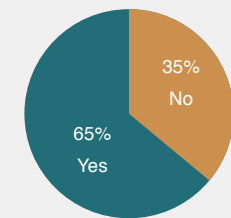
Important suppliers signing the Supplier Social Responsibility and Business Ethics Consent



Important suppliers with the ISO 9001 certificate



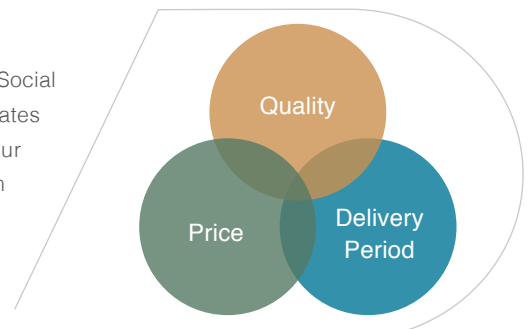
Important suppliers with the ISO 14001 certificate

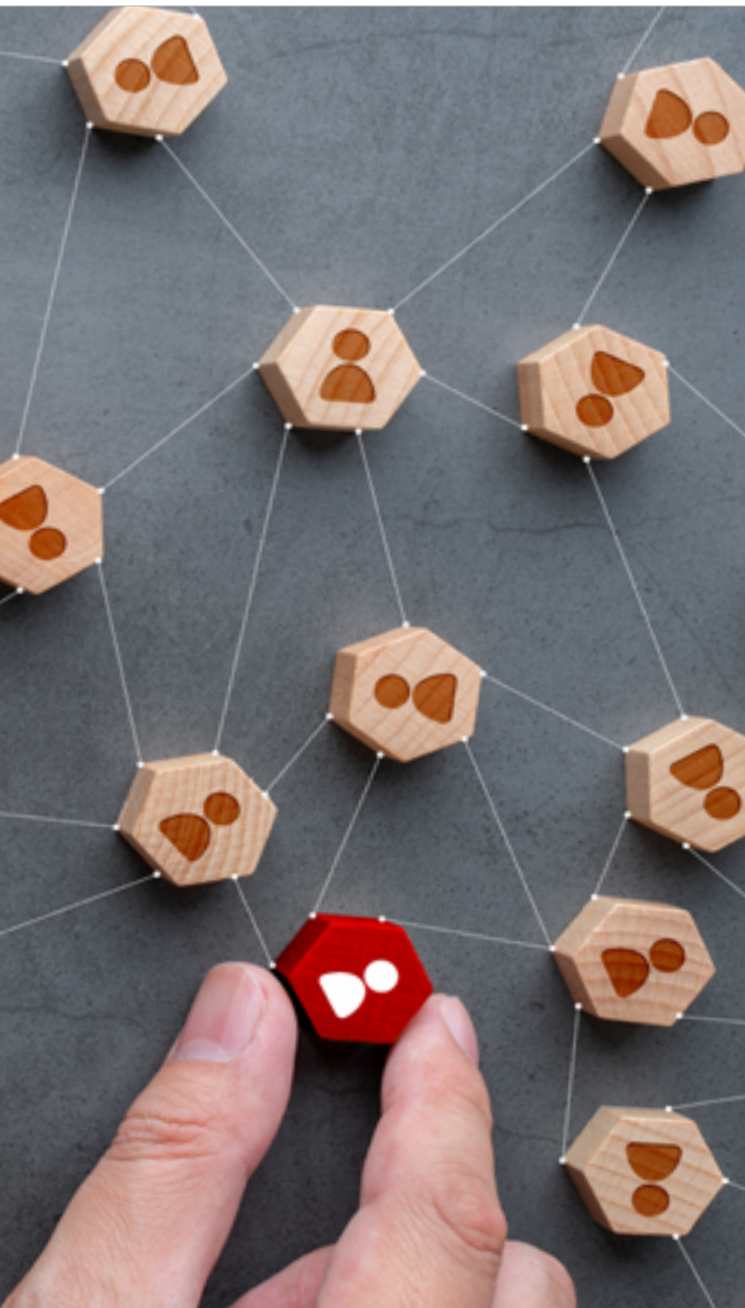


Important suppliers with the OHSAS 18001/ISO 45001 certificate

* Note: A manufacturer that accounts for 80% of the company's supplier transaction is considered an important supplier.

In addition to the existing supplier evaluations, we reconfirmed the Supplier Social Responsibility and Business Ethics Consent, and the validity of the certificates including ISO 9001, ISO 14001, OHSAS 18001, and ISO 45001 with our suppliers. Reminders were set on Elan Electronic Internal Document System for suppliers to renew their certificates once expires.





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 the 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).

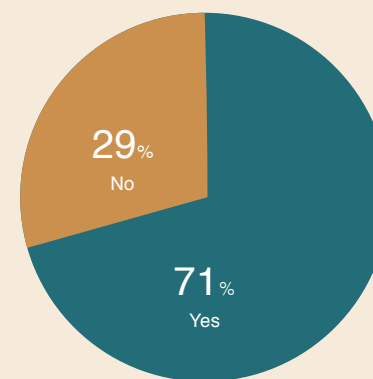
In response to come specific requirements of brand customers, Elan began to introduce the Responsible Business Alliance Code of Conduct RBA 6.0 in early 2018. At the end of 2018 year, some suppliers' on-site audits were completed, and the improvement progress was gradually monitored through monthly meetings.

Starting in 2019, 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 conducts the relevant operation of supplier selection procedure.

In 2019, 100% of the new suppliers had signed the Supplier Social Responsibility and Business Ethics Consent, and 71% had completed the RBA Audit Form.

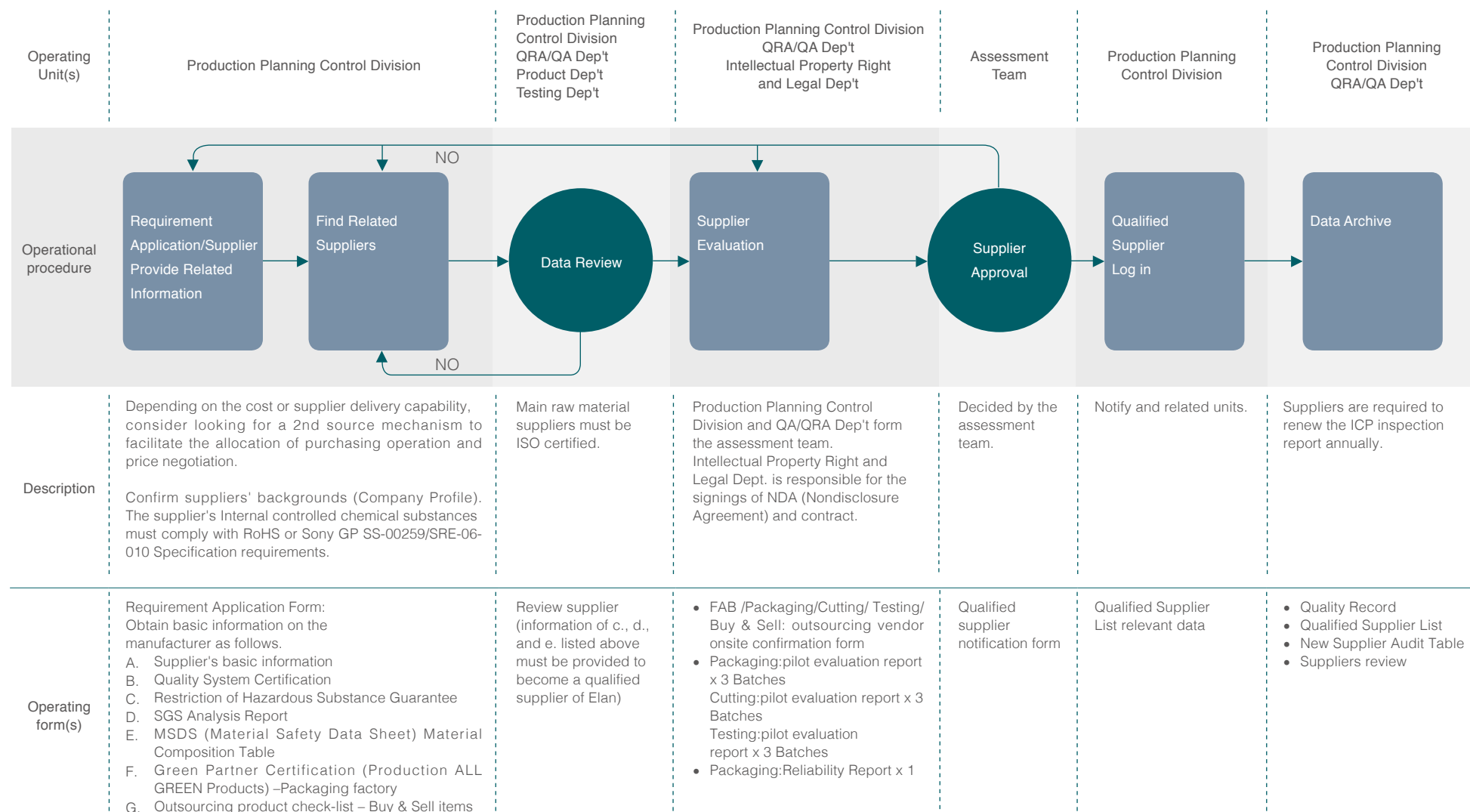


Sign the Supplier Social Responsibility and Business Ethics Consent



Complete the RBA audit form

Elan Supplier Selection Procedure



* Note: The operation flow chart above applies to Elan, Metanoia, PiXORD and Avisonic. However, operating units, job descriptions and tables may vary depending on the actual operation of each enterprise.

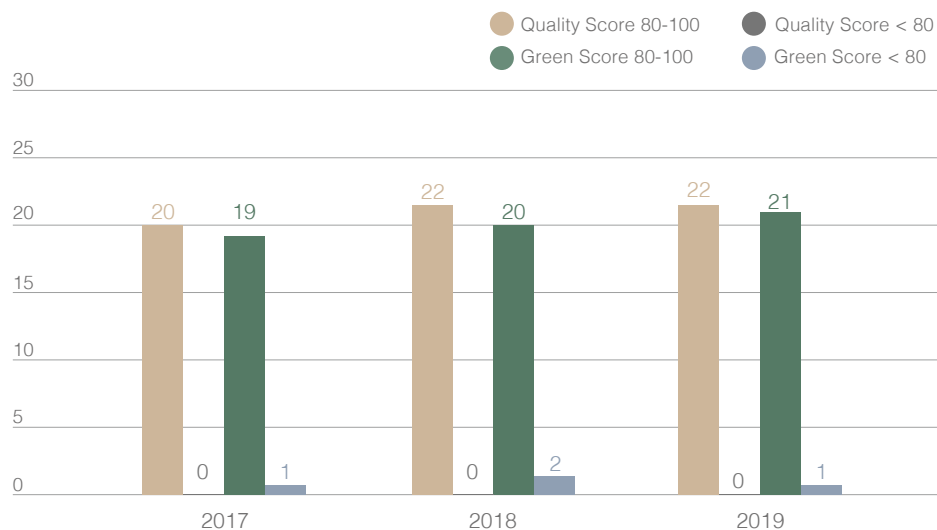
Regular external supplier audits

Elan (Hsinchu)

Elan Hsinchu headquarters integrated supplier audit scores are as follows:

In 2019, a total of 22 suppliers have been audited on-site, and all of them had reached the qualified supplier evaluation criteria of 80% or more. Looking at the audit results, however, on Green system score, one supplier was unable to meet the overall qualified supplier evaluation criteria. Although the supplier met the international standards, Elan's requirements, and the requirements of RoHS and REACH, it still needs work on obtaining the relevant documents and certificates. In the short-term, the supplier shall 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 supplier, and its effectiveness.

Supplier audit results



* Note: Quality System Score

Qualified: 80-100 ; Unqualified: Total Score < 80

Green System Score

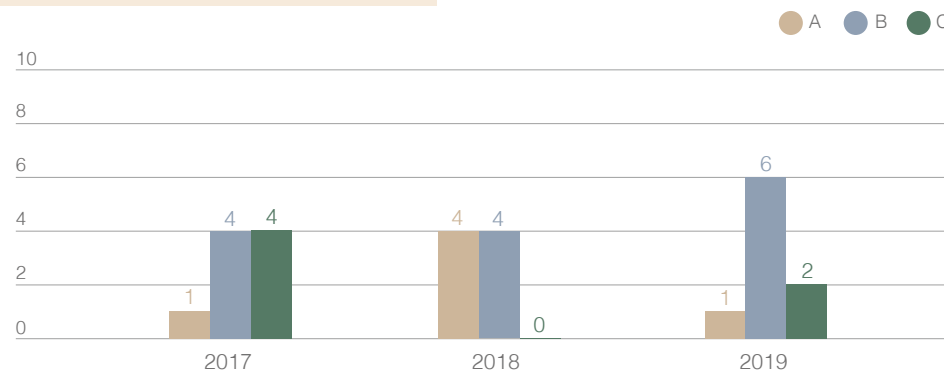
Qualified: 80-100 ; Unqualified: Total Score < 80

Elan Microelectronics (Zhonghe)

Elan Zhonghe factory follows the Supplier Quality Management Procedure. To bring in new suppliers, the R&D or 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 according to the Module Supplier Management Procedure and record the results onto the 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. Based on the audit results of major suppliers, a new foundry was added. In 2019, a total of 9 PCB and SMT suppliers were audited. Among them, 1 supplier received Grade A, 6 received Grade B, and 2 received Grade C. No suppliers were unqualified. However, there were more Grade C suppliers compared to last year due to quality fluctuations. Relevant improvement had been made. In the future, we will continue to provide guidance to our suppliers through quarterly audits and irregularly quality improvement meetings for the poorly graded aspects, and urge suppliers to improve in order to meet Elan's requirements.

SMT and PCB key supplier evaluation



* Note 1: Scores are divided into four grades, Grade A: 90-100%, Grade B: 80-89%, Grade C: 70-79%, Grade D: 60% or less.

* Note 2: The evaluation method is divided into four parts:

20% technology, 40% quality, 15-25% delivery period, and 15-20% cost.

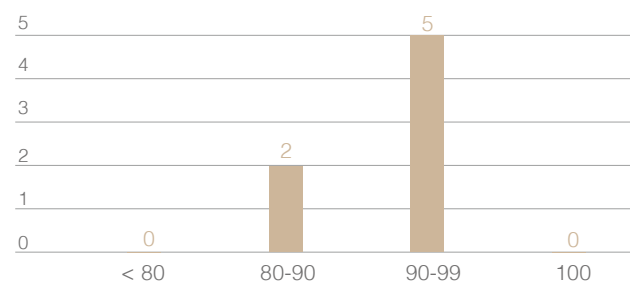
* Note 3: Suppliers are audited based on Elan Supplier Evaluation Procedure.

Metanoia

According to the Metanoia 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.

Number of supplier audits

- quality system scores are integrated as follows



* Note1: Suppliers with 80 points or higher are listed as qualified manufacturers. The score is based on quality and delivery.

* Note2: Returned batch <3 = 80 points

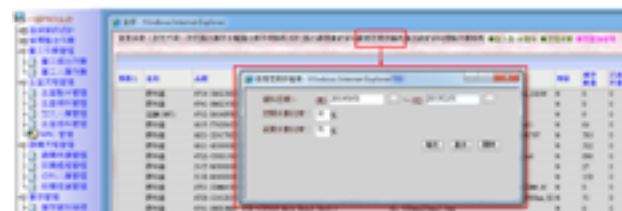
* Note3: Returned batch >3 = less than 80 points

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.

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. The internal e-platform can be used as a management tool, and the Supplier Periodic Evaluation Form from the production and sales inventory management system can be used as an evaluation basis.



Supplier delivery/quality evaluation are integrated as follows

Year/Score	> 80	79-70	69-60	< 60
2017	97	9	2	2
2018	108	7	1	0
2019	83	13	0	0

* Note : Evaluation method:

Total score = (delivery score * x%) + (quality score * y%)

x + y = 100, and the ratio of x and y can be adjusted accordingly.

Delivery score = ((number of purchases - number of overdue) / number of purchases) * x%

Quality score = ((number of incoming goods - unqualified ratio) / number of purchases) * y%

The evaluation results: 80 points (inclusive) or higher are considered qualified, 70 points are classified as observation, and 60 points or less are considered unqualified.

Evaluation results & follow-ups

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.

2018 : 116 qualified suppliers and 0 unqualified suppliers.

2019 : 96 qualified suppliers and 0 unqualified suppliers.

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 2019, no suppliers have had return records, meeting company standards.

Assessment scores and their corresponding grades are as follows

Grade	A	B	C	D
Score	90-100 分	80-89 分	70-79 分	69 分以下
2019	7	0	0	0

* Note : The calculating formula for the total score of supplier assessment: Delivery and service x35 % + Manufacturing process capability and stability x35 % + (30 - total deducted points for quality management assessment)

ELAN Hong Kong

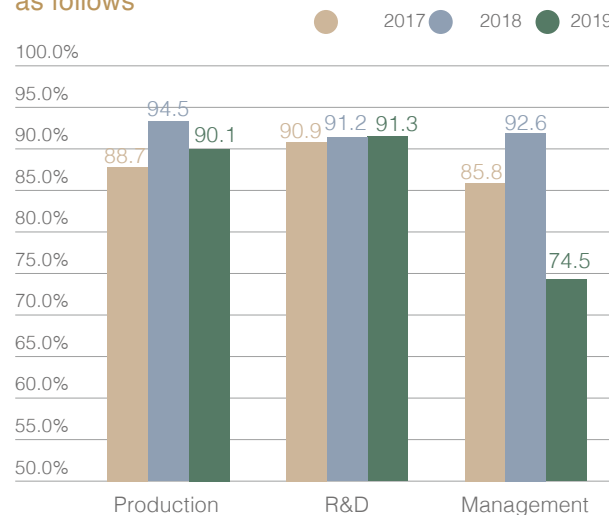
An invoice and customer service center. Therefore, no supplier-related evaluations were conducted.

5.2 Key Performance Indicator, Management process optimization and electronization

Voluntary Disclosure-4 Management Key Performance Indicator

As of 2019, Elan has a total of 43 departments, with a total of 160 KPIs (Key Performance Indicator) generated. By the end of the year, heads of each department are in charge of setting department objectives for the upcoming year. 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, reasons should be given and improvement measures should be proposed.

Average achievement rates from 2017 to 2019 are as follows



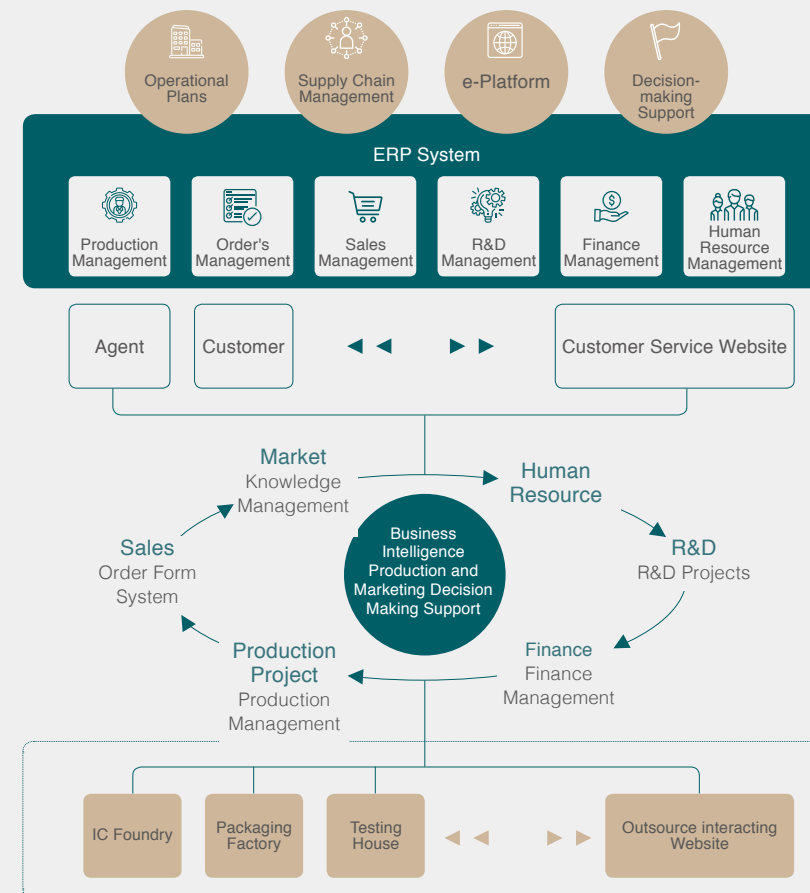
The management departments had shown the least achievements in 2019 because the Sales Department failed to promote key products or bring in key clients as scheduled. In results, sales performance was lower than the target. In addition to proposing the measures, it had been added as a KPI for next year and will be followed up.

Management process optimization and electronization

Voluntary Disclosure-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 includes not only cooperate internal systems, but also external customers and outsourcing manufacturers combination. As of December 31, 2019, there were a total of 1,279 web applications and 1,853 electronic forms.

* Note: ERP (Enterprise Resource Planning)



5.3 Risk Management and Opportunity

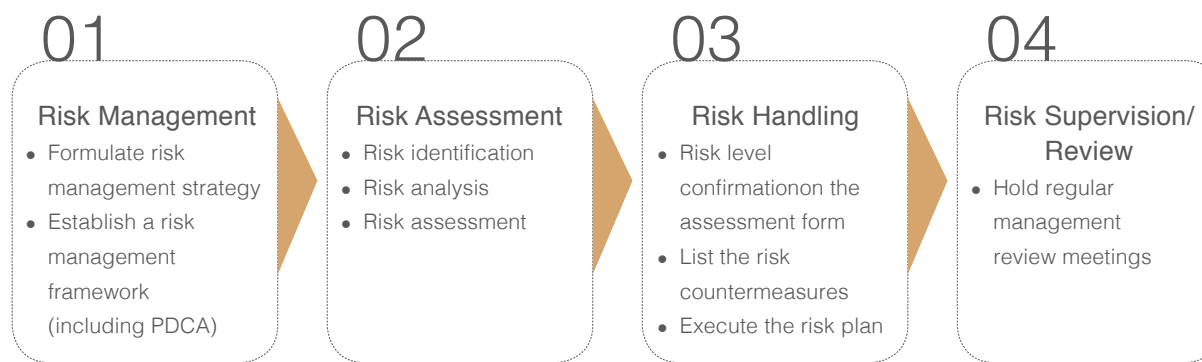
403-2, Voluntary Disclosure-8 Risk Management

As global business risks continue to increase, Elan has formulated the Risk Management Procedure Book. Based on the principle of materiality, conduct annual risk assessments on environmental, social and corporate governance issues related to company operations; formulate relevant policies; and implement Risk Assessment System to integrate risk management and handling into daily and decision-making operations to reduce the risks and consequences and ensure operational achievements and performance.

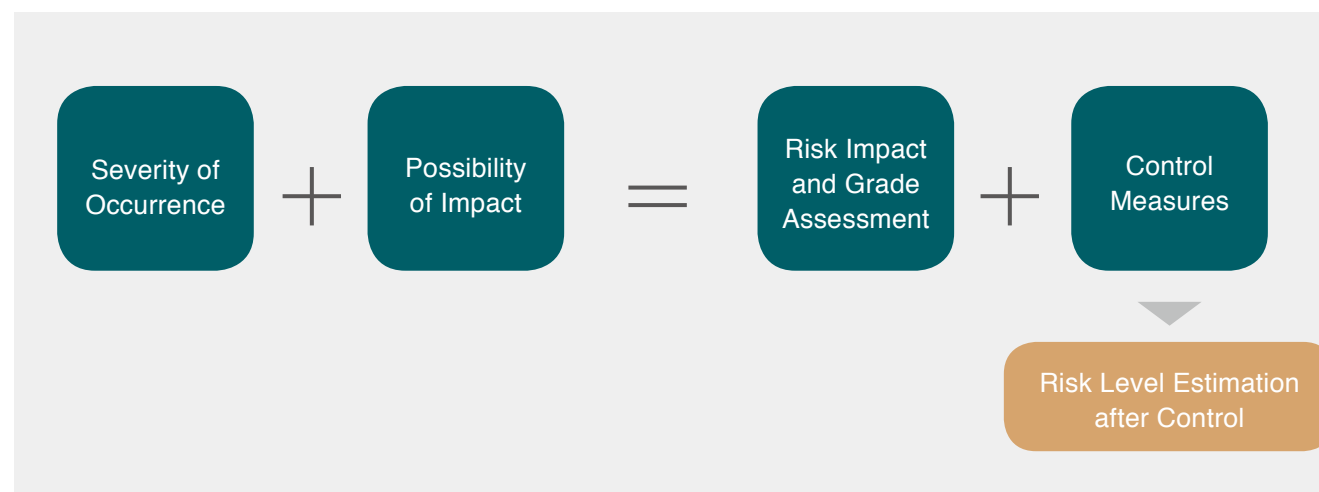
Elan conducts a risk assessment on quality, environment, occupational safety and health related issues through the E-system every year. After the assessment, come up improvement plans for higher-risk items. In 2019, 10 environmental items and 19 occupational safety and health items were deemed higher-risk. Except for 2 environmental improvement plans are still in progress, the others had been completed. The results of related issues will be disclosed at the management review meeting, and the total amount for improvement was 1.07 million dollars; and the evaluation of the quality risk level was low risk. As for the new opportunity assessment In 2019, the stakeholders suggested a few items such as customer requirements, employee satisfaction surveys, and other items proposed by labor representatives of occupational safety and health conferences. These items may not be high-risk for the company, but they will help create a better company's image and working environment for the employees after improvements.

For the risk opportunity management, a procedure was set up to ensure the management system can achieve expected results, prevent/reduce the impact of accidents, and achieve improvements. The following table shows the basic operational process of risk and opportunity management.

Basic operational process of risk and opportunity management



Risk management cycle



There is a total of 6 levels in the occupational safety and health risk assessment. Level 1 and Level 2 are unacceptable risks, which must be improved immediately. Level 3 to Level 6 are acceptable risks, and are to be continuously observed or improved depending on the situation. According to statistics, there were a total of 3 items with Risk Level 1 and 2, and a total of 19 improvement items in 2019.

		Risk	Opportunity	Measure
Quality System	R&D	23	0	0
	Production	44	0	0
	Sales and Marketing	19	0	0
	Human Resource	8	0	0
	Finance	3	0	0
Environmental System		246	0	10
Occupational Health and Safety System		739	15	19



Level 1-2 improvement items are as follows

■ Item 1 Improvement plan: Renovate the kitchen floor.

Reason: After a year of heavy use, the kitchen floor had accumulated a lot of grease. Although the kitchen staffs were all wearing slip-resistant shoes, the employees still had concerns about slipping when walking through the aisles for meals. Therefore, renovation was made.



Improvement results



■ Item 2 Improvement plan: Install parking curbs in the guest parking lot.

Reason: Company visitors responded that when they park at Elan Headquarters, there are slopes behind some of the parking spaces yet there were no sensing devices which causes a fear of falling. Therefore, improvements were made.



Improvement results



■ Item 3

Reason: In-plant service providers don't regularly conduct safety and health educational training

Improvement results: Completed safety and hygiene education training for security, cleaning, and restaurant personnel in 2019.



Among all improvement items in 2019, other major improvement items are as follows

Risk



The 2F outdoor flower stand was newly added, but there was a risk of falling during maintenance. Therefore, safety cables were installed for protection.



To reduce the risk of falling from the 2-meter ladder on the water tank, a safety cage was installed.

Opportunity



Due to temperature differences, there was condensed water dripping from the pipes. Insulation materials were installed, and it showed effective results. We expect to work on the entire pipeline in 2020.



Employees reported that there were small insects in the pantry and toilets. Therefore, starting in 2019, a pest control operation is carried out every month to prevent insect breeding. So far, the improvement is very effective.



To avoid direct sunlight from causing discomfort to employees' and guests' eyes, thermal insulation sheets were installed on the windows in the company's lobby.

Future Direction ▶▶

In response to customer regulation requirements, investigate the concentrations of organic solvent compounds during the manufacturing process and make sure it meets customer's requirements. In 2020, we will also require the production supply chain to focus on this issue as well.



Information Safety Risk

Take into account of the connection between information safety management trends at home and abroad and the core business of the company, Elan continues to refine our information safety management system to ensure the safety of company data, system, equipment and networks, and avoid accidental, malicious damage or improper use.

Information Safety Risk Management Promotion

For an effective and sustainable information safety management, Elan organized the Information Safety Management Committee, which is responsible for reviewing information safety management related policies, strategies, systems, and organizations, and reporting them to the board of directors regularly. The chairman serves as the committee president, the deputy chairman serves as the executive vice president, and the head of the Information Management Office serves as the management representative. The Information Safety Management Committee forms functional groups to carry out various information safety operations, promotion and implementation. The information safety risk management framework was reported to the board of directors on December 20, 2019. For more information on information security risks, refer to 2019 Annual Report page 214.

Operational Continuity Plan

In order to ensure the continuous and smooth operation of key businesses related to the supply chain, Elan Microelectronics has sufficient emergency replacement capabilities for important businesses. For any abnormal conditions that will cause the interruption of shipping operations, failure to operate normally, etc., it has formulated the "Continued Operation Management Procedures." Establish the precautions and contingency measures related to continuous operation, in addition to requiring suppliers to do the risk management, also establishing a second production base/module second test plan to prevent supply chain interruption. Suppliers are required to have corresponding plans, procedures and activities due to various potential natural or man-made threats to their own production services, such as fires, earthquakes, typhoons, floods, leakage of hazardous materials, power outages, shortages of public facilities, and ensure the continuous operation and reduce the impact of accidents. Moreover, enhancing the reliability of the supply chain to strengthen the ability of crisis management, reduce losses when the disasters occur, and minimize the impact on operations.

Since the end of 2019, COVID-19 has been in the ascendant. Based on the principles of protecting labor and maintaining company operations, Elan has formulated a major infectious disease response plan and established a "major infectious disease response and epidemic prevention team" with the president as the convener, the executive vice president is the deputy convener, and the executive general director is the head of the human performance management department. Under its jurisdiction, the supply chain contact group, the human resources administration group, the general affairs and environmental safety group, the epidemic prevention support group, the network equipment group, and the news group carry out related response items evaluation, formulate the response plans, continue to conduct the internal epidemic prevention work, and reduce the possibility of cluster infections in the company.

06

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 Occupational safety and health policy
- 6.5 Health management
- 6.6 Emphasis on workplace safety, zero occupational hazards in 25 years
- 6.7 Employee training and development
- 6.8 Zero-distance communication with the employee and full-range complaint channels





	2017	2018	2019
● Female employee ratio (%)	37%	38%	40%
● Educational training per capita hours (hour/year)	3.0	9.9	13.2
● Employee health check participation (person)	845	895	905
● Turnover rate	13.6%	10.0%	15.0%
● Zero occupational hazards in 25 years	0	0	0

6.1 Commitment to Corporate Social Responsibility

308-1, 409-1, 414-1

In accordance with international recognized standards, Elan is committed to 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 monitoring forced/compulsory labor grievances and child labor hiring.

Elan is aware that:

- Continuously put in human recourse and educate employees are essential in distinguishing and solving issues involving workplace safety and hygiene.
- 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 public's health and safety at the same time.
- To comply with the social responsibility requirements and achieve a continued increase in market share, we and our suppliers, outsource manufacturers, and agents must adhere to the highest standards of ethical requirements.

As 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.

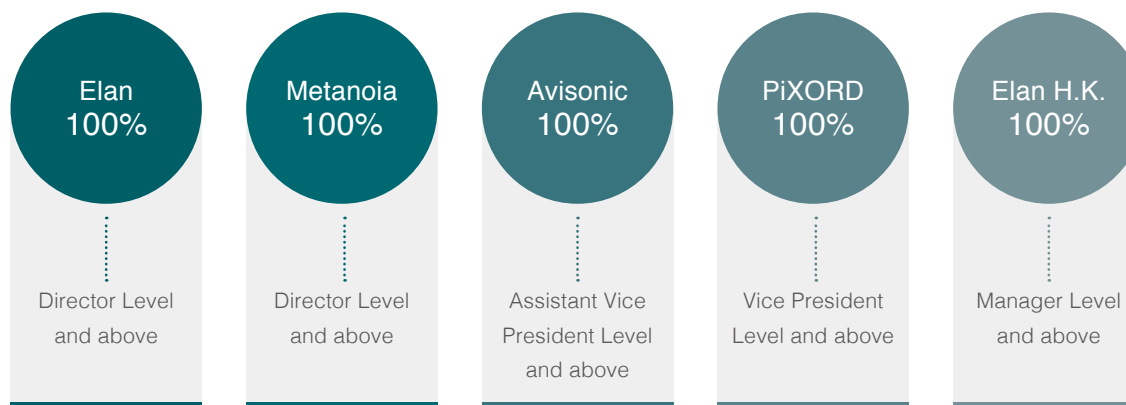


6.2 Workforce practices and dignity of labor

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 staffs, 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 are all IC design companies, and PiXORD Corporation is system integrator which 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 remain the same from 2017 to 2019.

Proportions of locally resident senior managers 202-2



“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.

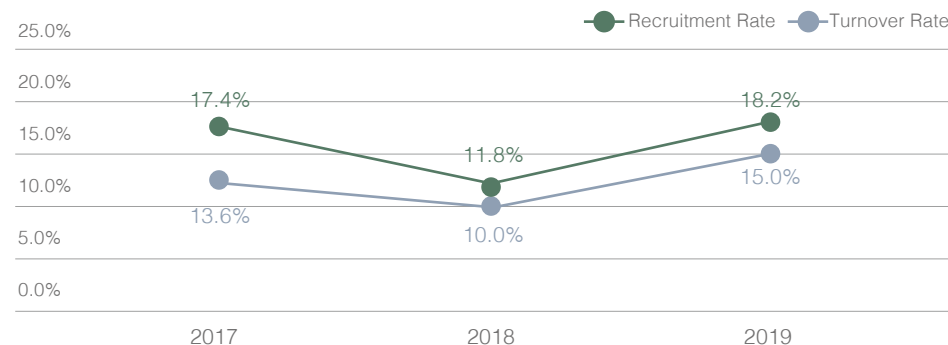
2019 New and resigned employee structure

401-1

	Sex	Age	Taiwan				Hong Kong	Total
			Elan	Metanoia	Avisonic	PiXORD	Elan H.K.	
New		< 30	52	0	0	10	0	62
		30-50	25	1	0	0	0	26
		> 50	1	0	0	0	0	1
		< 30	83	0	1	5	0	89
		30-50	25	2	0	2	0	29
		> 50	1	0	0	0	0	1
Resigned		< 30	39	0	0	9	0	48
		30-50	31	1	1	3	0	36
		> 50	5	0	0	1	0	6
		< 30	44	1	0	3	0	48
		30-50	24	3	1	5	0	33
		> 50	0	0	0	0	0	0
Recruitment Rate (in sum)			18.2%	6.3%	3.3%	60.7%	0.0%	18.2%
			7.6%	2.1%	0.0%	35.7%	0.0%	7.8%
			10.6%	4.2%	3.3%	25.0%	0.0%	10.4%
Turnover Rate (in sum)			13.9%	10.4%	6.6%	75.0%	0.0%	15.0%
			7.3%	2.1%	3.3%	46.4%	0.0%	7.9%
			6.6%	8.3%	3.3%	28.6%	0.0%	7.1%

* Note: Employee new hire rate / turnover rate of PIXORD Corporation: Since PIXORD Corporation implemented the AI smart traffic detection plan in 2019, more temporary or part-time employees were required to assist in the image annotation work, resulting in a high rate of new hire and turnover.

Employee recruitment & turnover rate (2017-2019)



Full-time and temporarily employee

102-8

Company Name	Sex	Labor Contract			Employee Type		Region	
		Full-time	Contract	Worker	Full-time	Part-time	Taiwan	Hong Kong
Elan		578	23	8	601	8	609	---
		403	25	5	428	5	433	---
Metanoia		37	0	0	37	0	37	0
		10	1	0	11	0	11	0
Avisonic		24	0	0	24	0	24	0
		6	0	0	6	0	6	0
PIXORD		14	3	0	17	0	17	0
		8	3	0	11	0	11	0
Elan H.K.		3	0	0	3	0	0	3
		2	0	0	2	0	0	2
Total		1,085	55	13	1,140	13	1,148	5

* Note 1: Elan – Part-time employees did not sign employment contracts with the company, and their health insurance was not covered by the company.

* Note 2: Elan – Contract employees include (summer) interns, contract employees, temporary workers, and advisors.

Workforce diversity in the Group

405-1

Sex	Age	Elan	Metanoia	Avisonic	PIXORD	Elan H. K.
	< 30	120	2	0	4	0
	30-50	423	31	23	10	3
	> 50	58	4	1	3	0
	< 30	187	2	1	2	0
	30-50	213	9	5	8	1
	> 50	28	0	0	1	1
Total		1029	48	30	28	5

Number of people with a disability employed by the Group

	Elan	Metanoia	Avisonic	PIXORD	Elan H. K.
Number of employees with a disability	7	0	0	0	NA

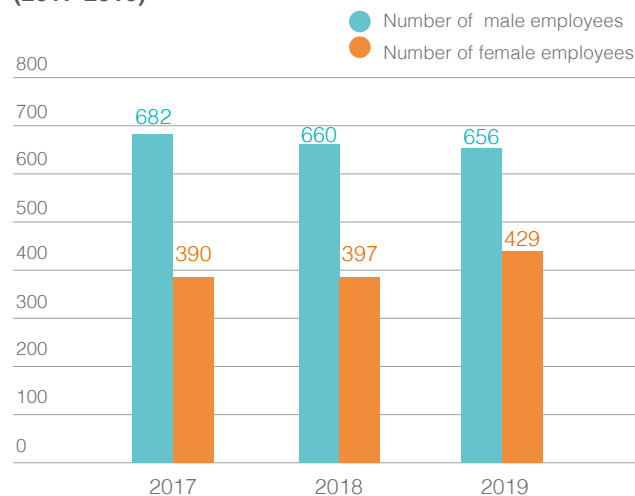
* Note1: According People with Disabilities Rights Protection Act Article 38, "Any given private organization whose total number of employees is no less than 67 shall employ people with disabilities with capability to work and the number of employees with disabilities shall be no less than 1 percent of the total number of the employees, and no less than 1 person." If a company fails to do so, it will be fined per violation.

* Note2: Currently, Elan Microelectronics employed 6 employees with a physical/mental disability. However, one of them is in medium-to-severe level, so it was counted as 7 people in total.

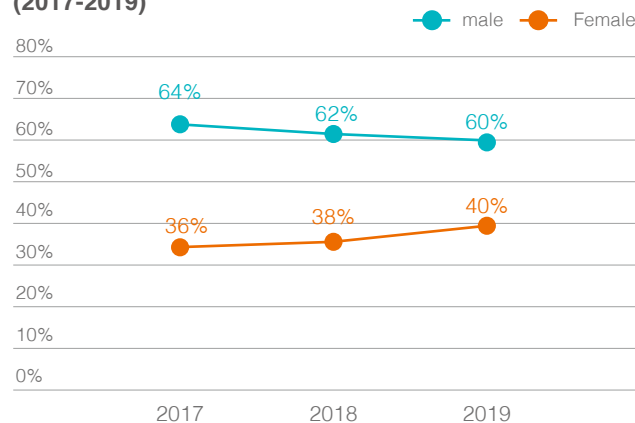
* Note3: Elan Hong Kong does not apply to Taiwan's regulations, so the data was N/A.

Elan Group

Number of full-time male and female employees (2017-2019)



Proportion of full-time male and female employees (2017-2019)



All R&D personnel, recruited individually by each company, are accounted for 50%-80% of the total labor force in the group. As R&D projects increase, additional contract and temporarily workers 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. Those workers account for approximately 1% of the total employment each year. As for PiXORD Corporation and Elan H.K. Microelectronics Corporation, the number of R&D personnel remain the same throughout the year.

Elan

100% of the company's R&D personnel were employed by the company itself, accounted for 54.7% of the total employment.

Metanoia

100% of the company's R&D personnel were employed by the company itself, accounted for 75.0% of the total employment.

Avisonic

100% of the company's R&D personnel were employed by the company itself, accounted for 73.3% of the total employment.

PiXORD

100% of the company's R&D personnel were employed by the company itself, accounted for 60.7% of the total employment.

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

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 staff meetings irregularly as well as a labor and capital operational meeting every month. At present, the labor is elected by all employees and the management is selected by the senior executives. In order to protect the rights and interests of foreign colleagues in Zhonghe, each of the different nationalities generates a representative, and the interpreter will join the meeting and communicate during the labor-management meeting, in which 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. As for Avisonic Technology, irregularly staff meetings and quarterly management and labor council are held. The labor representatives selected by the employees themselves will participate in the meetings where company operation, employee welfare and benefit-related matters will be discussed. Last but not least, PiXORD holds quarterly staff meetings which all employees are required to attend.

ELAN Group's major operational changes are handled in accordance with local laws and regulations

402-1

Elan	Where an employer terminates a labor contract pursuant to the Labor Standards Law of Taiwan, the provisions set forth below shall govern the minimum period of advance notice:
Metanoia	
Avisonic	- Where a worker has worked continuously for more than three months but less than one year, the notice shall be given ten days in advance. - Where a worker has worked continuously for more than one year but less than three years, the notice shall be given twenty days in advance. - Where a worker has worked continuously for more than three years, the notice shall be given thirty days in advance.
PiXORD	
Elan H.K.	Where an employer terminates a labor contract pursuant to the Labor Standards Law of Hong Kong, the provisions set forth below shall govern the minimum period of advance notice: - No notice period and payment in lieu of notice is required within the first month of the trial period. - During the second and third months of the trial period, the notice period is 7 days or payment in lieu of notice of 7 days' salary. - Where a worker has worked continuously for three months, the notice shall be given thirty days in advance or payment in lieu of notice of 30 days' salary.

Labor Dispute

419-1

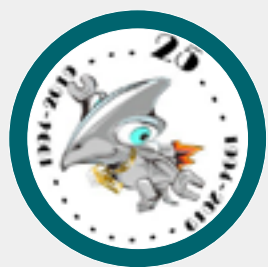
No labor disputes occurred in 2019.

6.3 Employee benefits and salary

Upon achieving company's annual operational objectives at the end of each year, each department may submit requests for additional human resources. After President's approval, each department will then forward a human resource 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 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 jointly by the Hiring Department and the HR Department, based on his/her academic background, experiences, 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. According to Taiwan Labor Standards Law, the current net minimum monthly wage in Taiwan is NT\$ 23,100 per month.

2019 happens to be the 25th anniversary of our company. In honor of that, we made special POLO shirts, high-performance jackets, and commemorative canvas bags as gifts to colleagues. We hope that the company will continue to move forward and have sustainable development.



▲ 25th Anniversary Icon and Commemorative Canvas Bag



▲ 25th Anniversary POLO Shirt

202-1

Elan	The ratio of low-level staff (e.g. factory operators) standard salary to local minimum wage is 1.00
Metanoia	The ratio of low-level staff standard salary to local minimum wage is 1.26
Avionic	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 1.13
Elan H.K.	The ratio of low-level staff standard salary to local minimum wage is 1.86

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

* Note 2: Local here refers to the essential 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/temporarily employees).
- Annual bonus and employee stock option (N/A to contract/ temporarily employees).
- Subsidy for internal/external trainings (N/A to contract/temporarily employees)
- R&D Patent bonus (N/A to contract/temporarily employees)
- Cash gifts for marriage and funeral grieving money (N/A to contract/temporarily employees).
- Domestic/international travel subsidy (N/A to temporarily employees, but could be available for contract employees.

Refer to Welfare Committee rules)

- Labor insurance, health insurance, group insurance.
- Flexible leaves, special leaves, and credit leaves are given under provisions of the Labor Standards Act.
- Flexible working hours.
- Discounts in gift certificate, clubs, etc.
- Emergency or disaster relief program for employees and their family members (N/A to contract/temporarily employees).
- Hold annual Company Day, Christmas party, Family Day, year-end banquet and many other company-wide events.



Parental leave without pay 401-3

In order to achieve a balance between family and work for employees, in accordance with the laws and regulations, the Regulation for Unpaid Parental Leave for Raising Children is formulated to protect employees' right to work and establish a family-friendly workplace environment.

Over the years, ELAN Group employees have applied for unpaid parental leave for raising children. Those who have been approved are divided by gender. The number of reinstated employees after parental leaves is as follows:

Items	Year	Elan		Metanoia		Avisonic		PiXORD	
Total number of employees entitled to parental leave *註 1/註 2	2017	94	29	5	5	6	1	2	3
	2018	70	18	2	4	6	1	2	3
	2019	65	19	3	3	3	1	0	1
Total number of employees actually reinstated after parental leave	2017	0	5	0	4	0	1	0	1
	2018	1	2	1	1	0	0	0	0
	2019	1	3	0	0	0	0	0	0
Total number of employees who should be reinstated after parental leave	2017	0	6	0	4	0	1	0	0
	2018	2	3	1	1	0	0	0	0
	2019	1	4	0	0	0	0	0	1
Total number of reinstated employees remain employed after 12 months	2017	1	1	0	0	1	0	0	0
	2018	0	5	0	2	0	1	0	1
	2019	1	2	0	0	0	0	0	0
Total number of employees reinstated after parental leave during the last reporting period	2017	1	1	0	1	1	0	0	0
	2018	0	5	0	4	0	1	0	1
	2019	1	2	1	1	0	0	0	0
Reinstatement rate	2017	--	83.3%	--	100.0%	--	100.0%	--	--
	2018	50.0%	66.7%	100.0%	100.0%	--	--	--	--
	2019	100.0%	75.0%	--	--	--	--	--	0.0%
Retention rate	2017	100.0%	100.0%	--	0.0%	100.0%	--	--	--
	2018	--	100.0%	--	50.0%	--	100.0%	--	100.0%
	2019	100.0%	100.0%	--	--	--	--	--	--

* Note 1: Total number of employees entitled to parental leave: Based on the roster of employee group insurance, if an employee has a dependent child of 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 to parental leave.

A full range of insurance

According to the provisions of the Labor Standards Act, employers shall 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 stationing overseas.

Other premium benefits offered by Elan

The Employee Welfare Committee of Elan in Taiwan is organized by law 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. The Employee Welfare Committee website is also put 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 takes good care of them as a group in every possible way.

01. Provide a pleasant working environment. For 15 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.
02. 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 wedding, maternity subsidies for newborn baby, consolation subsidies during hospitalization, festival cash gifts on three major festivals in Taiwan, grieving money during funerals, etc.
03. Organize all types of clubs. Currently, there are 7 existing sporting clubs including table tennis, badminton, basketball, online games, swimming, yoga, and leisure life. 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 building up employees' confidence. Each year, the Employee Welfare Committee conducts a club evaluation and the excellent clubs are awarded with encouragement bonuses.
04. 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 brought in to the company for follow-up examinations. Additionally, doctors will come in each month for consultation.
05. Elan Zhonghe participates in blood drives held by the Management Committee three times a year.
06. Provide free snacks and drinks to the employees every day after 9 p.m., as a company's compassion towards hardworking staff.
07. Hold annual Family Day to enhance employee team-work and coherence. Additionally, the company encourages and sponsors employee self-organized domestic/overseas tours so employees will have more opportunities to get to know one another, enhance coherence, and relax.
 - total of 47 trips were taken in 2019, to places include United Kingdom, Korea, Japan, Southeast Asia, China and various places in Taiwan.
08. 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 meals, fruit, salad, etc. Specials are offered every Friday 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 employee.



▲ Club activities

- In order for employees to eat safe, all melamine utensils were replaced by corning glass ones. To be environmental 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 hired 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 thoroughly checkup on the oil used in the company's cafeteria and coffee bar to eliminate employees' concerns.
 - Meal Satisfaction Survey: To take employees' opinions into account, the Public Resources Department conducts a Meal Satisfaction Survey each year. The survey results are used as references to replace or discuss improvement plans with the contracted meal provider.
09. The Emergency Relief Provision for Employees 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.
 10. An extended group insurance that also covers employees' spouses and children all at the expense of the company.
 11. 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.
 12. comfortable nursing room is provided for employed mothers to pump milk. Pregnant employees are also allocated with exclusive parking spaces. Additionally, male employees are also entitled to paternity leaves.
 13. Besides leaves generated by the Labor Standards Law, additional leaves are given to the employees. Furthermore, the company grants credit leaves when an employee has used up all his/her leaves.
 14. Collaborate with the Hsinchu City Lifeline Association to establish a comprehensive Employee Assistance Program (EAP).

員工及家庭照顧

Voluntary Disclosure-5 Care for the employee and their families

Item		2017	2018	2019
Health Examination	Annual health check	845 people	895 people	905 people
	Health re-examination (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: 24 Number of participants: 19	Total number of employees: 26 Number of participants: 18
Health Management	On-site doctor consulting service	66 people	42 people	173 people
Health Consultation	Mental health, weight management seminars, setup of a health station	4 sessions	4 sessions	5 sessions
Health Education	Blood drive events	127 people, donated 183 bags in total	191 people, donated 285 bags in total	138 people, donated 227 bags in total
	Gynecologic cancer screening	Pap smear: 13 people Colorectal cancer: 14 people Oral Mucosal Screening: 4 people	Pap smear: 13 people Colorectal cancer: 14 people Oral Mucosal Screening: 4 people	Pap smear: 23 people Colorectal cancer: 19 people
	Weight loss competition	255 people signed-up, 217 participated Total weight loss (kg): 463	315 people signed-up, 279 participated Total weight loss (kg): 648.6	340 people signed-up, 264 participated Total weight loss (kg): 653
	Good Pregnancy Thoughtful Project	Parking space reserved for pregnant women High back chair service	2 people 1 person	3 people 2 people
Group insurance extended to employees' dependents and children		Spouse: 437 people Children: 648 people Total number of family dependents: 1,085 people	Spouse: 437 people Children: 628 people Total number of family dependents: 1,065 people	Spouse: 443 Children: 620 Total number of family dependents: 1,063



▲ Annual health check





6.4 Occupational safety and health policy

403-1, 403-4, 403-5, 403-8

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

Elan Microelectronics obtained the ISO 45001 certification on May, 2019. We regularly follow up on the relevant regulations on occupational safety and health. In order to ensure the quality of employees' work, 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 in each operational environment, and safety and health objectives are set up for gradual and continuous improvements. So far, the management scope is 100% of the company and on-site employees.

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 medium 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 functionalities 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 403-3

To effectively maintain employee physical health and safety, besides the existing health checks, additional risk assessments on operational environment, maternal health protection, workplace infringement and overwork are conducted. This way, employees will be able to notice abnormal 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. Keep eyes on employees with three "high" (hypertension, high blood sugar level, high cholesterol level) 3. Limit working time 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 all machines correctly 2. Reduce working time
Laboratory	General	Inhalation hazards (lead-free soldering)	1. Evaluate the operating environments regularly 2. Set up partial exhaust equipment 3. Wear masks
	Chemical	Contacting hazards	1. Conduct staff trainings from time to time 2. Wear laboratory coats 3. Conduct operating environment testing regularly 4. Wear surgical masks



6.5 Health management 403-6

Since 2012, Elan has held a weight loss competition every year. In 2019, participating plants include Elan Hsinchu, Zhonghe, Tainan, and Kaohsiung. The objectives for this event are as follows:

- Objective 1** Participation rate increases by 5% compared to the previous year.
- Objective 2** Weight loss success rate increases by 2% compared to the previous year.
- Objective 3** The proportion of employee exceeding the BMI standard drops from 51% to 48%.

Actual approach

1. New sign-up requirement on body fat (male > 20%, female > 28%).
2. Regular yoga classes are held weekly in the afternoon.
3. Held diet and health workshops (Eat Out Your Workplace Power, Nutrition Lecture), and core muscles exercises.
4. Reward system:
 - Bonuses for the top three employees.
 - If an employee with BMI > 30 made it to the top three in the team competition, an additional NT\$3,000 will be rewarded to him/her.
 - A small gift for losing more than 1.5 kg.
 - Maintain weight loss for 3 months to get an additional gift card.

Achievements

- Objective 1** The number of participants increased from 315 in 2018 to 340 in 2019, a total increase of 7.94%.
- Objective 2** In 2019, the success rate decreased from 87% in 2018 to 78%, but the average weight loss per person actually increased from 2.33 to 2.47 kg/person. This was due to the misjudgment of the difficulties of this competition and raising the weight loss target from 1 kg to 1.5 kg. Hence, failing to reach the target value.
- Objective 3** The proportion of employee exceeding the BMI standard in 2019 decreased from 51% to 47%.

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

Promoting events

- 3C products are used more and more frequently nowadays. The results of the 2018 health check showed that 25% of 20 to 30-year-olds have poor eyesight's. Therefore, the company held a 3C vision care lecture in 2019 so that employees with poor eyesight understand the methods and precautions to improve their eye condition. According to the results of the health check in 2019, the percentage of the 20 to 30-year-olds with visual abnormality had dropped to 11%.
- With the support of senior executives, the company bring in nutritionists to hold 6 nutrition workshops for 6 weeks (no more than 120 participants each), employees and their family members are all invited to attend. By doing so, the employee can learn the importance and sources of the six nutrients, and how to self-control diets to maintain the balance of their bodies. In addition, the company also adjusted night snack options, providing nuts, protein and milk, etc., cutting carbs.
- For female employees, fertility and nutrition during pregnancy workshops are held to enhance colleagues' common sense and precautions for fertility.
- 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 disadvantage groups, blind people massage events are held.
- The company's health center used to provide all kinds of medicine. However, in order to prevent employees from consuming inappropriate medicine due to misjudging of their health conditions, the center had stopped giving out medicines since August 2018. In replacement, the Safe

Use of Medicines at Home workshop is held to educate employees on identifying and using different medicines correctly.

- Conduct annual general/detailed health checks on all employees.
- 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. In 2019, protective gloves and joint protectors for warehouse were provided to the warehouse staff to reduce the chances of cuts and strains during work.

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

- For field personnel, their direct supervisors are in charge of their health checks. However, they are welcome to join all health workshops, fire drills, and relevant trainings.
- Elan has started planning the maternal health protection system at the end of 2016. It conducts risk assessment of the working environment for maternal labor, confirms environmental safety, arranges medical consultations with on-site doctors, and provides company-related information on maternal health protection and benefits, such as authorizing parking spaces for pregnant women, providing more comfortable seats, books on parenting, information on confinement meals, etc.

Future plans

According to the feedbacks of the 2019 Health Promotion Survey, the top three health workshops employees would like to attend were exercise-related lectures, Health Promotion and Disease Prevention, and Care for the Muscular System. In the future, these kinds of workshops will be arranged.

A Health Management Cloud System is expected to be purchased in 2020, so that employees can keep track of their personal health, and the medical staff can also analyze and manage health data more conveniently.

6.6 Emphasis on workplace safety, zero occupational hazards in 25 years

Major management policy
—friendly working environment

403, Voluntary Disclosure- 5

Corresponding to SDGs



Good Health and Well-Being SDG 3

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 of our and suppliers/outsourcers and agents and staff, and providing good working environments for workers.

Resource

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 audits.



- Conduct Employee Satisfaction Questionnaire each year, discuss the feasibility of employees' suggestions and make improvements.
- Regularly perform work environment measurement, building fire-fighting equipment maintenance, dangerous machinery maintenance, drinking water quality testing, environmental disinfection, etc.
- Provide employees with health checks every year.
- Provide a leisure center for employees to relieve stress after work.
- Set up a nursing room, and provide comfortable seats and authorized parking spaces for pregnant employees.

Medium 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 sustainability planning.

Performance in 2019

- Zero occupational hazards.
- Installed thermal insulation sheets on the windows in the company's lobby to avoid direct sunlight causing discomfort to employees' and guests' eyes.
- Transferred from OHSAS 18001 to ISO 45001.
- Won the Golden Point Award for Healthy Workplace Innovation from the National Health Administration of the Ministry of Health and Welfare.
- Won the SGS Occupational Safety and Health Management Model Award.

Highlights in 2020

- Zero occupational hazards.
- ISO 45001 internal/external audit, RBA internal audit.
- Sport equipment is added to the leisure center in the headquarter.
- Installed thermal insulation sheets in the office area of each floor to reduce discomfort caused by direct sunlight. By doing so, it also cut off ultraviolet rays, reduced room temperature and saved electricity.

403-2

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-hour) and the severity rate of its effect to workplace (loss of working days at workplace per million work-hour) as its main basis (data does not include off-site traffic incidents). Since founded, Elan has never been involved in any occupational safety related accidents (including contract/temporarily employees) for 25 years. From May 2009 till the end of 2019, the accumulated disaster-free working hour is 10,491,855 hours. At the same time, no occupational disease has been detected. Therefore, Elan has successfully accomplished the "zero disaster" target so far.

The group's occupational disaster statistics

The occurrence of occupational accidents			
Year	2017	2018	2019
Elan Microelectronic	None	None	None
Metanoia Communications	None	None	None
Avisonic Technology	N/A	N/A	None
PIXORD Corporation	N/A	N/A	N/A
Elan H.K.	N/A	N/A	N/A

* Note 1: Sourced from the Workplace Disaster Statistical Network.

* Note 2: Elan Tainan and Kaohsiung, as well as PiXORD Corporation, 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 Hong 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.

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 continues to promote workplace safety and minimize any possible harm to its employees. By reducing risk through management measures, employee absence rate also reduces significantly.

The group's employee absenteeism rate

Year	Elan		Metanoia		Avisonic		PiXORD		Elan H.K.	
2017	0.27%	0.71%	0.12%	0.12%	0.18%	4.16%	0.18%	0.54%	0.54%	0.40%
2018	0.17%	0.64%	1.07%	0.86%	0.16%	0.00%	0.26%	0.22%	0.00%	0.30%
2019	0.32%	0.69%	1.52%	1.31%	0.03%	0.00%	1.70%	1.90%	0.61%	0.41%

* 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

In 2019, there were no occupational deaths in the Group. Although on-site personnel were excluded from the statistics, no occupational injuries/fatalities were reported. In the future, long-term on-site personnel (restaurant, cleaning, security staff) will be included.

Company	Year	Injury Rate (IR)	Occupational Disease Rate (ODR)	Lost Day Rate (LDR)	Occupational Death
Elan Hsinchu	2017	0.18	0	0.18	0
	2018	0	0	0	0
	2019	0	0	0	0
Elan Zhonghe	2017	0	0	0	0
	2018	0.31	0	0.04	0
	2019	0	0	0	0
Elan Tainan	2017	0	0	0	0
	2018	0	0	0	0
	2019	0	0	0	0
Elan Kaohsiung	2017	0	0	0	0
	2018	6.80	0	1.72	0
	2019	0	0	0	0
Metanoia	2017	0	0	0	0
	2018	0	0	0	0
	2019	0	0	0	0
Avisonic	2017	0	0	0	0
	2018	0	0	0	0
	2019	0	0	0	0
PiXORD	2017	0	0	0	0
	2018	0	0	0	0
	2019	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 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. This statistical table did not include workers.

Workplace environment safety management

403-1 / 403-3

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. Every year, we conduct the environmental safety and health risk identification, implement risk management and control, continue to improve the safety and health facilities of the working environment, prevent the occurrence of situations that endanger the safety and health of employees, and protect the health and safety of employees, contractors, and related third parties.

Occupational safety and health conferences are held on a quarterly basis. According to the Occupational Safety and Health Law, the 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 to Health and Safety Education, Exercise, Counseling, Prevention and Risk Monitoring and Control. In addition, in order to prevent major occupational disasters in the supply chain that would affect the company's operations, the company introduced the RBA system in 2018 to conduct RBA audits in accordance with the requirements of specific brands to ensure the stability of suppliers' production, and dispatch RBA teams for on-site audits on the suppliers.

Public area management

- Personnel access control and regular security patrol to keep internal and external situations under control.
- Every six months, a carbon dioxide concentration testing is carried out in the office to ensure CO₂ concentration does not exceed 5,000ppm.
- Carry out a random check on each office floor every month to ensure public equipment are not damaged.
- Carry out vector control methods in the pantry every month to prevent vector breeding.
- Carry out a random check on drinking water every quarter to ensure that Escherichia coli in the water do not exceed the statutory standards.
- 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.
- Staircases (freight elevator side) on each floor were installed with safety net in case people fall.
- Health-related slogans are pasted at the elevator doors on each floor.
- The online visitor reservation system helps the management of visitors entering/exiting the building.
- Cafeteria check-in: Changed 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.

Accident

Course of the event : A tile fell off while an employee was walking through the outdoor smoking area and the motorcycle parking lot on the 1F. The employee was not injured yet terrified.

Analysis : The company building was built for years, and tiles are gradually falling off under wind and rain.

Corrective measures :

1. Close the dangerous areas and divert routes.
2. Have the cleaners remove all falling tiles when cleaning the exterior walls.

Precautionary measures : Install shelters on the route to prevent this kind of incidents from happening again.

Laboratory management

- Every day, laboratory administrators are to patrol each laboratory, making sure all soldering irons and instruments are turned off.
- 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.
- Random laboratory inspections on the Industrial Safety Office.
- Provide appropriate safety protective gears according to practical needs.
- Distribute chemicals into multiple packages to prevent a spillover.
- Chemical usage management (Zhonghe).
- Education, trainings and tests for new employees before to help understand equipment and follow operating precautions.
- Continue to improve the safety of workplace environment and equipment, and standardize machine operating procedure.

Training and Communication

403-4, 403-5

- Labor safety and health education and training for new employees.
- Hold staff safety and health education and trainings from time to time as well as online courses.
- Hold fire drill regularly and educate employees on the exist routes in case of an emergency.
- 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.
- Post the occupational safety information on the restaurant's occupational safety column irregularly.
- 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.
- Completed the safety and health education and training for the on-site manufacturers, and educated them on hazard precautions. When in danger, employees have the right to leave their posts and report it later. And they shall be fully exempt from the liabilities. As for the on-site personnel, when an accident occurs, workers may notify the person in charge, the manager of the contract issuing unit, an operator or a guard through telephone or face-to-face.
- A traffic safety workshop is held in 2019 to provide education and training to colleagues who have had traffic accidents in the past 5 years or any who are interested.
- In 2019, AED equipment is added to the company to provide equipment use education and training for company first aid personnel.



▲ Evacuation Plan

Performance

403-7

- 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 harms 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 resource. 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.
- In 2019, Elan Zhonghe emphasized affluenza prevention to foreign workers and provided free influenza vaccines.
- In 2019, a total of 4 AED equipment was installed in Elan Hsinchu and Zhonghe to ensure the equipment can be obtained immediately when an emergency occurs.
- Won the Creative Point Golden Award for Healthy Workplace by the National Health Administration of the Ministry of Health and Welfare In 2019.
- Won the SGS Occupational Safety and Health Management Model Award in 2019.



6.7 Employee training and development

Major management policy — employee development

404

Corresponding to SDGs



Quality Education SDG 4

Policy and commitment

The company's greatest assets and competitiveness have always come from high-quality talents.

Based on the company's vision, strategy, and goals, the Human Performance Management Department will set training policies and objectives, and announce them to the employee through various occasions, channels and opportunities. Also, continue to improve the manual with the consistency of "speaking, doing, and writing" and "beginning-to-end connection." Ensure all training policies are closely related to the company's business vision, strategic planning and business objectives. Obtain support from supervisors at all levels in order to exert the training benefits and achieve business goals. The company encourages employees to constantly learn and develop, expects continuous improvement and breakthroughs, so to accumulate key talents in the future. Finally, advocate the application and improvement of information technology, we look forward to shaping a company culture of innovation as well as knowledge sharing while maintaining competitive.

Resource

- Set up the Human Performance Management Department as a dedicated department for educational trainings.
- Set up an e-learning integration platform.
- Participate in industry-university cooperation and invest in personnel trainings for AI research and development.

Management strategy

- Implement Talent Development Quality Management System (TTQS) continuously, and strengthen talent development quality management manuals its related procedures.
- Set up the talent expertise inventory and goal setting system, to understand the number of talents in each specialty. Through expertise planning, master the distribution of unit expertise, and arrange staff trainings.
- Expand and link the annual training goals to KPI and follow up.

Medium and long-term plans

Use organizational development goals as the basis for talent development activities to achieve results; introduce various mechanisms and resources to encourage employees to make breakthroughs, learn from various professional fields, and become integrated talents; through experience exchange and knowledge sharing, benchmark learning among team members, every colleague can accelerate growth and expand the field of ability.

Performance in 2019

- Trained 50 AI, 3D face recognition professionals
- 100% of technicians obtained technical certification
- Trained 20 management talents
- Obtained Silver Certification for Talent Development Quality Management System (TTQS)

Highlights in 2020

Organized cross-departmental training courses, on topics such as professional technology and management knowledge
Training of 30 key talents.



404-1

Elan

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, based on the achievement evaluation goal set by the 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. Based on company business philosophy, mission, vision, and policies, formulate clear training policies and goals to match the business direction.

Training Strategy

Goal-Oriented	Take organizational development goals as the basis for talent development. Expect to be effective.
Core Development	Each job has an indispensable core competency, which can be achieved through professional division of labor.
Team Learning	Through experiences exchange, knowledge sharing and benchmarking among team members, each colleague can accelerate growth and expand the field of competence.
Personal Mastery	Introduce various mechanisms and resources to encourage employees to make constant breakthroughs, learn in various professional fields, and become integrated talents.

Training targets

- Train 50 professionals in AI and 3D face recognition.
- 100% of the cultivated personnel passing technical assessments.
- Train 20 management talents.

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 environment and explain rules and regulations. A newcomer should participate in online learning courses and on-site safety and health drill for a total of 12 hours training. In 2019, a total of 187 new employees were hired, with a total of 2,244 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. The company had obtained a bronze certification for this system in the annual assessment.

In 2019, the company continues to improve and refine, using key matrix analysis to ensure that the training policies/targets correspond to the company's business direction, while echoing the company's overall goals. The education and training system is formulated through a systematic process, the course planning is refined to meet the company's core development, highlighting the core competence and training development element, and continuously improving the work manual to disclose specifically and show the connectivity with the company's development goals. In 2019, the company obtains the silver certification of the Talent Development Quality Management System (TTQS) for the Enterprise Organization Version, which is a great affirmation of the achievements for talent training and development.

Metanoia

At the end of each year, the Human Resources Department of Metanoia 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 of Avisonic and PIXORD, present the annual training plans from time to time to the General Manager for approval.

Elan group's employee training

The summary of the group's employee training in 2019 is shown below.

The average training hour per employee is 13.2 hrs.

Male/female average training hours are 17.9 and 6.0 hours.

Rank	Item	Elan		Metanoia		Avisonic		PiXORD		Elan H.K.		Total		Average training hour
Top Executive	Number of trainees	18	4	4	0	3	0	0	0	0	0	25	4	2.4
	Training hours	44.0	5.0	5.0	0.0	15.0	0.0	0.0	0.0	0.0	0.0	64.0	5.0	
	Average training hours	2.4	1.3	1.3	0.0	5.0	0.0	0.0	0.0	0.0	0.0	2.6	1.3	
Indirect Staff	Number of trainees	553	180	33	11	21	7	30	18	3	2	640	218	16.4
	Training hours	11659.0	1747.5	239.0	228.5	27.0	89.0	27.0	6.5	9.0	4.0	11,961.0	2,075.5	
	Average training hours	21.1	9.7	7.2	20.8	1.3	12.7	0.9	0.4	3.0	2.0	18.7	9.5	
Direct Staff	Number of trainees	7	219	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	219	2.5
	Training hours	10.5	544.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10.5	544.0	
	Average training hours	1.5	2.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.5	2.5	

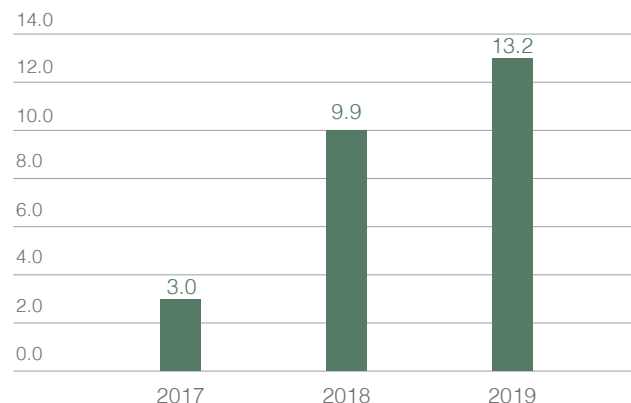
* Note 1: Top executive: Director and above.

* 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.)

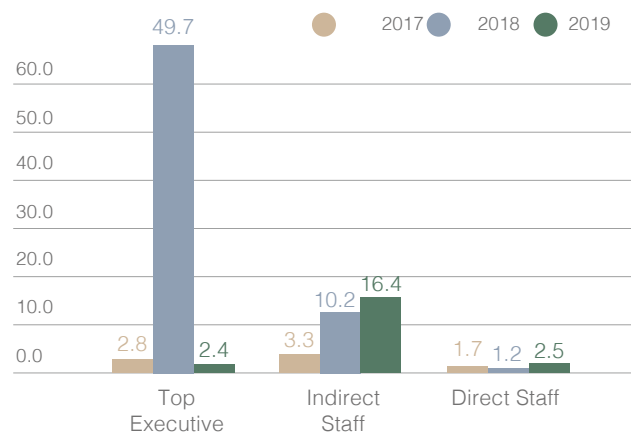
* Note 3: Direct staff: Staff who are directly involved in product production, machinery and equipment operation, products assembly, etc. (e.g., technicians)

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

The group's average employee training hour (2017-2019)



The group's average employee training hour among different ranks (2017-2019)



Elan Group Full-Time Employee Performance Review 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		Metanoia		Avisonic		PiXORD		Elan H.K.	
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%	NA	NA	NA	NA	NA	NA	NA	NA
Evaluation method	- Ability and individual KPI assessment - Performance Assessment		Refer to Metanoia Working Rules - Chapter VI Attendance, Assessment, Reward and Promotion		- Ability assessment - Performance Assessment		Performance Assessment		- Ability and individual KPI assessment - Performance Assessment	
Performance evaluation	Every half year		Every year		Every half year		Every half year		Every half year	

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

Major management policy — Harmonious labor-employment relationship

202 / 401 / 419-1

Corresponding to SDGs



Decent Work and Economic Growth SDG 8

Policy and commitment

Elan is committed to building a win-win partnership between labor and management, providing free choice of occupation rights, humane and fair treatment, and no discrimination based on gender, race, etc.

According to local laws and regulations, pay wages and provide benefits that comply with the salary law. Establish various labor-management communication mechanisms, provide a complete communication channel between the enterprise and employees, gather consensus on both sides, and maintain good interaction and communication channels.

Resource

Set up labor-management meetings and the Employee Welfare Committee.



Management strategy

- In accordance with labor laws and regulations, Elan Human Performance Management Department formulates the work rules which are available on the company's internal website, including employees' selection, employment, education, entry, and retention, welfare measures, and labor relations, etc.
- Elan Group holds labor-management meeting every quarter to inform the relevant information and coordinate labor-management issues.
- Elan Microelectronics convenes the Employee Welfare Committee every month to plan annual activities, promote mutual exchanges among employees, and enhance their cohesion.
- Conduct an employee satisfaction survey once a year to discuss the feasibility of problematic matters and assist in improvement.
- Review the turnover rate of the group every year, understand the reasons for employee replacement, and then conduct analysis and discussion.
- Elan Group has multiple channels such as employee suggestion boxes, department meetings, performance interviews, etc., allowing employees to communicate with the management at a close distance.
- In order to maintain a stable operation, the senior managements of the Elan Group are all from Taiwan.

Medium and long-term plans

Maintain the existing good labor-employment relationship, follow labor-related laws and regulations, uphold the spirit of continuous improvement, provide fair employment opportunities and a good labor-management relationship with harmonious mutual assistance.

Performance in 2019

- Employee turnover rate was 13.9%.
- Conducted employee satisfaction surveys, and the head of the Human Performance Management Department reviewed the results and discussed the feasibility of improvement.
- In 2019, Elan Group had no labor disputes, violations of local human rights, and no complaints related to human rights through a formal complaint mechanism.

Highlights in 2020

- Employee turnover rate is less than 10%.
- Zero labor disputes and no violation of laws and regulations.
- Conducted employee satisfaction surveys every year.

406-1

Elan

Elan Microelectronics holds a labor-management meeting every quarter and convenes the Employee Welfare Committee every month. 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.

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 drafted the No Discrimination, Sexual Harassment Prevention and Control Measures, 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 makes sure that employees' human rights are fully respected and protected at all time.

Metanoia

Metanoia also provides 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

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.

PiXORD

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.

07

Environmental Protection and Social Welfare

7.1 Environmental policy

7.2 Product and service-related environmental protection

7.3 Participation in social welfare and charitable event





Electricity consumption per capita

470.01 kWh

Water consumption per capita

2.70 kWh

Participated in **42**
social welfare events.

For **15** consecutive years, Elan Group was once again honored with the Distinguished Landscape Award by the Hsinchu Science Park Bureau.

The target reduce value for 2019 was 20 metric tons, and the actual reduction was **88.68** metric tons.

In 2019, Elan Microelectronics conducted self-inspection on greenhouse gases.

7.1 Environmental policy

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 ISO14001 Environmental Management System Manual. All employees are 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 in. Elan has always complied with the environmental laws and regulations. The relevant environmental authorities have made regular or irregular inspections on the company facilities in 2019. To this date, the company has had no violations or been fined in any way.

307-1

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 re-use, 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.

2019 Elan Microelectronics main power (Electricity, Water, Gas) consumption 302-1

Company/Location	Electricity consumption / MJ ^{Note 6}	Water withdrawal / megaliters	Gas consumption / Kg
Elan Hsinchu	13,341,566	21.277	9,085
Elan Zhonghe	5,071,639		
Elan Tainan	496,541	NA	NA
Elan Kaohsiung	301,972		
Elan Hong Kong	71,327		
Total	19,283,045	21.277	9,085

* 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. 303-3

* 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.

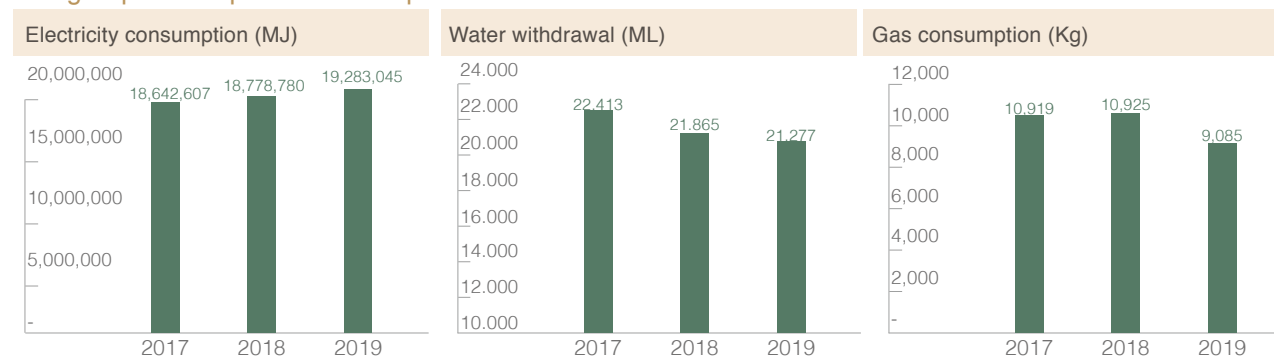
* Note 3: Elan Zhonghe water consumption and water bill accounted for less than 1% of the administration fee in the whole area. Therefore, the cost is calculated based on the number of factories in proportion to the area.

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

* Note 5: As for gas costs, only Hsinchu headquarter 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

The group's main power consumption



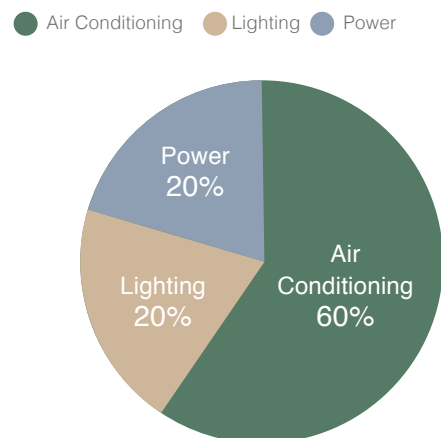
* Note: Due to the removal of E Company which is not included in the scope of the CSR, the data for 2017-2018 has changed.

302-4

According to the announcement of "Energy Users Set Energy Conservation Goals and Implementation Plans" of the Ministry of Economic Affairs, it stipulates that "annual energy saving rate should reach 1% or more." In response to the international attention on greenhouse gas reduction, since 2014, the group has set 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 since from 2013. To effectively control and save electricity, we adjust the temperature of air conditionings daily according to the weather, set usage restrictions on weekends and perform monthly inspections.

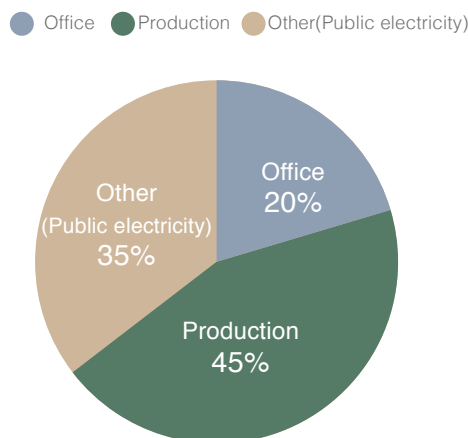
Elan electricity usage is mainly in Hsinchu and Zhonghe. In Hsinchu, electricity is mainly used for air conditioners, lighting, and power. From 2014 to 2019, old tubes have been replaced with energy-saving LED tubes. As for statistical results, the average annual electricity consumption has dropped from 4,256,487 kWh in 2014 to 3,705,990 kWh in 2019, a total reduction of 13%, indicating the replacement to be helpful.

ELAN Microelectronics (Hsinchu)



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 2019 was 470 kWh/person, only 0.31% higher than that of 2018. However, the total electric power reduced from 3,725,585 kWh in 2018 to 3,705,990 kWh, saving a total of 0.53%. As for indirect greenhouse gases, the usage also dropped from 2,063.974 tonCO₂-e in 2018 to 1,975.293 tonCO₂-e, a total reduction of 88.68 tonCO₂-e. The main reason was that the air-conditioning power consumption increased due to higher temperature in the first quarter. In the second quarter, the air-conditioning temperature in the office area is adjusted and the chiller unit is set to shut down earlier to reduce power consumption. In results, power consumption in the second quarter has decreased.

ELAN Microelectronics (Zhonghe)

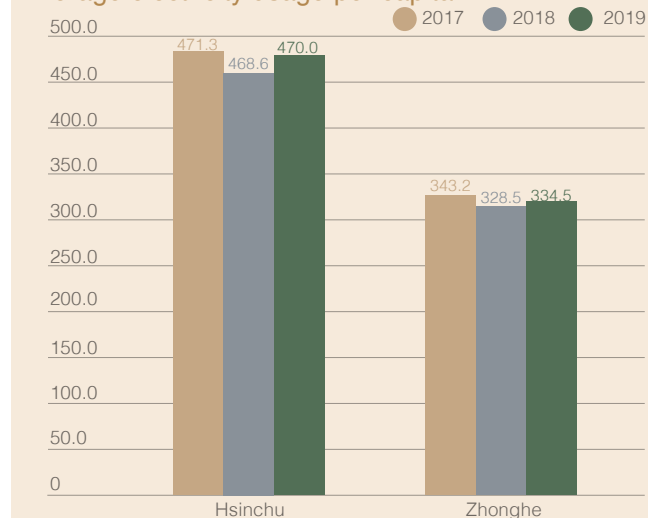


We expect to replace the old cooling tower fan motor and add an inverter in 2020. In addition, lighting in halls and computer rooms will be replaced continuously to achieve the effect of energy saving.

On the other hand, in Elan Zhonghe, electricity is mainly used in offices, production and other public area (calculated by MCA based on air conditioning usage rate). The average electricity consumption in 2019 is 334.5 kWh/person, only 1.83% higher than that of last year. As for indirect greenhouse gases, the usage increased from 715.916 tonCO₂-e in 2018 to 750.884 tonCO₂-e, a total increase of 34.968 tonCO₂-e. Due to changes in the structure of the shipping products, total shipment weights increased 154% compared to last year. In response to the environmental protection for energy saving and carbon reduction, the whole company adopts energy-saving lamps and frequency conversion air compressor systems to strengthen the effect of energy saving.

Elan Microelectronics

Average electricity usage per capita



303-3

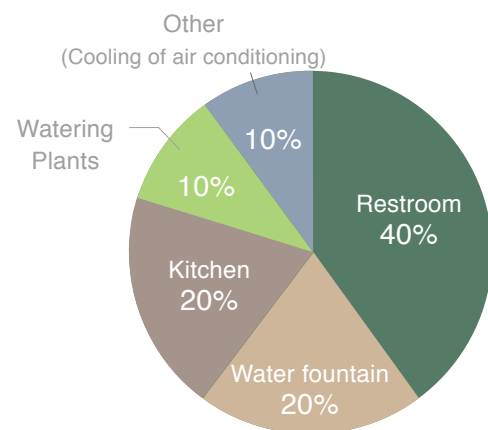
As global climate changes rapidly, water scarcity is worsening. Since Elan is an IC design company, it uses people's livelihood water. The target rate for the annual water consumption per person is set and actions are taken to help obtain the goal. For example, toilets with higher water consumption have 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 water resources used by Elan Group come from tap water, Hsinchu plant comes from Baoshan Reservoir, and Zhonghe plant comes from Shimen Reservoir. Both Hsinchu and Zhonghe plant s only have water for livelihood use and no water for production. However, since the amount used and cost are less than 1% of the administration fee, the costs are calculated based on the number of the factories in the Zhonghe area in proportion to its areas. No actual use of actual information on usage rates is enclosed. The disclosure of water intake is mainly in the Hsinchu plant, and the source comes from the monthly water bill.

In Hsinchu, water is used mainly for restrooms, water fountains, kitchens, gardening and others. The water consumption per capita in 2019 was 2.7 degrees, a decrease of 2.9% compared to 2018. The possible reason was that the restaurant renovation project was carried out in 2019, so the water consumption was reduced.

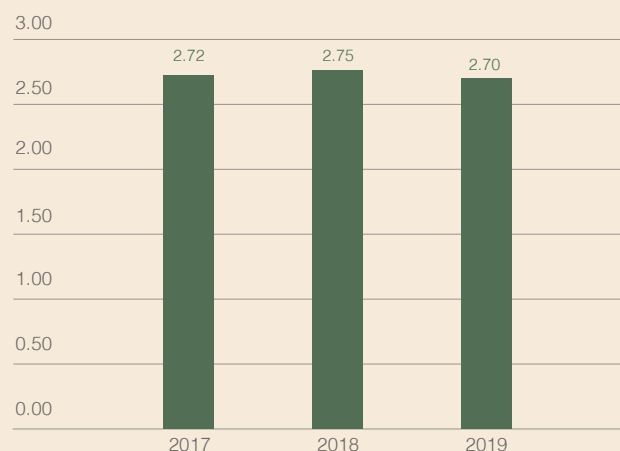
Elan Microelectronics- Hsinchu

● Restroom ● Water fountain ● Kitchen
● Watering Plants ● Other (Cooling of air conditioning)



Elan Hsinchu Average water consumption per capita

Unit: degree/capita



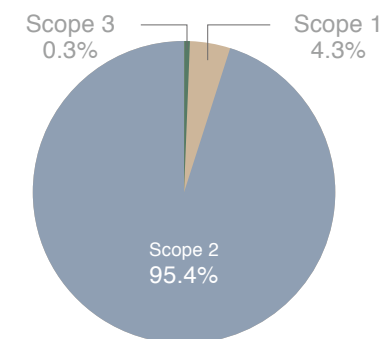
Emergency generator fuel consumption

Emergency generators in Hsinchu use diesel fuel, with a capacity of about 1,600 liters, a 20 to 30-minute test run is performed every month. The total annual consumption for testing purpose is about 320 liters.

Greenhouse gas emissions

In 2019, the group's total greenhouse gas emissions have reached 2,994.545 ton CO₂-e, of which 95% of the emissions were from electricity (Scope 2).

Year	Unit	Scope 1	Scope 2	Scope 3	Total
2019	ton (CO ₂ -e)	127.943	2,856.686	9.916	2,994.545



* Note 1: For the source of greenhouse gas emission coefficient used in Scope 1, please refer to the Greenhouse Gas Emission Coefficient Management Table 6.0.4 of the Environmental Protection Agency.

* Note 2: The GWP coefficient refers to IPCC (2007) as CO₂:CH₄:N₂O=1:25:298.

* Note 3: For electricity emission coefficient, refer to the data provided by the Energy Bureau of the Ministry of Economic Affairs in Taiwan in 2018. As for Hong Kong' s, please refer to the 2019 Sustainable Development Report of CLP Holdings Limited.

* Note 4: For the source of greenhouse gas emission coefficients used in Scope 3, please refer to the product carbon footprint calculation service platform.

Direct gas emissions (Scope 1) 305-1

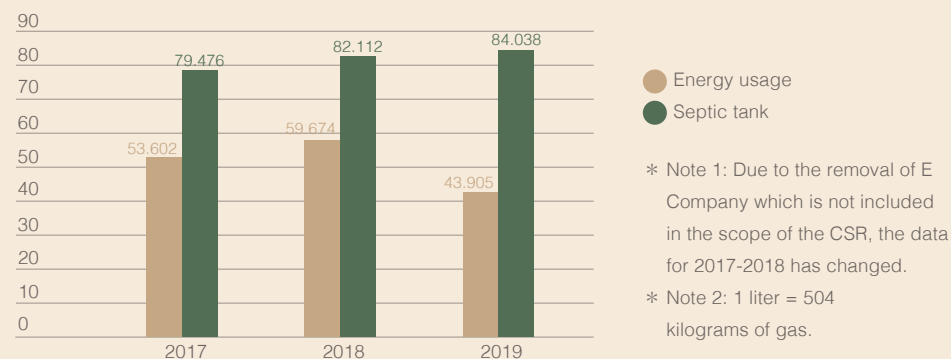
Since the main source of direct greenhouse gas emissions is for company's operation, all we can do to reduce greenhouse gas is to purchase fuel-based company vehicles models and carry out regular maintenance when mileages are met.

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, producing 43.905 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 84.038 ton CO₂-e (refer to the table below). The Group's total amount of direct GHG emissions was 127.943 ton CO₂-e, representing a decrease of 9.76% compared to 2018. By stop using company vehicles to conduct product testings and renovating the cafeteria to reduce gas consumption, the overall emissions decreased.

Company vehicle oil, generator oil and gas of Elan Hsinchu, CO₂ emissions from septic tank of Elan Group in 2019

	Gasoline used for company vehicles	Diesel fuel used for emergency generators	Liquefied petroleum gas used in the kitchen	Septic tank	Total
Energy usage(Kiloliter)	4.845	0.320	18.026	NA	-
CO ₂ Emission (ton CO ₂ -e)	11.441	0.837	31.627	84.038	127.943

Direct greenhouse gas emissions status



Indirect greenhouse gas emissions (Scope 2) 305-2

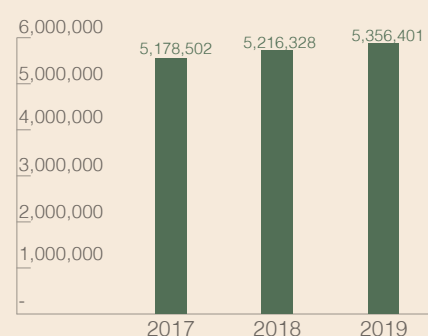
To reduce greenhouse gas emissions as an effort in environmental protection, the Company aims to control indirect greenhouse gas (GHG) emissions by controlling the amount of electricity used. All kinds of actions are taken such as adjusting temperatures of the air conditioners daily according to the weather, performing regular maintenances 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 plant covers Elan headquarter and its affiliates including Metanoia, Avisonic and PiXORD. The Group's total power consumption rate is 5,356,401, refer to the following table. Elan Group's electricity usage and CO₂ emissions is 2,856.686 ton CO₂-e, reducing 3.03% compared to last year.

Due to the impact of Zhonghe's new production line, the total power consumption is relatively high. However, the carbon emission coefficient was lower in 2019, so the overall carbon emissions were decreasing.

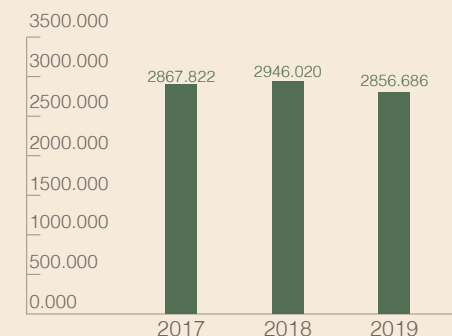
	Elan Hsinchu	Elan Zhonghe	Elan Tainan	Elan Kaohsiung	Elan Hong Kong	Total
Electricity consumption(kWh)	3,705,990	1,408,789	137,928	83,881	19,813	5,356,401
CO ₂ emission factor (Kg CO ₂ -e / kWh)	0.533	0.533	0.533	0.533	0.62	-
CO ₂ emission (ton CO ₂ -e)	1,975.293	750.884	73.516	44.709	12.284	2,856.686

Electricity usage (1kWh)



* Note: Due the removal of E Company which is not included in the scope of the CSR, the data for 2017-2018 has changed.

Indirect gas emissions (ton CO₂-e)



Other indirect greenhouse gas emissions (Scope 3)

305-3

The control of other indirect greenhouse gas emissions focuses on the output and removal of waste. 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 9.916 ton CO₂-e. Relevant data are as follows:

Elan Hsinchu general business waste removal

	Elan Hsinchu	Elan Zhonghe	Total
General Waste removal (tkm)	383	155	-
CO₂ emission (ton CO₂-e)	0.501	0.203	0.704
General Waste produced (ton)	22.64	10.26	-
CO₂ emission (ton CO₂-e)	6.339	2.873	9.212
Total (ton CO₂-e)	-	-	9.916

* Note 1: The general waste removal of Hsinchu (one trip):16.9tkm (calculated by Google Maps)

* Note 2: The general waste removal of Zhonghe (one trip):15.1tkm (calculated by Google Maps)

* Note 3: Waste removal coefficient: 1.31 Kg CO₂-e/tKm (source: Carbon Footprint Calculation Platform)

* Note 4: Waste Incineration Treatment Coefficient: 280 Kg CO₂-e/ton (source: Carbon Footprint Calculation Platform)

Measures to reduce greenhouse gas emissions 305-5

- 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.
- 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.
- Announcements reminding all staff to turn off the lights to conserve electricity.
- 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.
- 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.
- In compliance with the law, Elan performs initial filtration processes on each types of gas used in the laboratories.
- 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.
- 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 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.
- Paperless operations have been implemented in Hsinchu since 2001. In 2004, warehouse reports and documents were electronically stored and controlled. In 2017, visitor's online reservation system was set up. The Withholding Tax Statement is no longer given out to individuals since 2018. To further save paper, a card-swiping function is added onto each printing machine. There was also a 10.39% reduction in printing paper usage in 2019 compared to 2018. The change is expected to be complete by 2022. Regarding the number of photocopying paper used in the company, the usage dropped from 849 bags of paper in 2011 to 604 in 2019, a 28.86% reduction in total.
- In 2018, due to the increase in production capacity, the manufacturing production line was changed to streamline operation, and the power usage increased. Therefore, we have changed the density utilization of printed circuit boards and consumables to save power.

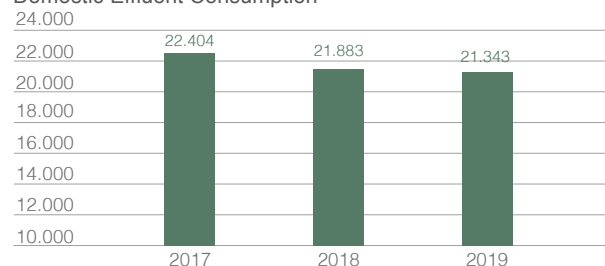
Effluent and waste are classified as follows

303-4, 306-1

Elan is a professional IC and module designing company. Its wafer and downstream production are entirely outsourced. Hence, aside from household type of effluent, Elan does not create polluting wastewater or oil (fuel) and other high polluting waste. In Hsinchu plant (including each affiliated company), after initial handling of effluent 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. In 2019, the total water consumption in Hsinchu is 21.343(megaliters), a decrease of 2.53% compared to 2018. Regarding the water quality of the effluent sewers in the science park, the company will conduct annual water quality inspections at the discharge outlets to ensure the effectiveness of the company's primary effluent treatment. Monthly water bills for Elan Hong Kong, Tainan and Kaohsiung are included in the management fee. Therefore, there is no detailed figure 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.

Effluent (ML) : Elan Microelectronics (Hsinchu)

Domestic Effluent Consumption



* 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.

* Note 3: Due to the deletion of E company that is not in the CSR category, the data for 2017-2018 has changed.

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 2019, Elan group's general industrial waste total output volume is 32.9 tons. Of the total, the recycled volume is 6.052 tons and waste considered as hazardous is 5.744 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. In addition to the promotion of internal waste recycling and treatment, the company organized the "Huan Bao Ai Di Ciou Yi Ci Long STAY (環保愛地球義起隆 STAY)" event in 2019 to encourage colleagues to use stainless steel straws instead of plastic straws to enhance their environmental awareness and save the ecological circle buried by waste.

"Huan Bao Ai Di Ciou Yi Ci Long STAY (環保愛地球義起隆 STAY)" event in 2019



▲ Senior executive participation

Hsinchu



Zhonghe



Tainan



Kaohsiung



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 periodically.
4. Arrange waste-removal vendors to perform tailgate audits.
5. Regularly audit the documents on waste removal.

2019 Elan Group Waste Output

Company/ region	Amount of general industrial waste (ton)	Recycled resource (ton)	Amount of hazardous industrial waste produced (ton)					Destruction of confidential documents (ton)
			E-0222 PCB with components attached	E-0217 Waste components	C-0202 Waste components with pH ≤ 2	C-0301 Distillation residue containing aniline	Total	
Elan Hsinchu	19.21	6.052	0	0.548	0	0	0.548	3.3
Elan Zhonghe	10.26	0	1.117	3.934	0	0	5.051	1.0
Metanoia	3.43	0	0	0.003	0	0	0.003	0
Avisonic	0	0	0	0.143	0	0	0.143	0
PIXORD	0	0	0	0	0	0	0	0
Total	32.90	6.052	1.117	4.628	0	0	5.745	4.3

2017-2019 Elan Group Waste Output

	Amount of general industrial waste (ton)	Recycled resource (ton)	Amount of hazardous industrial waste produced (ton)					Destruction of confidential documents (ton)
			E-0222 PCB with components attached	E-0217 Waste components	C-0202 Waste components with pH ≤ 2	C-0301 Distillation residue containing	Total	
2017	45.17	8.131	1.092	3.869	0	0	4.961	2.54
2018	43.26	6.631	1.206	4.785	0.16	0	6.151	3.36
2019	32.90	6.052	1.117	4.628	0	0	5.745	4.30

* Note 1: Since Elan Tainan, Kaohsiung and Hong Kong rented their offices and industrial waste is handled by the Management Committee, there's no actual data. However, due to the large number of employees in the Zhonghe, the general waste output is still estimated. The calculation method is based on the average annual production per person of the Hsinchu Headquarters * the annual average number of Zhonghe colleagues.

* Note 2: Metanoia, Avisonic and PIXORD are renting some of the facilities in Elan headquarter in Hsinchu, hence all general industrial waste and recycling outputs are integrated and calculated altogether.

* Note 3: General waste refers to domestic waste. Recycling does not include Styrofoam recycling. According to the law, Styrofoam, regardless of the weight, is to be picked up by a qualified transporter.

* Note 4: The recycles are handled by the management committee at Elan Zhonghe, so there is no actual data.

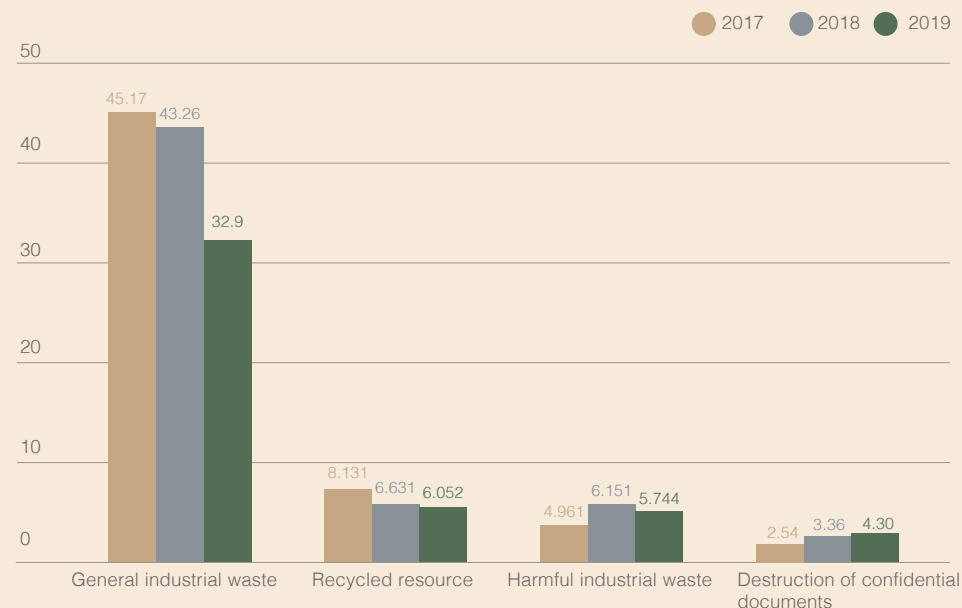
* Note 5: Due to the large number of employees at Elan Zhonghe, its general waste is disclosed separately. Estimation = average amount of waste per person* the total number of employees at Elan Zhonghe.

* Note 6: Metanoia's waste is declared separately, but resource recycling is handled/calculated together with the headquarter.

* Note 7: Due the removal of E Company which is not included in the scope of the CSR, the data for 2017-2018 has changed.



Elan group waste produced (ton)





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, 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. Start 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 environment 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 less 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 provide 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. Since the mass production began in 2014, Elan has shipped out 274,000 units till 2019. Compare to traditional induction motors, it has already saved about 46,020,000 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 reduce 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 continuously improve 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.

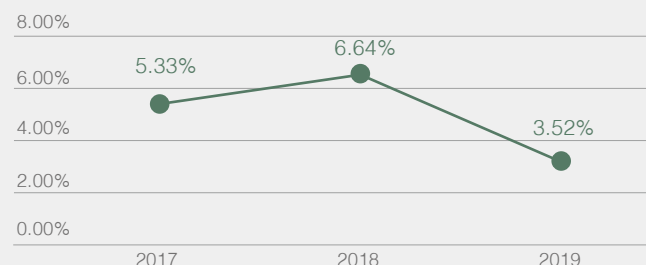
2. Packaging material recycling

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 2019, tray accounted for 3.52% 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.

Percentage of scrapped trays recycled (2017-2019)

* 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.

Environmental expenditure and investment

Environmental expenditure and investment (2017 - 2019)

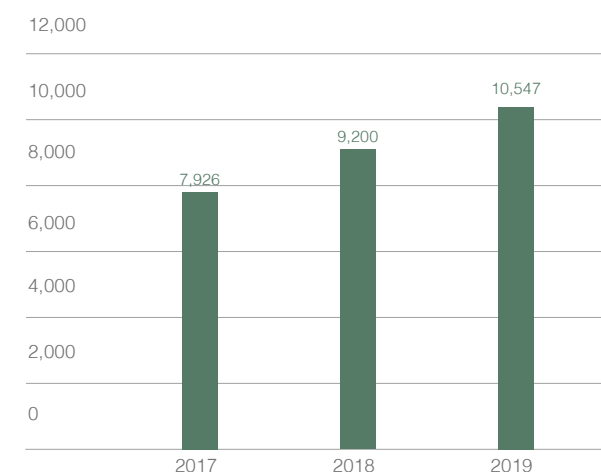
(Unit / Thousand NTD)

Year	Elan	Metanoia	Avisonic	PiXORD	Elan H.K.	Total
2017	6,737	767	168	189	66	7,926
2018	8,110	654	175	194	67	9,200
2019	9,467	622	180	200	78	10,547

* 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).

Elan Group total amount of environmental expense and investment (2017~2019)

(Unit / Thousand NTD)



7.3 Participation in social welfare and charitable events

Voluntary Disclosure-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. We realized that talents are the important lifeblood in the industry, so since 2018, we have been focusing on college students, providing care, resources, opportunities, and trainings to them. The cultivation of industry talents is self-interested, and mutually beneficial. By 2019, Elan has already participated in 42 charity events.

Organizer		Event	2019	2018	2017	2016	2015	2014	Hosting/ co-hosting	Sponsoring	Employee donation	Executive engagement	Corporate volunteer participation
The elderly	Jesuit Catholic Social Service Center in Hsinchu	"Hold onto the Years. Hold onto Love." Cherish the elderly propaganda, love carnival	●	●	●	●	●	●	●	●	●	●	●
	Huashan Social Welfare Foundation	"Love the elderly. Love the gathering." Chinese New Year fortune food sending	●	●	●	●	●	●	●	●	●	●	●
	Huashan Social Welfare Foundation	Second-hand goods donation	●	●	●	●	●	●	●	●	●	●	●
	Genesis Social Welfare Foundation	Love the Elderly	●	●	●	●	●	●	●	●	●	●	●
Children	Children Are Us Foundation	"Painted Heart Smiles" Send love to the tribes --- Aesthetic life exhibition tour	●	●	●	●	●	●	●	●	●	●	●
	Taiwan Abundant Life Association	Summer English camp for tribal children	●	●	●	●	●	●	●	●	●	●	●
	Accton Technology Corporation	Christmas Dream-Come-True project	●	●	●	●	●	●	●	●	●	●	●
children	Private Huei-Ming School for the Blind	Thanksgiving Charity/Donation Activities for Hui Ming school	●	●	●	●	●	●	●	●	●	●	●
College students	National Taipei University of Technology	Cultivate technology talents	●	●	●	●	●	●	●	●	●	●	●
	National Sun Yat-sen University	Cultivate technology talents in Southern	●	●	●	●	●	●	●	●	●	●	●
	China University of Science and Technology	Cultivate technology talents	●	●	●	●	●	●	●	●	●	●	●
	Chung Hua University	Cultivate technology talents	●	●	●	●	●	●	●	●	●	●	●
	Yuanpei University of Medical Technology	Cultivate technology talents	●	●	●	●	●	●	●	●	●	●	●
AI talents	Taiwan AI Academy		●	●	●	●	●	●	●	●	●	●	●
Environment	Environmental Protection Bureau of Hsinchu City	Earth Day beach cleaning	●	●	●	●	●	●	●	●	●	●	●
Stray animals	Puzzle Cat Taiwan	Cat lunchbox fundraising event	●	●	●	●	●	●	●	●	●	●	●

Care for vulnerable groups – solitary elderly

Since 2010, Elan has co-hosted the "Love Carnival" with the Jesuit Catholic Social Service Center in Hsinchu on Mid-Autumn Festival eve for continuously nine years. In response to the event, 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.

In 2019, Elan donated approximately NT\$140,000, and 16 volunteers participated in this activity.

In the "Love the Elderly Campaign" event hosted by the Genesis Social Welfare Foundation, Elan donated a total of NT\$92,000. The funds are mainly used by the foundation to give social services to people in vegetated state, the elderly, and the poor.

Care for vulnerable groups – disadvantaged children

On Christmas Eve of 2019, Elan Group participated in the "Lighting up Dreams" event hosted by the Huei-Ming School for the Blind in Taichung. With the collective help of Elan employees, we successfully reached our goal in just three days and donated a total of NT\$140,000 to students with multiple visual impairments. After buying all 257 children in the school a gift each, the remaining is transferred to the Huei-Ming School as an endowment fund, so that the entire school can invest more resources in care and education of those disadvantaged children.

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, the 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



▲ Love Carnival

▲ Christmas Activity of Private Huei-Ming School for the Blind in Taichung

self-function, and make right career choices. By the end of 2019, Elan has provided a total of 61 job openings for undergraduate and graduate students as internships.

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. From 2018 to 2019, we have donated a total of 20.95 million NTD, and we expect to reach our goal of donating 30 million NTD within three years.

Sponsorship	Event	Group	Amount sponsored (in NTD)	Number of students participated in the industry-university cooperation	The number of helps	Number of volunteers
1 Jesuit Catholic Social Service Center in Hsinchu	"Hold on to the Years. Hold on to Love" carnival	The elderly	137,470	NA	NA	16
2 Genesis Social Welfare Foundation	Love the elderly	The elderly	92,000	NA	NA	NA
3 Private Huei-Ming School for the Blind	Lighting up Dreams	Children	141,000	NA	257	NA
4 China University of Science and Technology / Chung Hua University / Yuanpei University of Medical Technology	NA	College students	NA	11	NA	NA
5 Taiwan AI Academy	NA	AI talents	6,863,333	NA	NA	NA
Total			7,233,803	11	257	16



▲ Taiwan AI Academy



External assurance / conviction 102-56



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ELAN MICROELECTRONICS CORPORATION'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2019

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by ELAN MICROELECTRONICS CORPORATION (hereinafter referred to as ELAN) to conduct an independent assurance of the Corporate Social Responsibility Report for 2019 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during on-site verification (2020/06/05–2020/06/24). SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

The information in the ELAN's CSR Report of 2019 and its presentation are the responsibility of the management of ELAN. SGS has not been involved in the preparation of any of the material included in ELAN's CSR Report of 2019.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all ELAN's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured using our protocols for:

- evaluation of content veracity of the sustainability performance information based on the materiality determination at a moderate level of scrutiny for ELAN and moderate level of scrutiny for subsidiaries, joint ventures, and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard (2008) Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008); and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from ELAN, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within ELAN's CSR Report of 2019 verified is accurate, reliable and provides a fair and balanced representation of ELAN sustainability activities in 01/01/2019 to 12/31/2019.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. In our opinion, the contents of the report meet the requirements of GRI Standards in accordance with Core Option and AA1000 Assurance Standard (2008) Type 2, Moderate level assurance.

AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

ELAN has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, ELAN may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

Materiality

ELAN has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, ELAN's CSR Report of 2019, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to have more descriptions of ELAN's involvement with the impacts for each material topic (103-1), and how efforts were given to mitigate the impacts. When reporting on goals and targets for each material topic, the expected results are suggested to be set, if applicable, with quantitative objectives (103-2). It is proposed to explain the mechanisms for evaluating the effectiveness of the management approach specifically in the future (GRI 103-3).

Signed:

For and on behalf of SGS Taiwan Ltd.

David Huang
Senior Director
Taipei, Taiwan
30 July, 2020
WWW.SGS.COM



GRI Index

102-55

General disclosures (GRI 102: 2016)

Disclosure item		Chapter/remarks	Page
102-1	Organization name	1.1 Company profile	5
102-2	Brands, products, and services	1.1 Company profile	5
102-3	Location of the organization's headquarters	1.1 Company profile	5
102-4	Operating bases	1.1 Company profile	5-6
102-5	Nature of ownership and legal form	1.1 Company profile	5
102-6	Markets served	1.1 Company profile	5
102-7	Scale of the organization	1.1 Company profile 1.3 Operational performance 4.1 Customer relationship and cooperation with leading platforms	5 10-11 37
102-8	Information about employees and other workers	6.2 Workforce practices and decent work	71-72
102-9	Supply chain	1.5 Supply chain	14-15
102-10	Major changes in the organization and its supply chain	About this report	1
102-11	Early warning principle or policy	1.6 Precautionary approach and principle	16
102-12	External initiative	1.6 Precautionary approach and principle	16
102-13	Membership of the Association	2.2 Principles of business ethics and integrity	27
102-14	Message from the Chairman	Message from the Chairman	2
102-16	Value, principles, standards and codes of conduct	2.2 Principles of business ethics and integrity	27
102-18	Governance body	2.1 Highest governance body	20-24
102-40	Stakeholder groups	3.1 Important stakeholder and material aspect identification 3.2 Stakeholder engagement	29-33 34-35
102-41	Group agreement	Elan Group did not form a trade union, hence no collective agreements are available.	-
102-42	Identify and select stakeholder	3.1 Important stakeholder and material aspect identification	29
102-43	Guidelines for communicating with stakeholders	3.2 Stakeholder engagement	34-35
102-44	Key topics and concerns raised	3.2 Stakeholder engagement 4.8 customer satisfaction survey	34-35 48-54
102-45	Entities included in the consolidated financial statements	1.3 Operational performance	12
102-46	Define report content and topic boundaries	3.1 Important stakeholder and material aspect identification	32
102-47	Major topic list	3.1 Important stakeholder and material aspect identification	29-33
102-48	Information re-editing	Due the removal of E Company which is not included in the scope of the CSR, the environmental data for 2017 and 2018 were adjusted retrospectively.	
102-49	Changes in the report	Major topics and boundaries have changed.	29-33
102-50	Report period	About this report	1
102-51	Date of the last report	About this report	1
102-52	Reporting cycle	About this report	1
102-53	Contact person who can answer questions related to the report	About this report	1
102-54	Declaration in accordance with GRI guidelines	About this report	1
102-55	GRI Index	GRI Index	105-109
102-56	Independent Assurance Statement	Independent Assurance Statement	104

Specific disclosures

Specific disclosures	Disclosure item		Chapter/remarks	Page
Economic performance GRI 201 2016	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material aspect identification	32
	103-2	The management approach and its components	1.3 Operational performance	9
	103-3	Evaluation of the management approach	1.3 Operational performance	9
	201-1	Direct economic value generated and distributed	1.3 Operational performance	10-11
	201-4	Financial assistance received from government	1.4 Government financial aid	13
Market Presence GRI 202 2016	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material aspect identification	32
	103-2	The management approach and its components	6.8 Zero-distance communication with the employee and full-range complaint channels	88
	103-3	Evaluation of the management approach	6.8 Zero-distance communication with the employee and full-range complaint channels	88
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	6.3 Employee benefits and salary	73
	202-2	Proportion of senior management hired from the local community	6.2 Workforce practices and decent work	70
Purchasing practice GRI 204 2016	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material aspect identification	32
	103-2	The management approach and its components	5.1 Supplier strategy	57
	103-3	Evaluation of the management approach	5.1 Supplier strategy	57
	204-1	Proportion of spending on local suppliers	1.5 Supply chain	14-15
Anti-corruption GRI 205 2016	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material aspect identification	32
	103-2	The management approach and its components	2.2 Business ethics and integrity principles	26
	103-3	Evaluation of the management approach	2.2 Business ethics and integrity principles	26
	205-3	Confirmed incidents of corruption and actions taken	2.2 Business ethics and integrity principles	27
Materials GRI 301 2016	301-3	Reclaimed products and their packaging materials	7.2 Environmental protection of products and services	101
Energy GRI 302 2016	302-1	Energy consumption within the organization	7.1 Environmental Policy	92
	302-4	Reduction of energy consumption	7.1 Environmental Policy	93-94
	302-5	Reduction in energy requirements of products and services	7.2 Environmental protection of products and services	99-100
Water and effluents GRI303 2018	303-3	Water withdrawal	7.1 Environmental Policy	92,94
	303-4	Water discharge	7.1 Environmental Policy	97
Emissions GRI 305 2016	305-1	Direct (Scope 1) GHG emissions	7.1 Environmental Policy	95
	305-2	Energy indirect (Scope 2) GHG emissions	7.1 Environmental Policy	95
	305-3	Other indirect (Scope 3) GHG emissions	7.1 Environmental Policy	96
	305-5	Reduction of GHG emissions	7.1 Environmental Policy	96
Waste GRI 306 2016	306-1	Waste generation and significant waste-related impacts	7.1 Environmental Policy	97
	306-2	Management of significant waste-related impacts	7.1 Environmental Policy	97-98
Environmental protection regulations GRI 307 2016	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material aspect identification	32
	103-2	The management approach and its components	2.1 Highest governance body	25
	103-3	Evaluation of the management approach	2.1 Highest governance body	25
	307-1	Non-compliance with environmental laws and regulations	2 Corporate Governance 7.1 Environmental Policy	19 92

Specific disclosures	Disclosure item		Chapter/remarks	Page
Supplier Environmental Assessment GRI 308 2016	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material aspect identification	32
	103-2	The management approach and its components	5.1 Supplier strategy	57
	103-3	Evaluation of the management approach	5.1 Supplier strategy	57
	308-1	New suppliers that were screened using environmental criteria	6.1 Commitment to corporate responsibility	69
			5.1 Supplier strategy	58-60
Employment GRI 401 2016	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material aspect identification	32
	103-2	The management approach and its components	6.8 Zero-distance communication with the employee and full-range complaint channels	88
	103-3	Evaluation of the management approach	6.8 Zero-distance communication with the employee and full-range complaint channels	88
	401-1	New employee hires and employee turnover	6.2 Labor practice and dignity labor	71
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.3 Employee benefits and salary	73-76
	401-3	Parental leave	6.3 Employee benefits and salary	74
Labor/Management Relations GRI 402 2016	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material aspect identification	32
	103-2	The management approach and its components	2.1 Highest governance body	25
	103-3	Evaluation of the management approach	2.1 Highest governance body	25
	402-1	Minimum notice periods regarding operational changes	6.2 Labor practice and dignity labor	72
Occupational Health and Safety GRI 403 2018	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material aspect identification	32
	103-2	The management approach and its components	6.6 Emphasis on workplace safety, zero occupational hazards in 25 years	80
	103-3	Evaluation of the management approach	6.6 Emphasis on workplace safety, zero occupational hazards in 25 years	80
	403-1	Occupational health and safety management system	6.4 Occupational safety and health policy	77
			6.6 Emphasis on workplace safety, zero occupational hazards in 25 years	82
	403-2	Hazard identification, risk assessment, and incident investigation	5.3 Risk management and opportunity	64-66
			6.6 Emphasis on workplace safety, zero occupational hazards in 25 years	81
	403-3	Occupational health services	6.4 Occupational safety and health policy	77
			6.6 Emphasis on workplace safety, zero occupational hazards in 25 years	82-83
	403-4	Worker participation, consultation, and communication on occupational health and safety	6.4 Occupational safety and health policy	77
			6.6 Emphasis on workplace safety, zero occupational hazards in 25 years	83
	403-5	Worker training on occupational health and safety	6.4 Occupational safety and health policy	77
			6.6 Emphasis on workplace safety, zero occupational hazards in 25 years	83
Training and Education GRI 404 2016	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material aspect identification	32
	103-2	The management approach and its components	6.7 Employee training and development	84
	103-3	Evaluation of the management approach	6.7 Employee training and development	84
	404-1	Average hours of training per year per employee	6.7 Employee training and development	85-87

Specific disclosures	Disclosure item		Chapter/remarks	Page
Training and Education GRI 404 2016	404-3	Percentage of employees receiving regular performance and career development reviews	6.7 Employee training and development	87
Diversity and Equal Opportunity GRI 405 2016	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material aspect identification	32
	103-2	The management approach and its components	1.3 Operational performance	9
	103-3	Evaluation of the management approach	1.3 Operational performance	9
	405-1	Diversity of governance bodies and employees	2.1 Highest governance body 6.2 Labor practice and dignity labor	20 71
Non-discrimination GRI 406 2016	406-1	Incidents of discrimination and corrective actions taken	6.8 Zero-distance communication with the employee and full-range complaint channels	89
Forced or Compulsory Labor GRI 409 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	5.1 Supplier strategy 6.1 Commitment to corporate responsibility	58-60 69
Supplier Social Assessment GRI 414 2016	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material aspect identification	32
	103-2	The management approach and its components	5.1 Supplier strategy	57
	103-3	Evaluation of the management approach	5.1 Supplier strategy	57
	414-1	New suppliers that were screened using social criteria	5.1 Supplier strategy 6.1 Commitment to corporate responsibility	57-60 69
Customer Health and Safety GRI 416 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2 Corporate Governance 4.5 Product and service labeling	19 43
Marketing and Labeling GRI 417 2016	417-1	Requirements for product and service information and labeling	4.5 Product and service labeling	42-44
	417-2	Incidents of non-compliance concerning product and service information and labeling	4.5 Product and service labeling	43
Customer Privacy GRI 418 2016	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material aspect identification	32
	103-2	The management approach and its components	4.8 customer satisfaction survey	48
	103-3	Evaluation of the management approach	4.8 customer satisfaction survey	48
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.6 Pay attention to customer service and rights 4.7 Customer privacy protection	46 47
Socioeconomic Compliance GRI 419 2016	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material aspect identification	32
	103-2	The management approach and its components	2.1 Highest governance body	25
	103-3	Evaluation of the management approach	2.1 Highest governance body	25
	419-1	Non-compliance with laws and regulations in the social and economic area	2 Corporate Governance	19
			6.2 Labor practice and dignity labor 6.8 Zero-distance communication with the employee and full-range complaint channels	72 88

Specific disclosures	Disclosure item		Chapter/remarks	Page
Voluntary Disclosure	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material aspect identification	32
	103-2	The management approach and its components	1.3 Operational performance	9
	103-3	Evaluation of the management approach	1.3 Operational performance	9
	Voluntary Disclosure -1	Customer relationship participation	4.1 Customer relationship and cooperation with leading platforms	38
	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material aspect identification	32
	103-2	The management approach and its components	1.3 Operational performance	9
	103-3	Evaluation of the management approach	1.3 Operational performance	9
	Voluntary Disclosure -2	New product development capabilities	4.2 A sound patent system that encourages employees to innovate new products	39
			4.3 Knowledge management system that accelerates the efficiency of new product technology integration	40
			5.2 Key Performance Indicator, management process optimization, and electronization	63
	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material aspect identification	32
	103-2	The management approach and its components	5.1 Supplier strategy	57
	103-3	Evaluation of the management approach	5.1 Supplier strategy	57
	Voluntary Disclosure --3	Supplier strategy	5.1 Supplier strategy	58-62
	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material aspect identification	32
	103-2	The management approach and its components	1.3 Operational performance	9
	103-3	Evaluation of the management approach	1.3 Operational performance	9
	Voluntary Disclosure --4	Number of business key performance indicators	5.2 Key Performance Indicator, management process optimization, and electronization	63
	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material aspect identification	32
	103-2	The management approach and its components	6.6 Emphasis on workplace safety, zero occupational hazards in 25 years	80
	103-3	Evaluation of the management approach	6.6 Emphasis on workplace safety, zero occupational hazards in 25 years	80
	Voluntary Disclosure --5	Care for employees and their family	6.3 Employee benefits and salary	76
	Voluntary Disclosure --6	Industry-University Cooperation Program	4.3 Knowledge management system that accelerates the efficiency of new product technology integration	41
	Voluntary Disclosure --7	Participation in social welfare and charitable events	7.3 Participation in social welfare and charitable events	102-103
	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material aspect identification	32
	103-2	The management approach and its components	1.3 Operational performance	9
	103-3	Evaluation of the management approach	1.3 Operational performance	9
	Voluntary Disclosure --8	Risk Management	5.3 Risk management and opportunity	64-67
	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material aspect identification	32
	103-2	The management approach and its components	1.3 Operational performance	9
	103-3	Evaluation of the management approach	1.3 Operational performance	9
	Voluntary Disclosure -9	Product contribution to world trends	4.4 Product contribution to world trends	41
	Voluntary Disclosure -10	Investor relationship optimization	1.7 Investor relations transparency	17



ELAN MICROELECTRONICS CORP.

No. 12, Innovation 1st Rd., Hsinchu Science Park,
Hsinchu 30076, Taiwan (R.O.C.)

+886-3-5639977

www.emc.com.tw