



ELAN MICROELECTRONICS CORP.

# 2020 ESG Report

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# About this report

## About this report

ELAN Microelectronics Sustainability Report (ESG Report) highlights the progress we've made in meeting our management, environmental, and social participation objectives. We hope to disclose complete information and provide effective communication with stakeholders. If you have different perspectives on the content presented in this report, we sincerely welcome your feedback.

## Reporting period and scope 102-50

The report covers fiscal year 2020. In this report, ELAN Microelectronics Corp. and its affiliated companies including Metanoia Communications, Avisonic Technology Corp., PIXORD Corp., and ELAN H.K. Microelectronics Corp. are collectively referred as the Group.

## Major changes in 2020

- ELAN** No major changes in organization scale, ownership or supply chain.
- Metanoia** Increased capital and issued 49,715,000 new shares.
- Avisonic** No major changes.
- PIXORD** Capital reduced (26,250,000 shares) to cover accumulated deficits, accounted for 75% of the total capital. Increased capital and issued 7 million new shares.
- ELAN H.K.** No major changes.

## ESG report standards and verification 102-54

The contents of this report follow the Core Option in the Global Reporting Initiative (GRI) guidelines. In reference to UN Sustainable Development Goals (SDGs), follow guidelines of Responsible Business Alliance (RBA) and Corporate Governance 3.0 - Sustainable Development Roadmap released by the Financial Supervisory Commission (FSC).

The report is also subject to third-party independent assurance by British Standards Institution (BSI) based on AA 1000 Type II at a moderate level. Refer to Page 92 for the Independent Assurance Statement.

## Release of the report 102-51 102-52

This report is published in English, traditional and simplified Chinese. The full report is also available on the company website as reference for the general public and stakeholders. In the future, we will continue to issue ESG Report annually (last English edition release: Dec. 2020).

## 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 at:

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The stakeholder webpage: [www.emc.com.tw/twn/Social\\_Responsibility06.asp](http://www.emc.com.tw/twn/Social_Responsibility06.asp)  
Company's website: [www.emc.com.tw](http://www.emc.com.tw)

# Message from Chairman

102-14



"Active innovation, Honest interaction, Win-win cooperation, and Sustainable management" has always been ELAN's business philosophy from the very beginning, and what we 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 a corporate citizenship to achieve sustainable development.

In terms of economy, 2020 revenue hit an all-time high. The group's consolidated revenue reached 15.1 billion NTD. In the future, we will continue to stand out from the fierce competitors and create competitive technology thresholds in the industry. In terms of society, we formulated human rights policy, treating and respecting all personnel with dignity

and creating a safe, healthy and comfortable workplace for the employees. In view of global warming and climate change, environmental KPIs (e.g. save 1% of electricity and reduce 15 tons of greenhouse gases each year) are set to conserve energy and reduce carbon in every operation process. By doing so, we can reduce the operating cost while protecting the environment.

For the past six years, we've issued a CSR report each year. However, as corporate evaluation aspects become increasingly complex, the impact of intangible assets has continued to increase. ESG indicators can be used to measure operational decisions made by the management team which may aid in the efficiency and future strategic directions, and provide views on the status of intangible assets such as brand value and reputation. ESG (Environmental, Social, and Corporate Governance) indicators were added to the report in 2020. In 2021, the Board of

Directors approved the establishment of the "ESG Committee". The members are composed of independent directors and managers of the company to promote corporate social responsibility, governance, and economic, environmental, and social progresses.

Looking ahead, ELAN will continue to develop our business strategy steadily, strengthen our competitiveness as a 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



# Company Overview

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



## Management performance

|                                                     | 2018          | 2019      | 2020         |
|-----------------------------------------------------|---------------|-----------|--------------|
| Operating Revenue (NT\$ thousand)                   | 8,651,332     | 9,487,977 | 15,099,690   |
| Earnings per Share (EPS) (dollar)                   | (Note 1) 4.16 | 8.57      | 11.14        |
| R&D expenditures accounted in operating revenue (%) | 18%           | 17%       | (Note 2) 12% |

Note 1: 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.

Note 2: R&D expenditures increased but the revenue reached a record high, so the actual percentage of R&D expenditures decreased.

## Awards

**6-20%**

Top 6-20% in the 6th  
Corporate Governance  
Evaluation

**CG100**

TWSE Corporate  
Governance 100 Index

**No.7**

7th in BsuinessNext 100  
High Value Companies  
2021

# 1.1 Company profile

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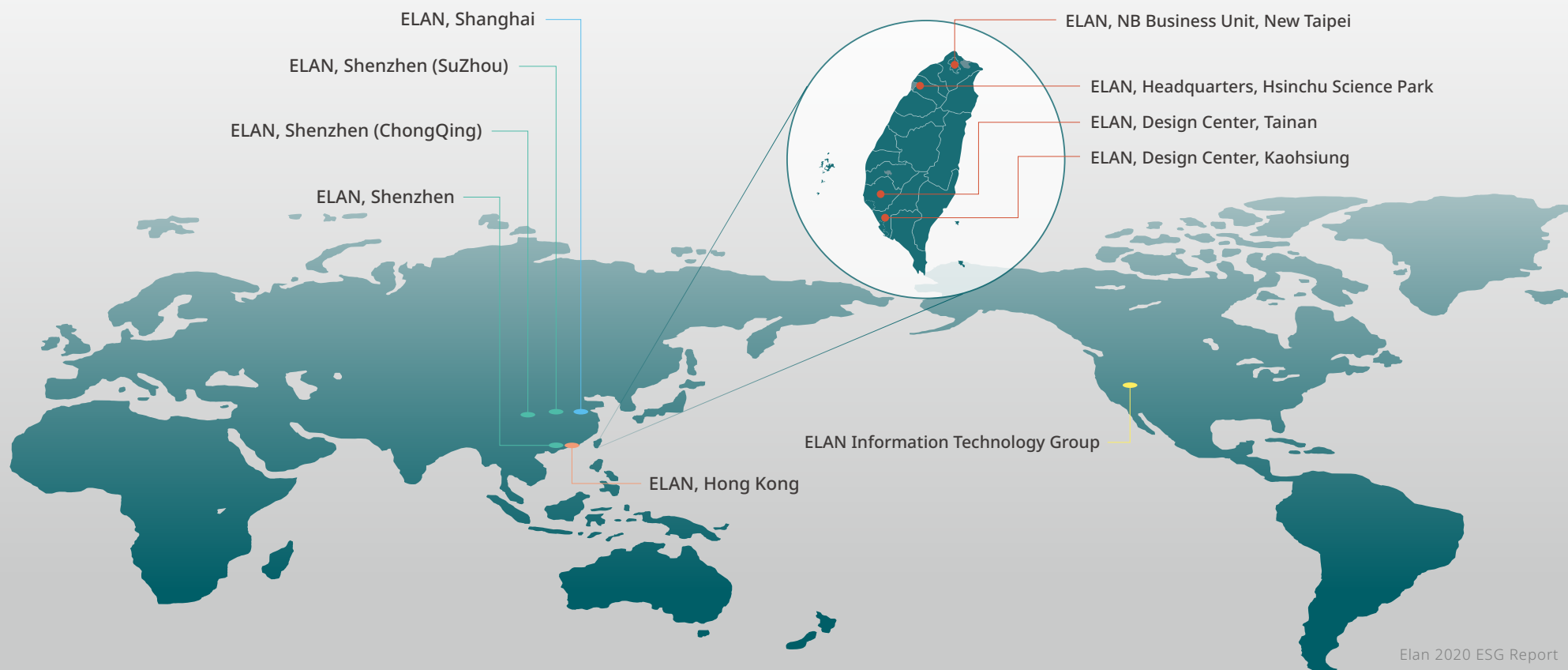
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|                        |                                                                                                                                                                                                                                                                                        |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Date founded</b>    | May 1994                                                                                                                                                                                                                                                                               |
| <b>Capital</b>         | NT\$ 3,039 million (Aug 2018)                                                                                                                                                                                                                                                          |
| <b>Main products</b>   | 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. |
| <b>Company address</b> | 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 2020, the number of full-time employees has reached 1,166. ELAN main sales markets include Taiwan, China, Hong Kong, the United States and Japan.



## 1.2 Organization history

### 2018

#### DEC

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

#### OCT

- ELAN 2017 Corporate Social Responsibility Report has passed the GRI G4 guidelines and met the AA1000AS Moderate Assurance Standard.

#### MAY

- Won the 15th Taiwan Golden Root Award - Industrial Technology Special Contribution Award.

### 2019

#### DEC

- 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.

#### NOV

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

#### OCT

- 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.

#### SEP

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

#### JUN

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

#### MAY

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

### 2020

#### DEC

- For 16th consecutive years, ELAN was honored again with the Distinguished Landscape Award by the Hsinchu Science Park Bureau.

#### JUL

- ELAN Sustainability Report has passed the GRI Standards and met AA1000 Assurance Standard Type 2, Moderate level assurance.

#### MAY

- Ranked 7th in BusinessNext Top 100 High Value Companies 2021.

#### APR

- Selected as the top 6–20% in the 6th Corporate Governance Evaluation
- Continued to be elected into the constituent of the TWSE Corporate Governance 100 Index (CG100).

## 1.3 Operational performance

### Major management policy- Financial performance

[201](#)
[405](#)
[Voluntary Disclosure Topic-1, -2, -4, -8, -9](#)

#### Policy and commitment

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

#### Resources

- ELAN Microelectronics board of directors consists of 7 members experienced in R&D, design, management, and leadership.
- R&D expenditures accounted for 12% of the total revenue.
- Obtained a total of 999 patent certificates from 2000 to 2020.
- 54% of the company's employees are R&D personnel, 49% of whom hold a PhD/master degree, and 65% have more than five years of experience.

#### Management strategy

- At the end of each year, the 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 risk assessments on quality system, environmental system, occupational safety and health management system; higher-risk items are then discussed and improved in the annual management review meeting.

#### Medium and long-term plan

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

#### Performance in 2020

- Consolidated revenue in 2020 reached 15.1 billion NTD, net profit after tax was 3.19 billion NTD, and the earnings per share were 11.14 NTD, hitting a record high.
- 374 new product solutions were mass-produced.
- A market leader in touchpad modules, touch screen chips, and pointing devices, with a market share of more than 60%.
- The annual revenue of touch screen chips has increased by 98%. As for touchpad modules, there was also a 62% of increase.

#### Highlights in 2021

- Engage in the product development and application of fingerprint identification; strengthen payment and encryption function of capacitive-type fingerprint sensor to add additional value.
- Continue to develop various high-demand products and respond to the development trend of the terminal market.
- Conduct risk assessments on quality management system, environmental management system, occupational safety and health management system each year. In the future, new risk items will be added in response to different world events.



## Revenue and profit hit a record high

The COVID-19 pandemic in 2020 had severe effects on families, markets, economies and society. It changed our daily lives from going to work and school to working from home and learning online. Not to mention the boost of stay-at-home economy. The crises of 2020 came with overwhelming demands for PCs and Tablets. 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 59% compared to last year. In 2020, the consolidated revenue reached 15.1 billion NTD, hitting a record high. With continuous product optimization and reduced costs, the consolidated net profit margin also increased significantly, maintaining a high level of 46.7%. The consolidated net income rate reached 27.9%, and the pretax income reached 3.89 billion NTD.

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

102-7

201-1

In NT\$ thousand

|                                         | 2018          | 2019       | 2020               |
|-----------------------------------------|---------------|------------|--------------------|
| <b>Operating Revenue</b>                | 8,651,332     | 9,487,977  | 15,099,690         |
| <b>Gross Profit</b>                     | 3,944,177     | 4,416,688  | 7,054,196          |
| <b>Net Operating Income</b>             | 1,730,288     | 2,081,426  | 4,217,199          |
| <b>Non-operating Income and Expense</b> | 139,780       | 728,234    | (Note 2) (323,507) |
| <b>Pre-Tax Income</b>                   | 1,870,068     | 2,809,660  | 3,893,692          |
| <b>Income Tax Expense</b>               | 338,366       | 344,918    | 700,654            |
| <b>Net Income</b>                       | 1,531,702     | 2,464,742  | 3,193,038          |
| <b>Total Assets</b>                     | 9,803,147     | 11,246,892 | 14,452,190         |
| <b>Total Liabilities</b>                | 3,220,389     | 3,643,740  | 5,179,134          |
| <b>Total Stockholders' Equity</b>       | 6,582,758     | 7,603,152  | 9,273,056          |
| <b>Earnings Per Share</b>               | (Note 3) 4.16 | 8.57       | 11.14              |

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.

Note 2: Non-operating Income and Expenses in 2020: (308,507) financial asset loss and (134,164) foreign currency exchange loss, plus other income, totaling (323,507).

Note 3: 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

(Unit: thousand piece)

| Main product/Year        | 2018           | 2019           | 2020           |
|--------------------------|----------------|----------------|----------------|
| Consumer Touch IC        | 433,055        | 423,372        | 364,657        |
| NB Input Device Module   | 79,269         | 93,476         | 153,220        |
| Network Communication IC | 266            | 221            | 167            |
| Others                   | 537            | 463            | 73,356         |
| <b>Total</b>             | <b>513,127</b> | <b>517,532</b> | <b>591,400</b> |

Note: The data is derived from the consolidated financial statement in ELAN Annual Report 2018 - 2021.

## 2020 Distribution of Profits (individual)

(Unit: NT\$ thousand)

| Company      | Revenue           | Operating cost   | Employee salary and benefit | Interest payment and dividend | Account payable to the government | Donation      |
|--------------|-------------------|------------------|-----------------------------|-------------------------------|-----------------------------------|---------------|
| ELAN         | 14,678,422        | 8,394,802        | 2,013,510                   | 1,975,223                     | 663,880                           | 10,331        |
| Metanoia     | 71,286            | 63,337           | 88,098                      | 673                           | 0                                 | 0             |
| Avisonic     | 36,048            | 31,929           | 37,507                      | 758                           | 0                                 | 0             |
| PiXORD       | 8,867             | 14,141           | 25,405                      | 83                            | 0                                 | 0             |
| ELAN H.K.    | 921,275           | 667,515          | 13,595                      | 0                             | 0                                 | 0             |
| <b>Total</b> | <b>15,715,898</b> | <b>9,171,724</b> | <b>2,178,115</b>            | <b>1,976,737</b>              | <b>663,880</b>                    | <b>10,331</b> |

Note 1: The data is derived from the individual financial report of ELAN Microelectronics and each entity.

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

Note 3: Employee salary and benefit: Include salaries, bonuses, insurances, and pensions. Exclude wages for temporary labors, such as consultants, physicians, etc.

Note 4: Interest payments and dividend: Dividends are given out as 2019 cash dividend.

Note 5: Account payable to the government: Current income tax expenses.

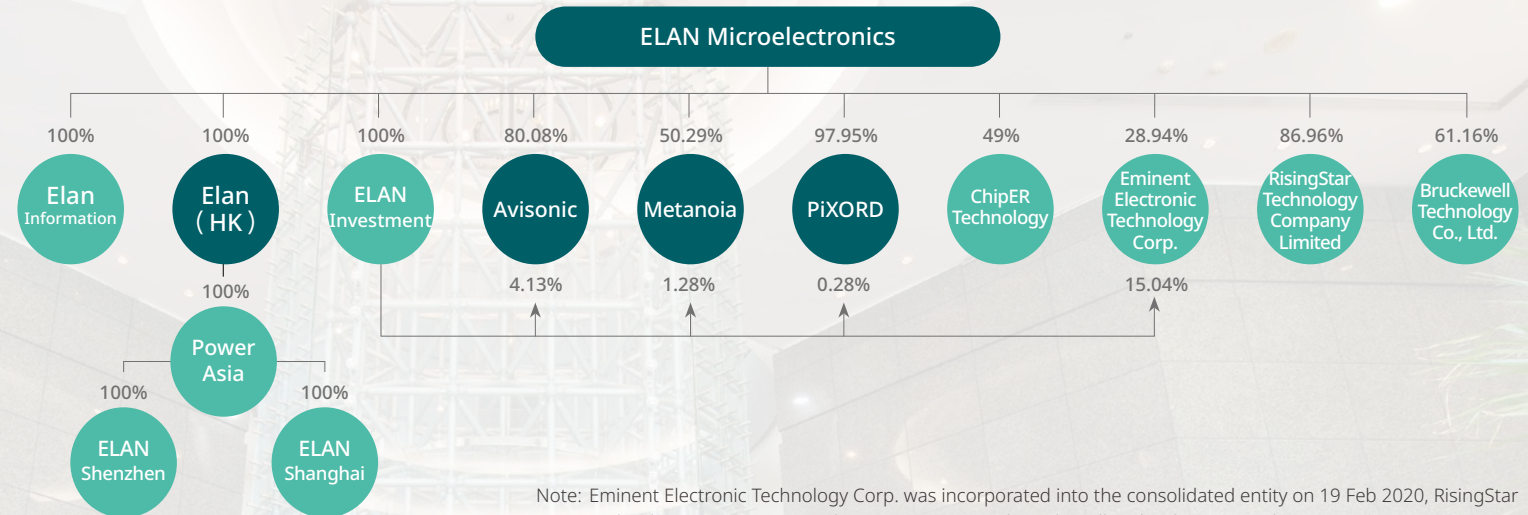
Note 6: Donation: Donations to charities, non-governmental organizations, research institutes (excluding business R&amp;D or campus recruitment purposes).



## Defined entities within the organization 102-45

In addition to ELAN parent company, this report also covers the consolidated financial statements of the entities within the organization with greater consolidated revenue, larger numbers of employees, and located in Hsinchu headquarters. The ones disclosed are as follows.

- **Included:** ELAN Microelectronics, Avisonic Technology Corp., Metanoia Communications Inc., PIXORD Corp., and ELAN H.K.
- **Excluded:** ELAN Information, ELAN Investment, ChipER Technology, Eminent Electronic Technology Corp., RisingStar Technology Company Limited, Bruckewell Technology Co., Ltd., Power Asia, ELAN Shenzhen, and ELAN Shanghai.



Note: Eminent Electronic Technology Corp. was incorporated into the consolidated entity on 19 Feb 2020, RisingStar Technology Company Limited on 31 Jan 2020, and Bruckewell Technology Co., Ltd. on 31 May 2020



## 1.4 Government financial aid 201-4

### 2020 Government Financial Aid

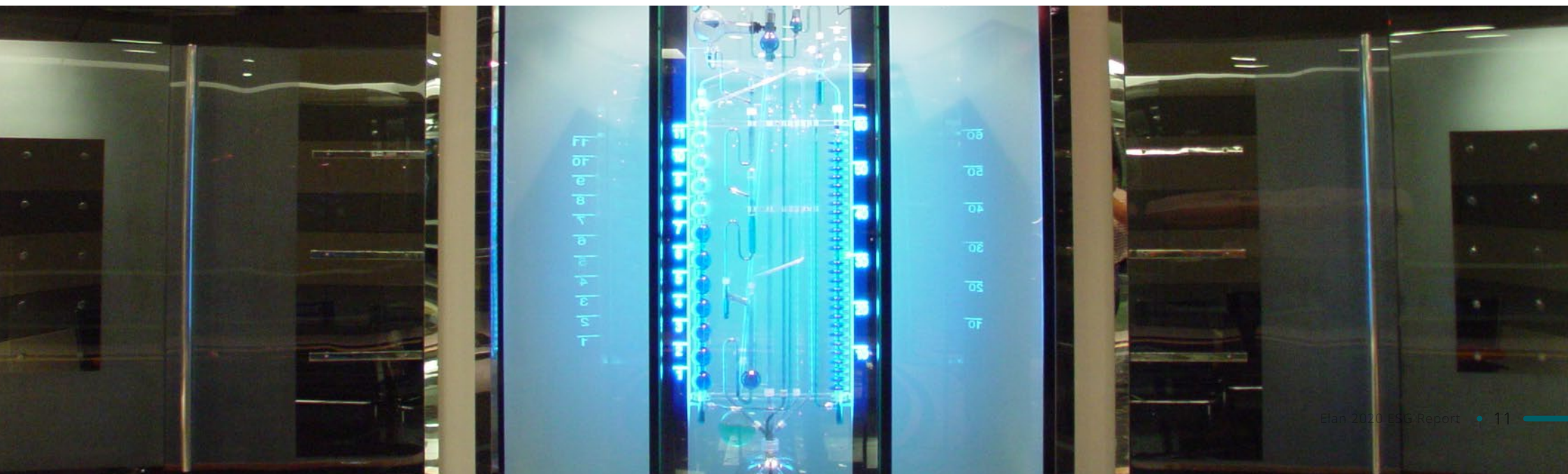
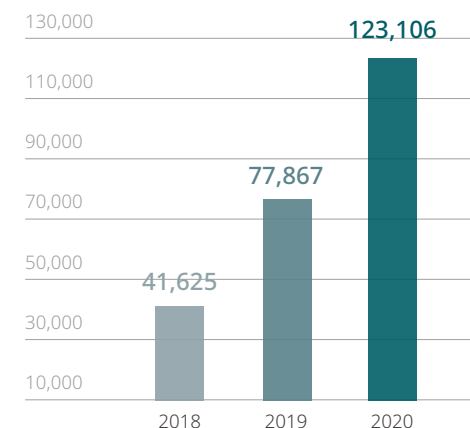
(Unit: NT\$ thousand)

| Company Name | Type             | Government Organization                       | Item                                                                                                             | Amount in 2020 | Remark              |
|--------------|------------------|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------|----------------|---------------------|
| ELAN         | Waived           | National Taxation Bureau, Ministry of Finance | Tax reduced and waived                                                                                           | 111,941        |                     |
| Metanoia     | Relief subsidies | Ministry of Economic Affairs                  | Subsidies for manufacturing and technical service industries which have been negatively impacted by the pandemic | 3,152          | Accountant verified |
| Avisonic     |                  |                                               |                                                                                                                  | 4,267          |                     |
| PIXORD       |                  |                                               |                                                                                                                  | 3,746          |                     |
| <b>Total</b> |                  |                                               |                                                                                                                  | <b>123,106</b> |                     |

Note: ELAN H.K. did not receive financial aids from the government in 2020

### Governemnt financial aid

(Unit: NT\$ thousand)

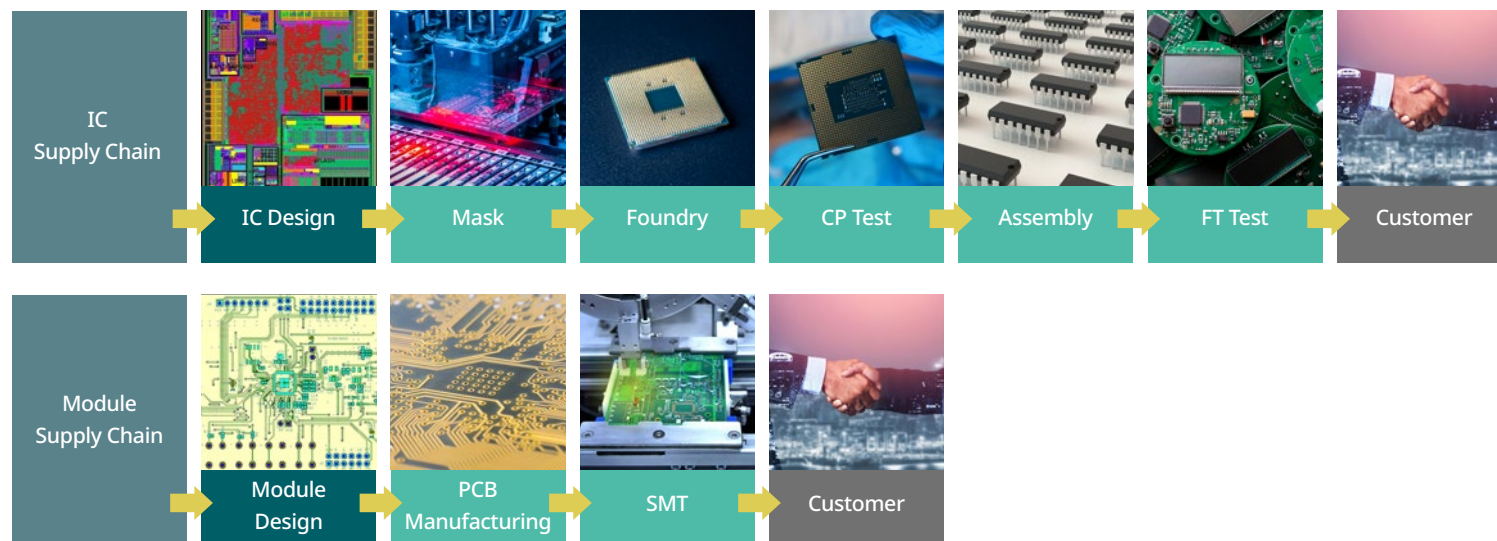


## 1.5 Supply chain

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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 2020 is 59%.



### Ratio of IC/Module commodity purchased from local suppliers

|                  |          | 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                  | 81.0%              | 6                   | 100.0%             | 9                   | 100.0%             | 0                   | NA                 | NA                  | NA                 |
|                  | Imported | 17                  | 19.0%              | 0                   | 0.0%               | 0                   | 0.0%               | 0                   | NA                 | NA                  | NA                 |
| Module Commodity | Local    | 95                  | 41.2%              | 3                   | 100.0%             | 5                   | 100.0%             | 17                  | 99.7%              | NA                  | NA                 |
|                  | Imported | 53                  | 58.8%              | 0                   | 0.0%               | 0                   | 0.0%               | 1                   | 0.3%               | NA                  | NA                 |
| Other services   |          | 694                 |                    | 141                 |                    | 90                  |                    | 66                  |                    | 32                  |                    |

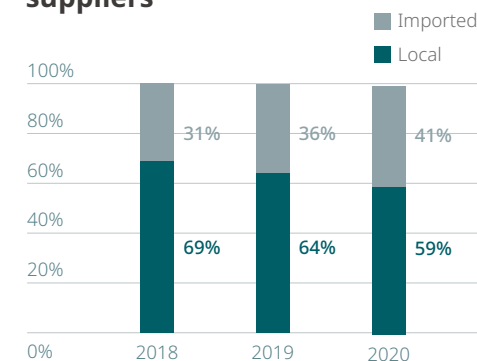
Note 1: IC Commodity includes cutting, mask, packaging, wafer and testing suppliers.

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 located in Taiwan, and ELAN H.K. is in Hong Kong.

### Ratio of ELAN Group IC/Module commodity purchased from local suppliers



Note: With an increase in market demands, local suppliers cannot meet the production capacity, so we must purchase from foreign suppliers. Although the percentage of local has dropped, the actual purchase amount has increased.

## 1.6 Investor relations transparency

Voluntary Disclosure Topic 10 - Investor relations transparency

|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ELAN     | <p>Actions we have taken to disclose information to investors:</p> <ol style="list-style-type: none"> <li>Put up an "Investor Relations" section on the company official website. Its contents include: <ul style="list-style-type: none"> <li>Financial information: Monthly , quarterly, semi-annual, and annual revenue reports.</li> <li>Investment column: Stock price information, dividend distribution over the years, shareholders' meeting, investor conference, newsletter and contact information.</li> </ul> </li> <li>Published 17 related news on the company official website.</li> <li>Issued a total of 26 major announcements on the Taiwan Stock Exchange Market Observation Post System as required.</li> <li>Released monthly sales reports (including key product development schedule) in both Chinese and English to simultaneously disclose the information to domestic and foreign investors.</li> <li>Held an annual shareholders' meeting on May 27, 2020.</li> <li>Held quarterly conference calls. The conferences were recorded and uploaded to both Stock Exchange Wipro platform and the company website.</li> <li>Held 122 investor conferences with domestic/foreign investors and analysts.</li> </ol> |
| Metanoia | <ol style="list-style-type: none"> <li>Private entity.</li> <li>Held an annual shareholders' meeting on June 1, 2020.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Avisonic | <ol style="list-style-type: none"> <li>Private entity.</li> <li>Held an annual shareholders' meeting on June 1, 2020.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| PiXORD   | <ol style="list-style-type: none"> <li>Private entity.</li> <li>Held an annual shareholders' meeting on June 1, 2020.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |



# Corporate Governance

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- 2.1 Highest governance body
- 2.2 Principles of business ethics and integrity



## Highlight

|                                         | 2018        | 2019      | 2020       |
|-----------------------------------------|-------------|-----------|------------|
| Combined revenue (NT\$ thousand)        | 8,651,332   | 9,487,977 | 15,099,690 |
| EPS (dollar)                            | (Note) 4.16 | 8.57      | 11.14      |
| Percentage of independent directors (%) | 33.3        | 42.9      | 42.9       |
| Corruptions                             | 0           | 0         | 0          |

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.

## Major management policy- Compliance with laws and regulations, no penalty or violations

307 402 419

### Policy and commitment

ELAN Group complies with laws and economic, environmental and social regulations, principles, and reviews their compatibility regularly to reduce operational risks.

### Resources

- The board of directors and various functional committees.
- Risk assessment, social responsibility, environmental safety and health management regulations/requirements.

### Management strategy

- Carry out an annual risk assessment and improvement measures on information security, finance, operation, quality, environment, occupational safety, etc.
- Regularly review corporate governance and social responsibility are complying with environmental safety and health management regulations/requirements.
- Issue company annual report and a sustainability report (ESG report) every year.
- In case of major operational changes, ELAN Group may notify employees and their representatives in advance in accordance with local laws and regulations to ensure relevant actions.



- Convene labor-management meetings quarterly to communicate and coordinate, promote and obtain consensus on laws, regulations and company rules.

### Performance in 2020

- A total of 43 updates have been made on corporate governance, social responsibility, and environmental and health management regulations and requirements.
- In 2020, the Group complied with all laws and regulations and had no record of fines or penalties.

### Highlights in 2021

- Regularly monitor relevant laws and regulations to ensure compliance.
- Continue to comply with corporate governance, environmental, social, and product laws and regulations, and carry out relevant declaration operations.

## 2.1 Highest governance body 102-18

The Board of Directors is the highest governance body of ELAN Microelectronics. The ninth 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 11 June 2018 to June 10 2021. Among them, two are ELAN management team members (Chairman I. H. Yeh and Director Kuo-Lung Yen). The board of directors also authorized Chairman to set Company's future direction and operating plans according to the decisions made in the board meetings, and announce them to senior managers during operational management conferences. The managers then instruct the employees to carry out the plans.



### 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<br>Yu Long<br>Investment Corp.      | Chairman<br>Corporate<br>director | Male   | I. H. Yeh<br>ELAN<br>Microelectronics<br>Corp.                   | Director   | Male   | I. H. Yeh     | Director   | Male   | I. H. Yeh          | Director   | Male   |
| Kuo-Lung Yen                                  | Director                          | Male   | Andy Wu<br>ELAN Micro-<br>electronics Corp.                      | Director   | Male   | Kuo-Lung Yen  | Director   | Male   | Meng-Chun Lin      | Director   | Male   |
| Chi-Lin Wea<br>Tsung Long<br>Investment Corp. | Corporate<br>director             | Male   | Didier M.H.<br>Boivin<br>ELAN Micro-<br>electronics Corp.        | Director   | Male   | Dennis Liu    | Director   | Male   | Ming-Shia Lee      | Director   | Female |
| Te-Chen Chiu                                  | Director                          | Male   | Wen-Jun Zhang<br>National<br>Development Fund,<br>Executive Yuan | Director   | Male   | Vincent Tao   | Director   | Male   | Zong-Liang<br>Yang | Director   | Male   |
| Hou-Ming Chen                                 | Independent<br>Director           | Male   | Jia-Sheng Weng<br>Taiwania Capital<br>Buffalo Fund Co.,<br>Ltd.  | Director   | Male   | Meng-Chun Lin | Director   | Male   | Jhong-Ping Hu      | Director   | Male   |
| Hsien-Ming Lin                                | Independent<br>Director           | Male   | Kuo-Lung Yen<br>Yu Long<br>Investment Corp.                      | Supervisor | Male   | Yong-Ren Lin  | Supervisor | Male   | Yong-Ren Lin       | Supervisor | Male   |
| Rong-Da Jhong                                 | Independent<br>Director           | Male   |                                                                  |            |        | Wen-Ya Tseng  | Supervisor | Female | Wen-Ya Tseng       | Supervisor | Female |

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

Note 2: For the attendance of ELAN board of directors, please refer to page 25 of ELAN 2020 Annual Report.

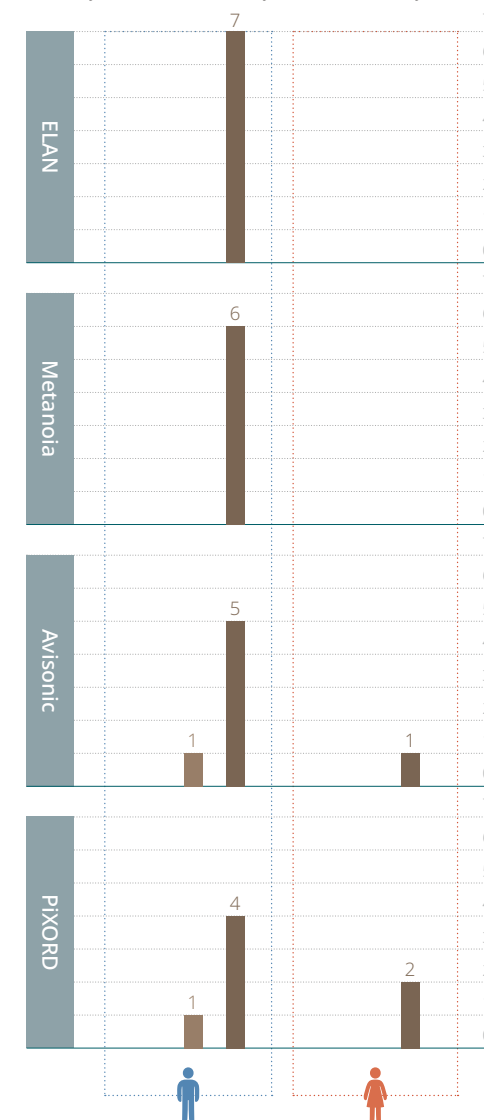
Note 3: List of training directors participated can be found on pages 36-39 of ELAN 2020 Annual Report.

Annual Report  
P25

Annual Report  
P36-39


## Board Members' Age/Gender

&lt;30 years old 30~50 years old &gt;50 years old





## ELAN Remuneration Committee

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. Refer to pages 40-42 of ELAN 2020 Annual Report for the actual operation.



Note 1: Metanoia, Avisonic, and PiXORD are private companies, so no remuneration committees have been set up.

## ELAN Audit Committee

The Audit Committee was set up in June 2015. Later in 11 June 2018, ELAN re-elected the second term of the Audit Committee for the period of 2018/6/11~2021/6/10. The committee convened a total of 6 meetings in 2020.

Refer to pages 27-30 of ELAN 2020 Annual Report for the actual operation.



Note 1: Metanoia, Avisonic, and PiXORD are private companies, so no audit committees have been set up.

## ESG Committee

ELAN Corporate Social Responsibility (CSR) Management Committee was set up in 2015. To prioritize the company's environmental sustainability, social responsibility, and corporate governance, CSR Committee was renamed ESG Committee in December 2020. Adding risk management and information security to meet the expectations of stakeholders, such as customers, shareholders, and suppliers, and achieve sustainable operation.



## 2.2 Principles of business ethics and integrity

### Major management policy- Anti-corruption/ Integrity management

205

#### 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.

#### Resources

- The General Manager's Office is in charge and the Human Performance Management Department is the executive unit.

#### Management strategy

- Adhering to Ethical Corporate Management Best Practice Principles, set up an effective governance structure and relevant ethical standards.
- Reporting Mailbox, Employee Complaint Procedures, and Reporting Policy are also set up for employees and outsiders to file a complaint anonymously.

#### Medium and long-term plan

Promote integrity management and implement anti-corruption policy to eliminate the occurrence of illegal business practices.

#### Performance in 2020

- Online training courses for new employees include guides to all kinds of regulations and completing all relevant trainings and online quizzes. In 2020, 238 new employees have completed the course.
- No corruption cases were reported in 2020.

#### Highlights in 2021

- Anti-corruption courses are digitized and updated regularly.

### Business ethics and integrity

102-16

205-3

Since 2014, operating systems including the Integrity Management Operational Procedure, Integrity Conduct Guide Specification, Integrity Practices Specification, Ethical Behavior Specification, and Personal Data Protection Management Measures have been in used. In addition to the Reporting Mailbox, online courses are mandatory for all new recruits. We will continue to digitize the courses in 2021 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 2020, no violations or corruptions were found in the Group. The committee reviewed its effectiveness in the board meeting on 28 Dec 2020. For details, refer to pages 50-52 of ELAN 2020 Annual Report.



ELAN is engaged in commercial activities based on the principles of fairness, honesty, trustworthiness, and transparency. Any possible violations can be reported with the following methods:

**Address:** Report Box 12 Innovation Road, Hsinchu Science Park

**E-mail:** [csr@emc.com.tw](mailto:csr@emc.com.tw)

**Direct report line:** 03-5639977 transfer to the HPM supervisor

The anonymous reporter shall be given a written non-disclosure agreement by the company, and shall not be treated inappropriately or unfairly due to the report.

## Organization, domestic professional association, union and academic institution the ELAN Group cooperated in 2020 102-13

| Company Name | Organization Name                                                     | Member | Remarks       |
|--------------|-----------------------------------------------------------------------|--------|---------------|
| 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                      |        |               |
|              | NCTU Consortium of ESD Protection Technology for Circuits and Systems |        |               |
|              | NCTU Global Research & Industry Alliance                              |        |               |
|              | MIPI Alliance                                                         |        |               |
| Metanoia     | The Allied Association for Science Park Industries                    |        |               |
| Avisonic     | The Allied Association for Science Park Industries                    |        |               |
| PiXORD       | The Allied Association for Science Park Industries                    |        |               |
|              | Taiwan Telematics Industry Association                                |        |               |
| ELAN H.K.    | N/A                                                                   | N/A    | N/A           |

## The Group supports all economic, environmental and social regulations, principles, and other initiatives 102-12

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.

## Corresponding to UN SDGs

| SDGs                                                 | Target(s)         | Performance in 2020                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Corresponded Chapter(s)                                                                                                 |
|------------------------------------------------------|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| <b>SDG3</b><br>Good Health<br>and Well-Being         | 3.4               | <p><b>Set up Occupational Safety and Health Committee to promote various labor safety and health-related matters</b></p> <ul style="list-style-type: none"> <li>126 employees used the physician consultation service</li> <li>992 participated in the annual health check</li> <li>4 mental health/health promotion seminars were held, with a total of 215 participants.</li> </ul> <p><b>Establish and implement a management plan for disease prevention</b></p> <ul style="list-style-type: none"> <li>81.78% of the foreign migrant workers got vaccinated for flu</li> </ul> <p><b>Implement personnel safety and health training</b></p> <ul style="list-style-type: none"> <li>4 trainings were held</li> </ul>                                                                                                                                                                                                                                                                                                                                  | 6.4 Occupational Safety and Health Policy<br>6.5 Health Management                                                      |
| <b>SDG4</b><br>Quality<br>Education                  | 4.5<br>4.7        | <p><b>Value the quality of education</b></p> <ul style="list-style-type: none"> <li>Provide long-term care and assistance to public welfare organizations for over 10 years, and sponsor primary schools in the remote area (for 3 years since 2020).</li> <li>Donated 30 million to build an AI school. In the past three years, 217 people have participated in the training, approximately 21% of all employees</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 7.3 Participation in social/public welfare activities                                                                   |
| <b>SDG5</b><br>Gender<br>Equality                    | 5.1               | <ul style="list-style-type: none"> <li>The retention rate of women and men who have been working for more than one year after reinstatement without pay is 100%</li> <li>In accordance with the Act of Gender Equality in Employment, both male and female employees are entitled to apply for leave without pay for childcare in accordance with relevant procedures.</li> <li>Continue to promote diversified complaint channels and provide a working environment where colleagues are free from illegal infringements.</li> <li>We have been committed to gender equality for many years. The salary standard, adjustment, evaluation indicators are all consistent in every job position.</li> <li>Set up a breastfeeding room to provide a comfortable and relaxing environment for breastfeeding mothers, and provide exclusive parking spaces and maternity chairs for pregnant female employees. In 2020, 3 dedicated parking spaces and 1 maternity chair were applied.</li> <li>The proportion of female employees has reached 42%.</li> </ul> | 6.3 Employee benefits and salary<br>6.8 Zero-distance communication with the employee and full-range complaint channels |
| <b>SDG6</b><br>Clean Water<br>and Sanitation         | 6.6               | <p><b>Water resources management superior to national standards</b></p> <ul style="list-style-type: none"> <li>ELAN does not discharge wastewater, hence no effects on the surrounding environment. After being collected by sewers and fed into the park's sewage treatment plant, the water quality is better than the national discharge water standard, it is then discharged from an independent dedicated pipe to Keya Creek.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 7.1 Environmental policy                                                                                                |
| <b>SDG8</b><br>Decent Work<br>and Economic<br>Growth | 8.8<br>8.5<br>8.2 | <p><b>Promote a safe working environment</b></p> <ul style="list-style-type: none"> <li>Injury rate (IR) = 0, occupational disease rate (ODR) = 0, number of deaths due to work = 0, and lost days rate (LDR) = 0.</li> </ul> <p><b>Revenue hit a record high</b></p> <ul style="list-style-type: none"> <li>Consolidated revenue in 2020 reached 15.1 billion NTD, net profit after tax was 3.19 billion NTD, and the earnings per share were 11.14 billion NTD</li> <li>The company's operating environment measurement results are lower than the national laws and regulations.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 6.6 Emphasis on workplace safety, zero occupational hazards in 26 years<br>1.1 Company profile                          |

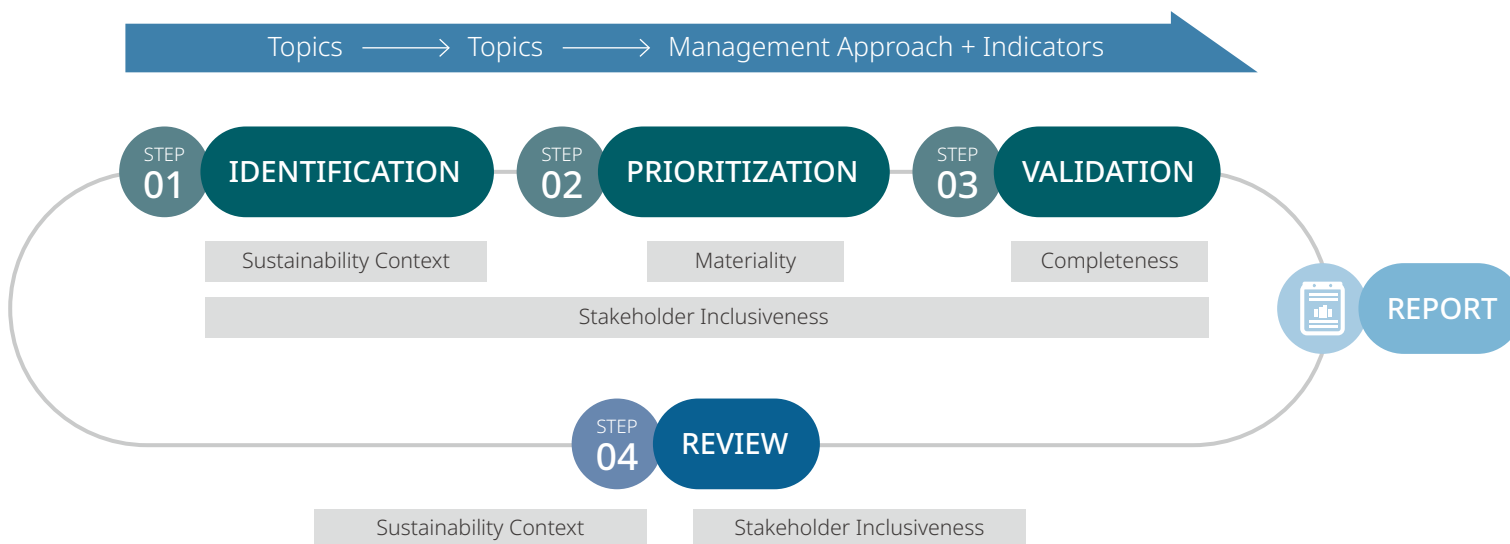
| SDGs | Target(s)                                       | Performance in 2020                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Corresponded Chapter(s)                                                                                                                |
|------|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
|      | SDG9<br>Industry, Innovation and Infrastructure | 9.5<br><b>Encourage innovation and continue to increase R&amp;D funding</b> <ul style="list-style-type: none"> <li>Continue to maintain technological leadership, and invest more than 12% of its revenue each year in R&amp;D expenditures.</li> </ul> <b>Actively expand the layout of patent intellectual property</b> <ul style="list-style-type: none"> <li>The cumulative number of patents obtained from 2000 to 2020 has reached 999.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1.1 Company profile<br>4.2 A sound patent system encourages employees to actively innovate                                             |
|      | SDG10<br>Reduced Inequalities                   | 10.3<br>10.4<br><b>Value gender equality, equal pay for equal work</b> <ul style="list-style-type: none"> <li>The number of employees with disabilities is 10, which complies with the law.</li> <li>The basic salary ratio of female and male employees of the same position and grade is 1:1.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 6.2 Workforce practices and dignity of labor                                                                                           |
|      | SDG12<br>Responsible Consumption and Production | 12.4<br>12.5<br>12.8<br><b>Establish a green product management system</b> <ul style="list-style-type: none"> <li>Implement green raw materials and product certification, comply with lead-free, halogen-free, and hazardous substances requirements in the electronics industry announced by the European Union and Japan, and comply with the Restriction of Hazardous Substances Directive (RoHS).</li> <li>Passed ISO 14001 environmental system verification to ensure that the production process and the selection of raw materials are harmless to the environment and humans.</li> </ul> <b>Duty to conduct conflict mineral investigations</b> <ul style="list-style-type: none"> <li>In 2018, begin conflict mineral investigation and management. Suppliers are also required to submit conflict mineral reports. In 2020, 100% of all product line suppliers do not use conflict minerals.</li> </ul>   | 4.5 Product and labeling<br>5.1 Supplier strategy                                                                                      |
|      | SDG13<br>Climate Action                         | 13.3<br><b>Greenhouse gas emission inventory and management</b> <ul style="list-style-type: none"> <li>In 2020, the indirect greenhouse gas inventory reduced from 1,975.293 tonCO<sub>2</sub>-e in 2019 to 1,939.245 tonCO<sub>2</sub>-e, a total reduction of 36.048 tonCO<sub>2</sub>-e.</li> <li>Replacement of LED tubes cut 10.49% of the power consumption from 2013 to 2020</li> </ul> <b>Establish a green product management system</b> <ul style="list-style-type: none"> <li>Implement green raw materials and product certification, comply with lead-free, halogen-free, and hazardous substances requirements in the electronics industry announced by the European Union and Japan, and comply with the Restriction of Hazardous Substances Directive (RoHS).</li> </ul>                                                                                                                              | 7.1 Environmental Policy<br>4.5 Product and labeling                                                                                   |
|      | SDG16<br>Peace, Justice and Strong Institutions | 16.5<br>16.6<br>16.7<br>16.b.<br><b>Defend peace and justice</b> <ul style="list-style-type: none"> <li>Maintain integrity and implement the Code of Ethical Conduct are necessary conditions for ELAN's sustainable operation. It is also followed by every ELAN colleague. At present, we have formulated integrity management operating procedures, behavior guidelines, integrity management codes, and ethical behaviors, and personal data protection and management measures. In 2020, no cases of complaints/violations of ethics and integrity or engaging in illegal activities were reported.</li> <li>Set ELAN human rights policy, employee complaint methods, reporting system, and a CSR mailbox and special line, which fully demonstrate our determination to protect human rights and treat all employees with care. Therefore, no complaints regarding human rights were filed in 2020.</li> </ul> | 2.2 Principles of business ethics and integrity<br>6.8 Zero-distance communication with the employee and full-range complaint channels |
|      | SDG17<br>Partnerships for the Goals             | 17.14<br><b>Promote industry sustainability</b> <ul style="list-style-type: none"> <li>24 manufacturers participated in the Annual Supplier Conference to promote ELAN green product requirements and corporate social responsibility.</li> <li>100% of our important suppliers have signed the ELAN Microelectronics Supplier Social Responsibility Code of Conduct.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 5.1 Supplier strategy                                                                                                                  |

# Stakeholders' Management and Engagement

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- 3.1 Important stakeholder and material topic identification
- 3.2 Stakeholder engagement

## 3.1 Important stakeholder and material topic identification



Each assessment is evaluated based on "Dependency", "Tension", and "Influence". A score of 2.98 or above is considered "highly apprehensive", while a score of 3 or higher is considered "highly impactful." The "highly apprehensive" and "highly impactful" can be summed up in 21 consideration topics to ensure the report is reasonable and rightfully reflects 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 of all other material topics are forwarded to a designated unit for further evaluation. The unit reviews whether a topic is impactful and provides ratings on the degree of the impact (if any) and concern, then defines 36 major indicators that will be covered within the scope of the ESG report.

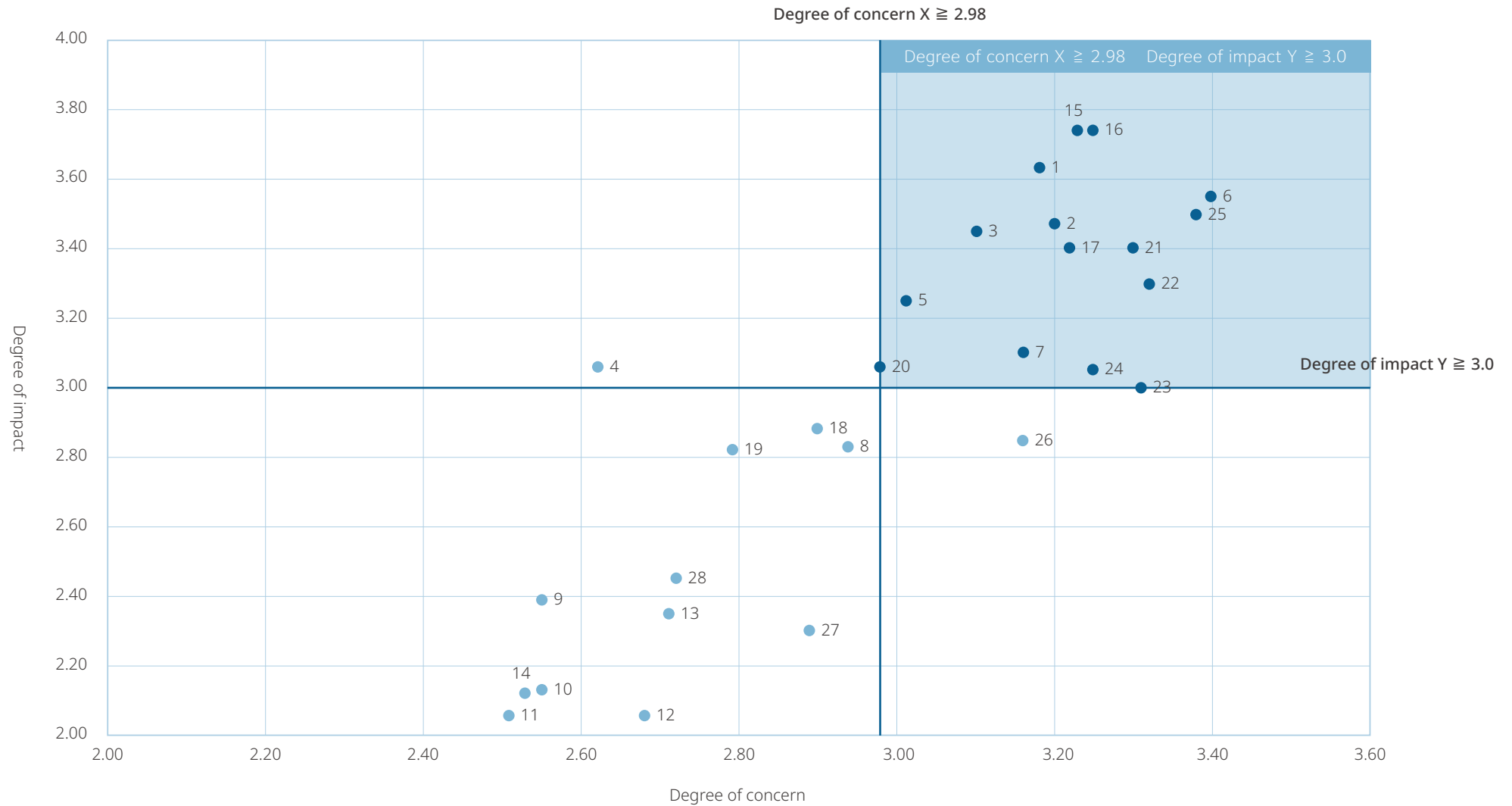
### Identifying material topics and boundaries [102-40](#) [102-42](#) [102-47](#) [102-49](#)

Integrate internal and external topics based on stakeholder inclusiveness. External topics include local/global sustainable development and semiconductor/IC industry status, etc. Internal topics include stakeholders' needs and expectations, Company's sustainable strategy, objectives and departments' KPIs, etc.

The collected topics will be categorized into 34 consideration topics plus 10 "Other" based on GRI Standards, totaling of 44 topics. Each department then evaluates whether these topics are impactful or not. Finally, 34 topics are selected and put into a questionnaire to gather stakeholders' opinions.

In accordance with routine business operation, ELAN ESG 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 (11 categories). Finally, the implementation secretary discussed with each department, and the final 7 categories of stakeholders were employees, shareholders, affiliated companies, customers, agents, suppliers, and leading brand manufacturers. A total of 373 questionnaires were issued. At the same time, department seniors and managers were also being surveyed.

## Material topics 102-47



## Major

| Questionnaire title                                                                      | Corresponding to GRI standard(s)/ Voluntary disclosure                                                                                             |
|------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Organization strategy                                                                 | 202 Market Presence                                                                                                                                |
| 2. Corporate governance                                                                  | 405 Employee Diversity and Equal Opportunities                                                                                                     |
| 3. Risk management                                                                       | Voluntary Disclosure - 8 Risk Management                                                                                                           |
| 5. Regulation compliance                                                                 | 307 Environmental Compliance<br>419 Socioeconomic Compliance                                                                                       |
| 6. Operational performance                                                               | 201 Economic Performance<br>Voluntary Disclosure - 4 Operational Performance Indicator                                                             |
| 7. Integrity Management                                                                  | 205 Anti-corruption                                                                                                                                |
| 15. Maintaining good relationships with customers (including leading brand manufacturer) | Voluntary Disclosure - 1 Customer Engagement                                                                                                       |
| 16. Company new product development/patent                                               | Voluntary Disclosure - 2 New Product Development<br>Voluntary Disclosure - 9 Product Contribution to World Trends                                  |
| 17. Customer satisfaction                                                                | 418 Customer Privacy                                                                                                                               |
| 20. Supply chain management                                                              | 204 Procurement Practices<br>414 Supplier Social Assessment<br>308 Supplier Environmental Assessment<br>Voluntary Disclosure - 3 Supplier Strategy |
| 21. Labor relations                                                                      | 402 Labor/Management Relations                                                                                                                     |
| 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 training                                                | 404 Training and Education                                                                                                                         |
| 25. Employee salary and benefits                                                         | 401 Employment                                                                                                                                     |

## General

| Questionnaire title                                                 | Corresponding to GRI standard(s)/ Voluntary disclosure           |
|---------------------------------------------------------------------|------------------------------------------------------------------|
| 4. Tax management                                                   | 207Tax                                                           |
| 8. Investor relations transparency                                  | Voluntary Disclosure -10 Investor Relations Transparency         |
| 9. Energy management                                                | 302 Energy                                                       |
| 10. Water and effluents                                             | 303 Water and Effluents                                          |
| 11. Emission of greenhouse gases                                    | 305 Emissions                                                    |
| 12. Waste management and recycling                                  | 306 Waste                                                        |
| 13. Environmental protection strategy                               | 301 Materials                                                    |
| 14. Environmental protection expenditure and investment             | 306 Waste                                                        |
| 18. Product hazardous substance management (Green product-oriented) | 416 Customer Health and Safety<br>417 Marketing and Labeling     |
| 19. Product material source (no conflict minerals)                  | 416 Customer Health and Safety<br>417 Marketing and Labeling     |
| 26. Employee communication and appeal                               | 406 Non-discrimination<br>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 major topics

102-46 102-47 103-1

✓ Information disclosed ● Information to be disclosed in the future

| Major 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                     | Appointing local personnel as high-level management helps strengthen the understanding of local needs and increase economic efficiency.                                                                                                                       | ✓    | ✓          | ✓        | ✓      | ✓           |
|                           | 204 Procurement Practices               | Suppliers are important partners. Managing the supply chain with effective communication can create 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 Environmental Compliance            | Compliance with environmental protection regulations can gain stakeholders' trust and reduce impacts on the company's reputation.                                                                                                                             | ✓    | ✓          | ✓        | ✓      | ✓           |
|                           | 308 Supplier Environmental Assessment   | Continuously assess 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. | ✓    | ●          | ●        | ●      |             |
| Social                    | 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 will notify its employees 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 Diversity and Equal Opportunity     | 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 Social Assessment          | Continuously assess 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. Implementing information security risk management, so that we can deepen customer relationships and ensure sustainable business operations.                                                                                  | ✓    | ✓          | ✓        | ✓      | ✓           |
|                           | 419 Socioeconomic Compliance            | 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.                | ✓    | ●          | ●        | ●      |             |

## Major topics on the value chain 103-1

● Impactful

| Major topic          |                                         | Supplier | Agent | Customer | Leading platform manufacturer |
|----------------------|-----------------------------------------|----------|-------|----------|-------------------------------|
| Economy              | 201 Economic Performance                |          | ●     | ●        | ●                             |
|                      | 202 Market Presence                     |          |       |          |                               |
|                      | 204 Procurement Practices               | ●        |       |          |                               |
|                      | 205 Anti-corruption                     |          | ●     | ●        | ●                             |
| Environment          | 307 Environmental Compliance            |          | ●     | ●        | ●                             |
|                      | 308 Supplier Environmental Assessment   | ●        |       |          |                               |
| Society              | 401 Employment                          |          |       |          |                               |
|                      | 402 Labor/Management Relations          |          |       |          |                               |
|                      | 403 Occupational Health and Safety      |          | ●     | ●        | ●                             |
|                      | 404 Training and Education              |          |       |          |                               |
|                      | 405 Diversity and Equal Opportunity     |          |       |          |                               |
|                      | 414 Supplier Social Assessment          | ●        |       |          |                               |
|                      | 418 Customer Privacy                    | ●        | ●     | ●        | ●                             |
|                      | 419 Socioeconomic Compliance            |          | ●     | ●        | ●                             |
|                      |                                         |          |       |          |                               |
| Voluntary Disclosure | 1 Customer engagement                   |          |       | ●        | ●                             |
|                      | 2 New product development               |          | ●     | ●        | ●                             |
|                      | 3 Supplier strategy                     | ●        |       |          |                               |
|                      | 4 Operational performance indicators    |          |       |          |                               |
|                      | 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<br>Voluntary Disclosure - 5 Care for employees and their families<br>Society - Labor/management relations<br>Society - Occupational health and safety<br>Economy - Economic Performance<br>Voluntary Disclosure - 4 Operational performance indicators                                                                                                | Employee satisfaction survey                                             | Annually                                                                                                                                                                                                                                                                                                  | HPM<br>ESG Committee |
|                                                                 |                                                                                                                                                                                                                                                                                                                                                                            | Operational & Labor/management meeting                                   | Monthly                                                                                                                                                                                                                                                                                                   |                      |
|                                                                 |                                                                                                                                                                                                                                                                                                                                                                            | Employee suggestion box                                                  | Anytime                                                                                                                                                                                                                                                                                                   |                      |
|                                                                 |                                                                                                                                                                                                                                                                                                                                                                            | Stakeholder survey                                                       | Annually                                                                                                                                                                                                                                                                                                  |                      |
|                                                                 |                                                                                                                                                                                                                                                                                                                                                                            | New recruit/on-job trainings and education                               | Monthly/<br>non-scheduled                                                                                                                                                                                                                                                                                 |                      |
|                                                                 |                                                                                                                                                                                                                                                                                                                                                                            | Individual performance interview                                         | Every 6 months                                                                                                                                                                                                                                                                                            |                      |
|                                                                 |                                                                                                                                                                                                                                                                                                                                                                            | Department meeting                                                       | Non-scheduled                                                                                                                                                                                                                                                                                             |                      |
|                                                                 |                                                                                                                                                                                                                                                                                                                                                                            | Human Performance Management, Director Lee<br>(Email : pmlms@emc.com.tw) |                                                                                                                                                                                                                                                                                                           |                      |
|                                                                 |                                                                                                                                                                                                                                                                                                                                                                            | General shareholder                                                      |                                                                                                                                                                                                                                                                                                           |                      |
|                                                                 |                                                                                                                                                                                                                                                                                                                                                                            | Shareholder                                                              | Society - Employment<br>Economy - Economic Performance<br>Voluntary Disclosure - 4 Operational performance indicators<br>Society - Training and education<br>Voluntary Disclosure - 2 New product development<br>Society - Labor/management relations<br>Social - 5 Care for employees and their families |                      |
| Annual report                                                   | Annually                                                                                                                                                                                                                                                                                                                                                                   |                                                                          |                                                                                                                                                                                                                                                                                                           |                      |
| Major announcement                                              | Anytime                                                                                                                                                                                                                                                                                                                                                                    |                                                                          |                                                                                                                                                                                                                                                                                                           |                      |
| Company website                                                 | Anytime                                                                                                                                                                                                                                                                                                                                                                    |                                                                          |                                                                                                                                                                                                                                                                                                           |                      |
| Stakeholder survey                                              | Annually                                                                                                                                                                                                                                                                                                                                                                   |                                                                          |                                                                                                                                                                                                                                                                                                           |                      |
| Spokesperson                                                    | Anytime                                                                                                                                                                                                                                                                                                                                                                    |                                                                          |                                                                                                                                                                                                                                                                                                           |                      |
| Corporate shareholder                                           |                                                                                                                                                                                                                                                                                                                                                                            |                                                                          |                                                                                                                                                                                                                                                                                                           |                      |
| Company visits                                                  | Anytime                                                                                                                                                                                                                                                                                                                                                                    |                                                                          |                                                                                                                                                                                                                                                                                                           |                      |
| Corporate seminar                                               | Quarterly                                                                                                                                                                                                                                                                                                                                                                  |                                                                          |                                                                                                                                                                                                                                                                                                           |                      |
| Spokesperson                                                    | Anytime                                                                                                                                                                                                                                                                                                                                                                    |                                                                          |                                                                                                                                                                                                                                                                                                           |                      |
| Annual report                                                   | Annually                                                                                                                                                                                                                                                                                                                                                                   |                                                                          |                                                                                                                                                                                                                                                                                                           |                      |
| Investor Relation, Director Liu (Email : dennis_liu@emc.com.tw) |                                                                                                                                                                                                                                                                                                                                                                            |                                                                          |                                                                                                                                                                                                                                                                                                           |                      |
| Affiliate                                                       | Social - Employee diversity and equal opportunities<br>Economy - Economic performance<br>Voluntary Disclosure - 4 Operational performance indicators<br>Society - Training and education<br>Economy - Market presence<br>Voluntary Disclosure - 8 Risk Management<br>Economy - Anti-corruption<br>Social - 5 Care for employees and their families<br>Society - Employment |                                                                          |                                                                                                                                                                                                                                                                                                           | Phone/E-mail         |
|                                                                 |                                                                                                                                                                                                                                                                                                                                                                            | Stakeholder survey                                                       | Annually                                                                                                                                                                                                                                                                                                  |                      |
|                                                                 |                                                                                                                                                                                                                                                                                                                                                                            | Human Performance Management, Director Lee<br>(Email : pmlms@emc.com.tw) |                                                                                                                                                                                                                                                                                                           |                      |



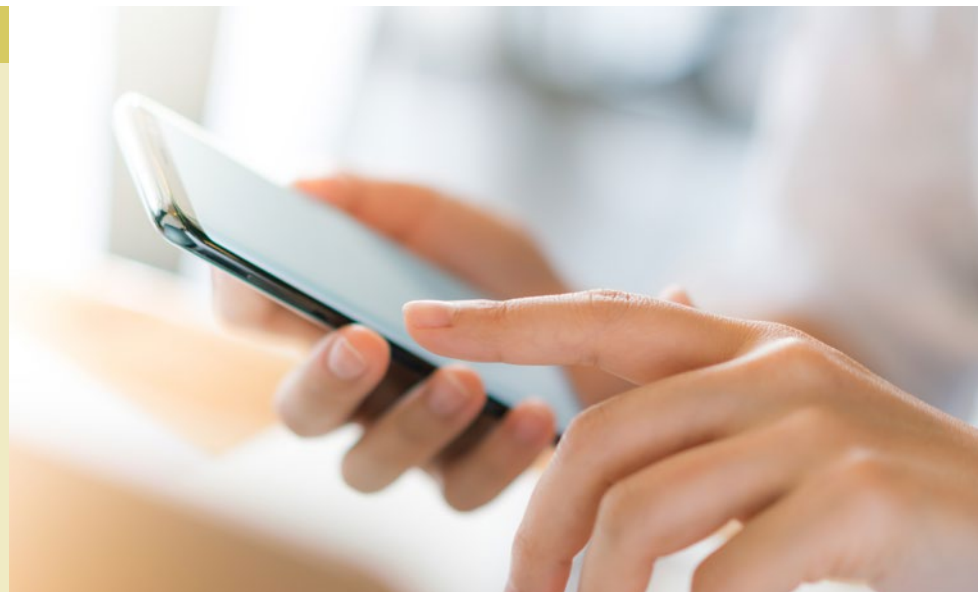
| Stakeholder                                                                         | Concerned topic                                                                                                                                                                                                                                                                                                                                                                                        | Communication channel                                                                                                          | Commination frequency | Responsible unit                                                                  |
|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------------------------------------------------------------------|
|    | Voluntary Disclosure - 1 Customer engagement<br>Voluntary Disclosure - 2 New product development<br>Society - Customer privacy<br>Voluntary Disclosure - 8 Risk Management<br>Social - Customer health and safety<br>Social - Marketing and Labeling                                                                                                                                                   | Company website                                                                                                                | Anytime               | Sales Department<br>QA Department<br>ESG Committee                                |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | Phone/E-mail                                                                                                                   | Anytime               |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | Satisfaction survey                                                                                                            | Every 6 months        |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | Stakeholder survey                                                                                                             | Annually              |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | External mailbox                                                                                                               | Anytime               |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | Questionnaire                                                                                                                  | Non-scheduled         |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | NB Product Sales, Director Zhong<br>(Email : <a href="mailto:ian.chung@emc.com.tw">ian.chung@emc.com.tw</a> )                  |                       |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                |                       |                                                                                   |
|    | Voluntary Disclosure - 2 New product development<br>Voluntary Disclosure - 8 Risk Management<br>Voluntary Disclosure - 1 Customer engagement<br>Economic - Procurement practice<br>Social - Supplier social assessment<br>Environment - Supplier environmental assessment<br>Voluntary Disclosure - 3 Supplier strategy<br>Environment - Environmental compliance<br>Social - Socioeconomic compliance | Company website                                                                                                                | Anytime               | Sales Department<br>QA Department<br>ESG Committee                                |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | Phone/E-mail                                                                                                                   | Anytime               |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | Satisfaction survey                                                                                                            | Every 6 months        |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | Stakeholder survey                                                                                                             | Annually              |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | External mailbox                                                                                                               | Anytime               |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | NB Product Sales, Director Zhong<br>(Email : <a href="mailto:ian.chung@emc.com.tw">ian.chung@emc.com.tw</a> )                  |                       |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                |                       |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                |                       |                                                                                   |
|   | Voluntary Disclosure - 1 Customer engagement<br>Environment - Environmental compliance<br>Social - Socioeconomic compliance<br>Economy - Economic Performance<br>Voluntary Disclosure - 4 Operational performance indicators<br>Economy - Anti-corruption<br>Society - Customer privacy                                                                                                                | Company website                                                                                                                | Anytime               | Development & Planning Department<br>QA Department<br>ESG Committee               |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | Phone/E-mail                                                                                                                   | Anytime               |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | Outsourcing meeting                                                                                                            | Monthly               |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | Supplier audit                                                                                                                 | Anytime               |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | Supplier conference                                                                                                            | Regularly             |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | Stakeholder survey                                                                                                             | Annually              |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | External mailbox                                                                                                               | Anytime               |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | Production Planning Control Director Lee<br>(Email : <a href="mailto:pmlms@emc.com.tw">pmlms@emc.com.tw</a> )                  |                       |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                |                       |                                                                                   |
|  | Voluntary Disclosure - 1 Customer engagement<br>Voluntary Disclosure - 2 New product development<br>Environment - Water<br>Environment - Materials                                                                                                                                                                                                                                                     | Project meeting                                                                                                                | Anytime               | Market Planning Department<br>Sales Department<br>R&D Department<br>ESG Committee |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | Company visits                                                                                                                 | Anytime               |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | Phone/E-mail                                                                                                                   | Non-scheduled         |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | Company website                                                                                                                | Non-scheduled         |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | Stakeholder survey                                                                                                             | Annually              |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | External mailbox                                                                                                               | Anytime               |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | Questionnaire                                                                                                                  | Non-scheduled         |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        | Marketing & Product Planning Director Bai<br>(Email : <a href="mailto:charles.thpai@emc.com.tw">charles.thpai@emc.com.tw</a> ) |                       |                                                                                   |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                |                       |                                                                                   |

# 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 labeling
- 4.6 Customer privacy
- 4.7 Customer service and satisfaction

## Highlight

|                                                                                                                                                                    |               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Number of Microsoft Windows certificates obtained .....                                                                                                            | 3,045         |
| Number of patents obtained .....                                                                                                                                   | 28            |
| Number of industry-university cooperation .....                                                                                                                    | 7             |
| Number of fines imposed for violations of health and safety regulations regarding products and services .....                                                      | 0             |
| Number of fines imposed for violations of product information and labeling .....                                                                                   | 0             |
| Number of complaints related to infringement of customer privacy or loss of customer information .....                                                             | 0             |
| Three key notebook components, including touch panel module, touchscreen chip and pointing device, are leading the industry, with more than 60% market share. .... | more than 60% |
| ELAN products 100% comply with RoHS, Sony GP, REACH and halogen-free requirements. ....                                                                            | 100%          |



## 4.1 Customer relationship and cooperation with leading platforms

Voluntary Disclosure -  
1 Customer engagement

With its solid R&D energy, ELAN has been able to lead and participate in the building of specifications for laptops, tablets, computer peripherals, and human-machine interface products. It actively understands and participates in the certification of Microsoft and Google's leading platforms. 374 pieces of new product solutions were mass-produced in 2020. <sup>102-7</sup> From 2014 to the end of 2020, ELAN also assisted 58 brands, 1,687 projects, in achieving 3,045 Touch Logo certifications, 808 of which were pen digitizer certifications.

ELAN Touch Pad Solution can simultaneously support self-sensing and mutual-sensing functions. In addition to exceeding Google standards, and being listed on Chrome Authorized Vendor List (AVL), we still pay regular visits to the Google team in US 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 2020, ELAN shipped out 136 million sets of touchpad modules, of which 38 million sets were for Chrome NB.

Since ELAN's successful collaboration with Google/ASUS on NEXUS 7 tablet, ELAN R&D capability has long been affirmed. 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 R&D and 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 2020, a total of 35 million sets of NB touch screen chip solutions was shipped (including 2-in-1).

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

Voluntary Disclosure -  
2 New product R&D

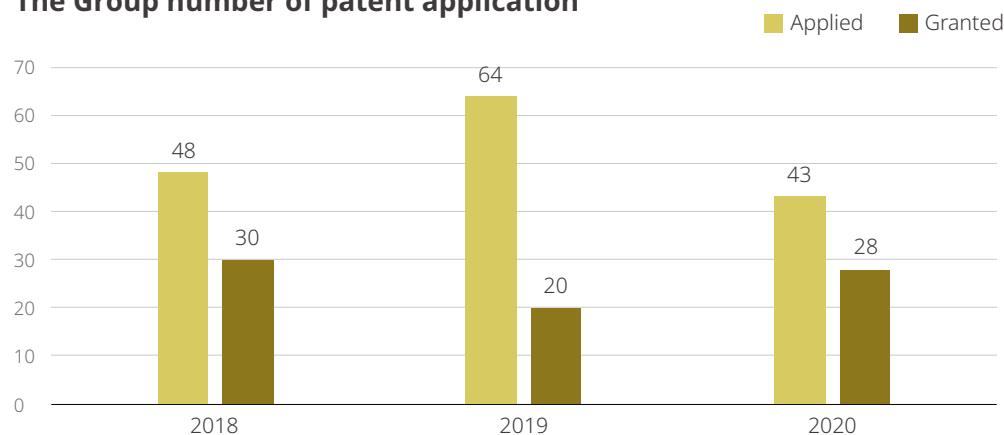
To encourage employees, ELAN set up Intellectual Property Right & Legal Department, a unit dedicated to set generous bonus system for those who invent a new product. By putting forth a new innovation that has a market value and meets the eligibility requirements prescribed in the Domestic and International 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 999 patent certificates from 2000 to 2020.



| Year | Company      | Applied   | Granted   |
|------|--------------|-----------|-----------|
| 2020 | ELAN         | 38        | 24        |
|      | Metanoia     | 0         | 1         |
|      | Avisonic     | 2         | 2         |
|      | PiXORD       | 3         | 1         |
|      | ELAN H.K.    | 0         | 0         |
|      | <b>Total</b> | <b>43</b> | <b>28</b> |

Note 1: ELAN H.K. is a delivery and customer service center. It does not have an R&D department, so patent information is N/A.

The Group number of patent application

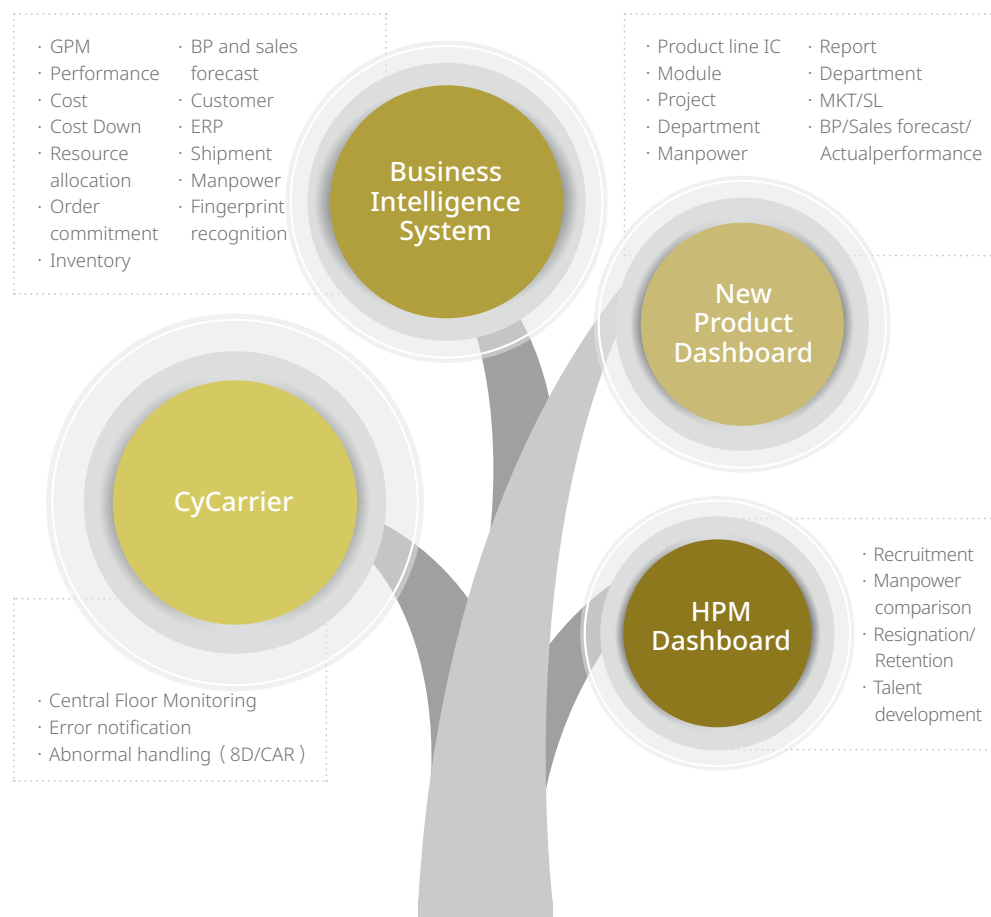


## 4.3 Knowledge management system that accelerates the efficiency of new product technology integration

Voluntary Disclosure -  
2 New product R&D

### Effectively reutilize the accumulated technology capabilities, and accelerate the efficiency of new product technology integration.

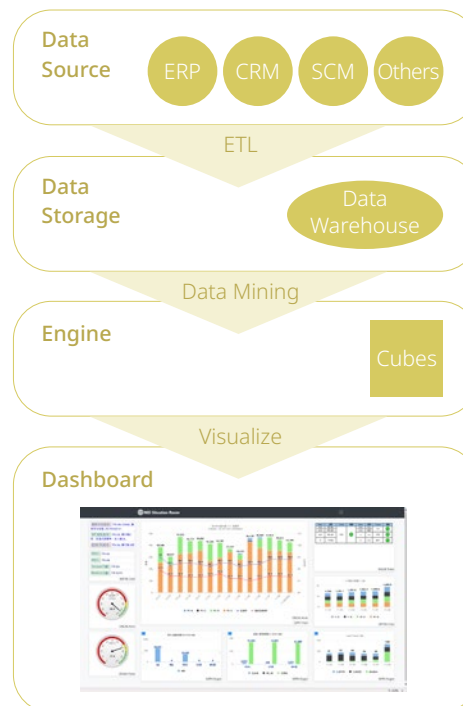
Since 2014, the flow has helped standardize development process of new products. Various systems are combined into one single portal to standardize new product proposals, development, and verification process. Since the launch of the online Knowledge Management System in February 2008, as of December 31st, 2020, up to 407,874 visitors logged in, and the number of files uploaded reached 56,892.



### Product Operations Dashboard improves the efficiency of new product development through key indicators and statistical analysis

R&D and innovation are the cornerstones of the company's continuous growth. In 2017, we began to build Product Operations Dashboard to conduct benefit analysis with various key indicators. From R&D to mass production, sales forecast to actual performance achievement rate, etc., the data is illustrated in graphs. The system also provides detailed information and automatic sending functions. Since it launched in 2018, there have been a total of 28,648 logins per person.

#### MIS Information System



### Industry-university cooperative project

Voluntary Disclosure 6 -  
Industry-university cooperative project

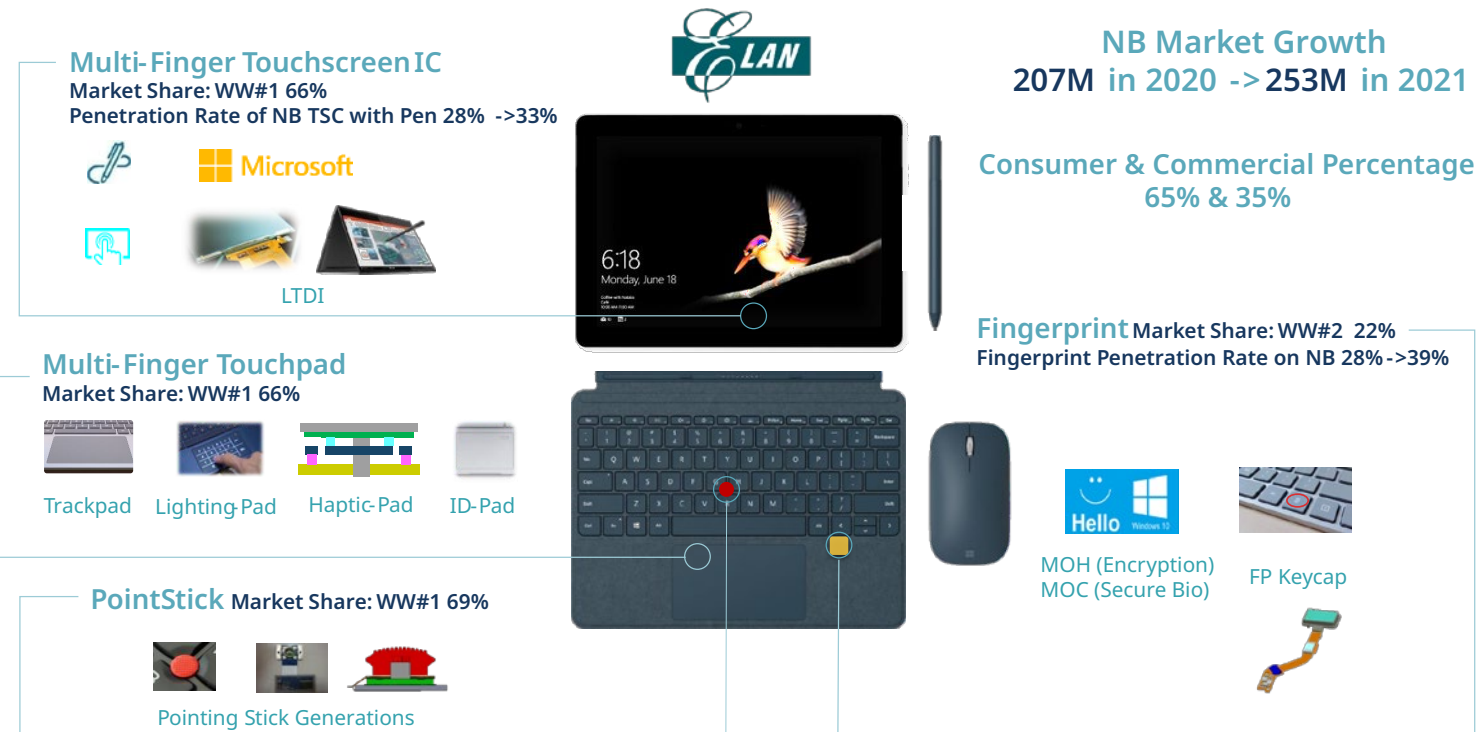
ELAN is committed to the commercialization of the results of industry-university cooperation, creating a win-win situation. In 2020, ELAN carried out five industry-university cooperative projects with industry experts and the academic professors at National Taiwan University, National Chiao Tung University, National Taiwan Ocean University, National Taiwan University of Science and Technology, and National Taipei University of Technology. 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

Among the key components of laptops, ELAN touch panel modules, touch screen chips, and pointing devices are leading the market, with more than 60% of the market share. Nevertheless, ELAN actively invested in the development and application of fingerprint recognition products, aiming to become a leader in the NB market. In 2020, the fingerprint revenue has achieved more than 152% annual growth, far more than any other product line. 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.

### ELAN World-Leading Smart Input Solution in NB Application



## 4.5 Product and labeling 417-1

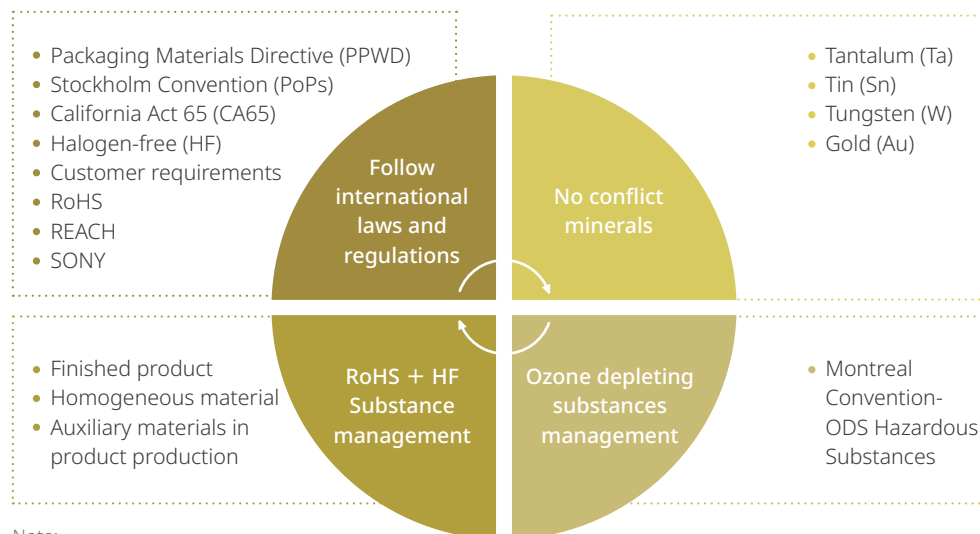
### Green product policy

- Comply with relevant international regulations and directives on hazardous substances.
- Meet the requirements of customers and ELAN hazardous substances



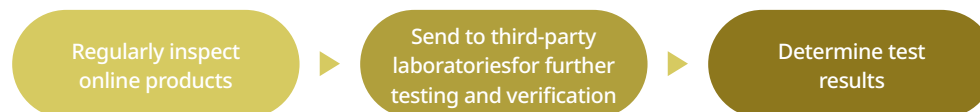
### Green product

ELAN builds our green products based on the banned/restricted requirements of hazardous substances regulated by international, industrial, and customer standards, establishes the Hazardous Substance Management Procedure to manage hazardous substances as well as to serve as a standard for our suppliers. Make routine audits and updates to ensure the effectiveness of the system. Last but not least, use eco-friendly materials to make green products.



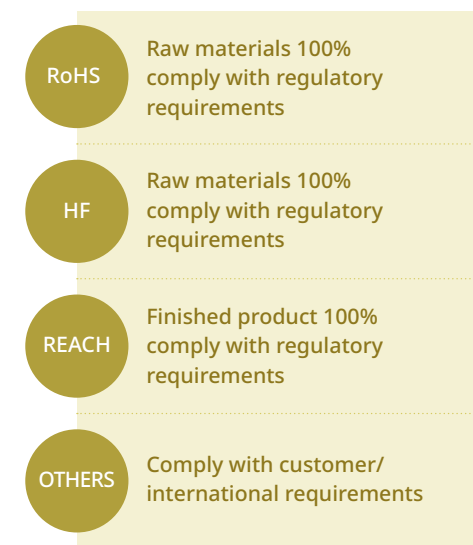
Note:  
RoHS: Restriction of Hazardous Substances in Electrical and Electronic Equipment  
REACH: Registration, Evaluation, Authorisation and Restriction of Chemicals

To meet company standards, ELAN inspects the products annually and monitors whether any products violate the requirements. Violations of regulations are strictly prohibited. The inspection procedure is as follows.



### Green product management results

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.



- To this date, there were no violations of health and safety regulations on products and services. 416-2

- To this date, there were no violations of product/service information and labeling. 417-2

## 4.6 Customer privacy 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

Chairman 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 Intellectual Property Right and Legal Department was appointed and 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.

## 4.7 Customer Service and Satisfaction

### Major management policy- product quality and customer satisfaction 418

#### 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.

#### Resources

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

#### Management strategy

ELAN conducts online surveys annually on customer satisfaction of our key customers or agents of each product line. 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 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 2020

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

#### Highlights in 2021

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

## Value customer service

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.

With extensive experiences in mass production, ELAN has become one of the leading innovators on the touch controller IC industry supply chain. From participate in the building of specifications with customers, 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.



ELAN Microelectronics official website



PIXORD Corporation official website



Metanoia Corporation official website

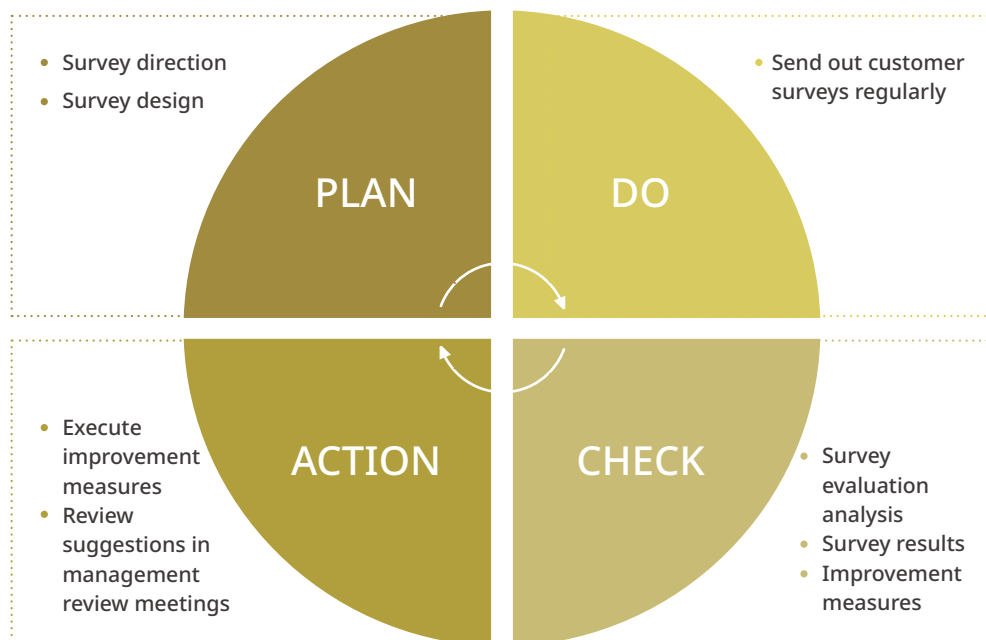


Avisonic Technology Corporation official website

## Customer Satisfaction Survey 102-44

### ELAN Microelectronics (Hsinchu)

ELAN conducts the Customer Satisfaction Survey 1-2 times each year on major clients. Client suggestions will be discussed and executed. Regularly review customer satisfaction (with a score of P-D-C-A) and propose corresponding improvement measures. Through face-to-face meetings and surveys, really listen to the voices of customers. Survey results will also be brought up in the management review every year.

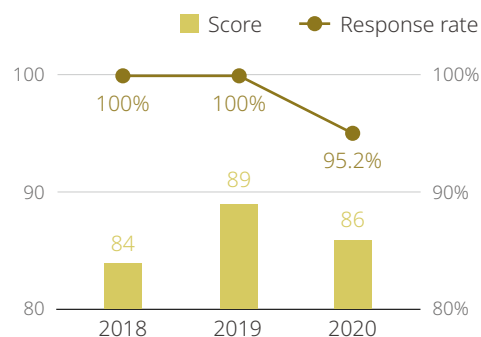


### 2020 ELAN (Hsinchu) Customer Satisfaction Survey results

| Product line                          | Numbers of surveys sent | Numbers of responses |                   | Response rate (%) |
|---------------------------------------|-------------------------|----------------------|-------------------|-------------------|
|                                       |                         | Sales service        | Technical service |                   |
| MCU products                          | 42                      | 21                   | 21                | 100.0%            |
| Smart human-machine interface product | 56                      | 26                   | 25                | 91.1%             |
| Fingerprint identification product    | 26                      | 12                   | 13                | 96.2%             |
| Total                                 | 124                     | 59                   | 59                | 95.2%             |
| Response rate (%)                     |                         | 95.2%                | 95.2%             |                   |

- ➡ In 2020, a total of 124 surveys were sent, and the response rate was 95.2%, slightly lower than that of last year. Sales personnel were asked to follow up.
- ➡ Overall, ELAN achieved a score of 80 or above on every item. No item was rated less than 70 points or had a 10% drop compared with the previous half-year.

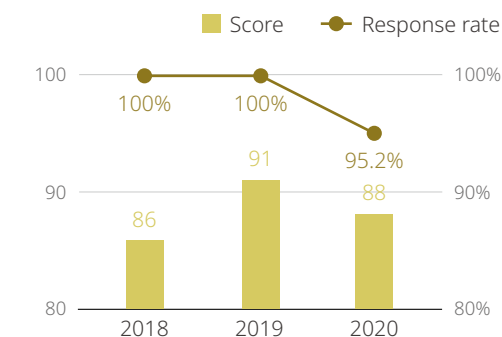
### ELAN (Hsinchu) Customer Satisfaction Survey results - Sales



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

Note 2: Sales survey scoring items : delivery date, delivery quantity, sales, service.

### ELAN (Hsinchu) Customer Satisfaction Survey results - Technical



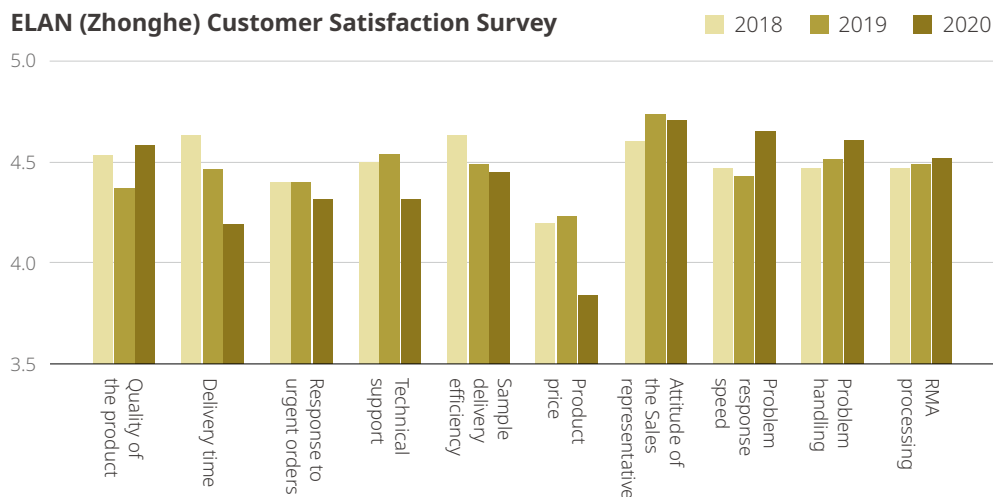
Note: Technical survey scoring items: quality, customer service/customer complaint, technical service

## ELAN (Zhonghe) Customer Satisfaction Survey

For the 2020 ELAN (Zhonghe) Customer Satisfaction Survey, a total of 37 surveys were sent and 31 were collected. The response rate was 83%, slightly lower compared to last year. The satisfaction score has also dropped due to product price increases. Under the influence of the COVID-19, materials and labor costs sent production costs soaring. ELAN implemented countermeasures to ease the impact. For the lowest four items, the improvement measures discussed by the Sales and related departments are shown in the following table:

| Review item               | Department in charge | Solutions                                                                                                                                                                                                                            |
|---------------------------|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Product price             | Purchasing           | Search and compare raw material prices. Continue to reduce product cost operation during DFM (Design for Manufacturing) process.                                                                                                     |
|                           | Product Sales        | Introduce new products, customize products based on customer needs, and 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 delivery period   | Production Planning  | Share material storage to facilitate the flexible allocation of materials, and cooperate with the decentralized production of the foundry and bring in automated production to maximize the utilization rate of the production line. |
| Technical support         | R&D                  | In order to facilitate customers to confirm the accuracy of the communication concept, write down the communication content. Also, formulate a clear implementation plan to follow-up and adjustment periodically by both parties.   |

## ELAN (Zhonghe) Customer Satisfaction Survey

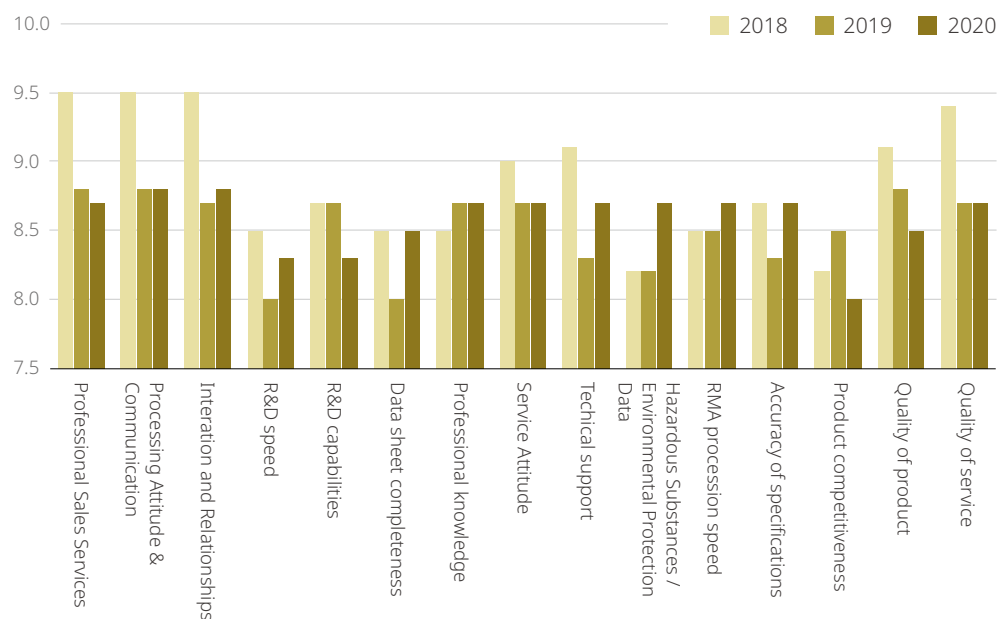


## Metanoia

Conduct e-Customer Satisfaction Surveys on 10 major clients in 2020. 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 average scores on "R&D speed", "R&D Capabilities", and "Product Competitiveness" were lower than the target KPI (8.5). As for the customer satisfaction survey, the scores on "R&D Capabilities" and "Product Competitiveness" have slightly decreased. Besides, the company will follow up with clients' projects, provides them with corresponding help and supplements, and help position new products according to market trends. We look forward to introducing product with competitiveness in the next generation xDSL and 5G markets.

Compared with 2019, customer satisfaction increased in 2020. With Sales personnel regularly communicate with the customer to confirm the product delivery time, visit PM regularly, assist customers with the progress of developing new products and customized requirements, the company has continued to obtain good feedback from the clients. Not but not least, R&D and customer service personnel also assist clients with supplementary specifications, which brought up the overall customer satisfaction as well.

## Metanoia Customer Satisfaction Survey



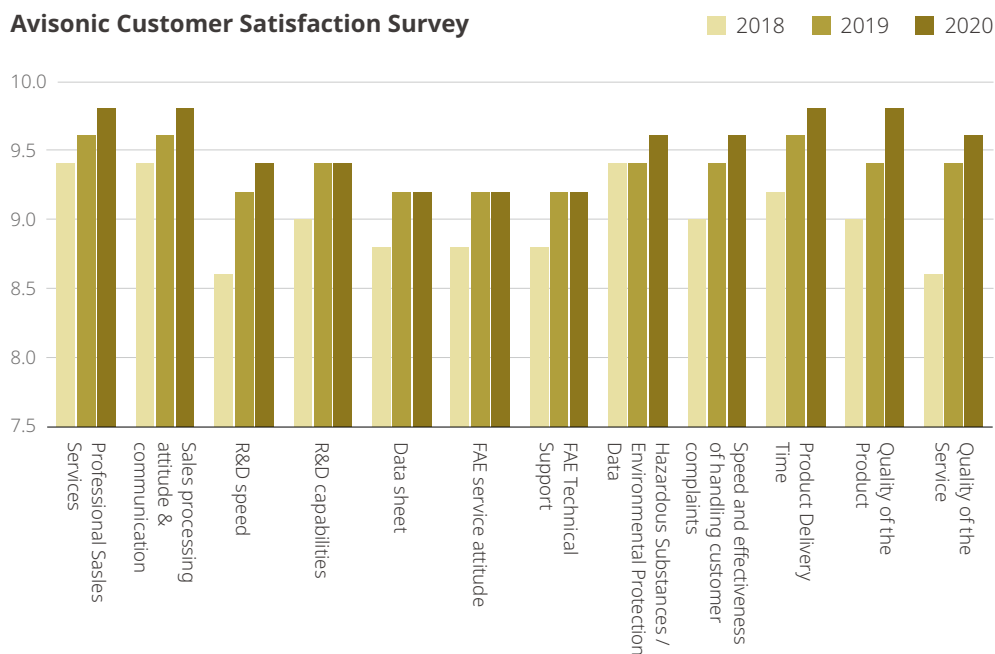
## Avisonic

Conduct an e-Customer Satisfaction Survey on important clients or agents each year. The survey includes items such as sales, R&D, technical support, production management quality, customer complaint handling, product quality, and overall service quality. The results of the survey are submitted to related departments for review.

The survey was sent to five major clients of Avisonic in 2020, 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, 2019 and 2020 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 Customer Satisfaction Survey



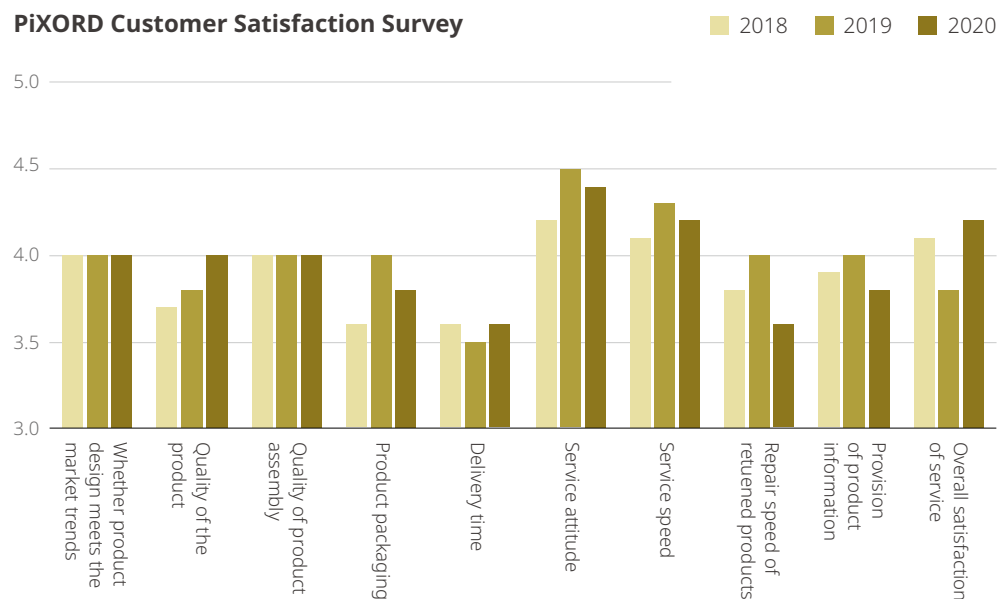
## PIXORD

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.

In 2020, PIXORD has conducted the survey on their five major clients, with a 100% recovery rate. The results of this survey show that over the years, PIXORD has been able to provide clients with comprehensive construction plans through rich practical experience. Therefore, "product quality", "delivery time", and overall satisfaction have increased compared with 2019. However, scores on "packaging", "service attitude and speed", "repair speed of returned products", and "provision of product information" were slightly lower than of 2019.

PIXORD will continue to collect and analyze the product applications, so that it can develop products simultaneously with the market trends. Sales or PM will coordinate with customers through regular meetings and visits. Meanwhile, the company will strengthen the training of product specification to employees in order to raise their familiarity, offer quality service and the capabilities of technical support to create a win-win situation.

### PIXORD Customer Satisfaction Survey



# 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

## Highlight

**59%** of ELAN's suppliers were from Taiwan.

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

ELAN Online Supplier Conference satisfaction is as high as **90%**

**100%** of ELAN's suppliers submitted RMI.

Quality System Risk Assessment results: **100%** low risk

**89%** KPI achievement rate throughout the Group.



## 5.1 Supplier strategy

### Major management policy- sustainable supply chain

204 308 414 Voluntary Disclosure - 3 Supplier strategy

#### Policy and commitment

Suppliers are important partners of ELAN. We follow 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 while promoting corporate social responsibility. Supply chains have been urged to attach importance to human rights, environmental protection, health and safety, strengthen supplier ESG (Environmental, social and governance) management, and cooperate to develop a sustainable supply chain.

#### Resources

Under the ESG Committee, an RBA Promotion Team was organized.

#### Management strategy

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

#### Medium and long-term plan

In addition to ensuring quality, delivery period and price of suppliers' products, the company formulated the Corporate Social Responsibility Management System and Promotion Plan to help our suppliers with ethics labor & human rights, environment, health & safety, risk management, etc., in order to fulfill their corporate social responsibility.

#### Performance in 2020

- Launched RBA audit activities for specific brand customers, 24 companies in total.
- Major suppliers had signed the Supplier Social Responsibility and Business Ethics Consent.
- 100% of ELAN's suppliers submitted RMI.

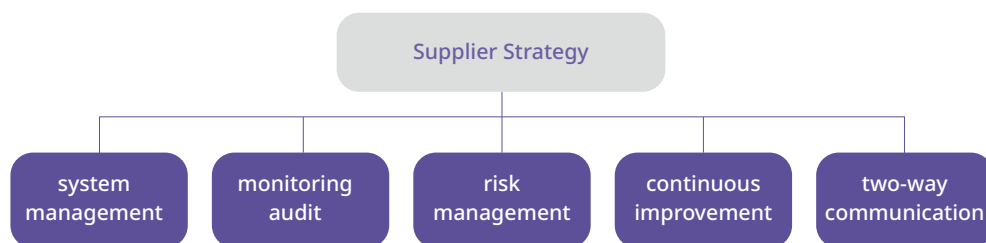
#### Highlights in 2021

- Continue to investigate the newly added conflict minerals, cobalt.
- 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.

## Supplier Strategy

Voluntary Disclosure 3 - Supplier strategy

ELAN is committed to forming alliances between IC design and supply chain and establishes long-term win-win relations with our suppliers. In addition to considering the supplier's delivery date and price, ELAN produces high-quality products while paying attention to the suppliers' sustainable development and environmental protection. ELAN implements five strategies including system management (ISO), monitoring audit (annual supplier audit), risk management, continuous improvement (outsourcing meeting), and two-way communication (supplier conference, stakeholder questionnaire) to construct feasible methods for our suppliers to fulfill social responsibilities and work towards sustainable development.



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

| Supplier management procedure           |                                                                                                                                                                                     |
|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>New supplier evaluation</b>          | Conduct a full evaluation on engineering capability, delivery time, quality, price competitiveness, RBA, etc., to ensure that the supplier meets the needs of ELAN and our clients. |
| <b>Qualified supplier management</b>    | Carry out irregular supplier inspections, focusing on product reliability monitoring, product defect rate control, abnormal management (production/feeding/major abnormality).      |
| <b>Monthly appraisal / Annual audit</b> | ISO system 、 product manufacturing 、 RBA audit 、 hazardous substance management.                                                                                                    |
| <b>Experience / knowledge sharing</b>   | Through experience/knowledge sharing, corporate and grow together with our suppliers.                                                                                               |
| <b>Supplier Conference</b>              | Promote ELAN's latest green product requirements, and elaborate on the annual corporate social responsibility performance and promotion.                                            |

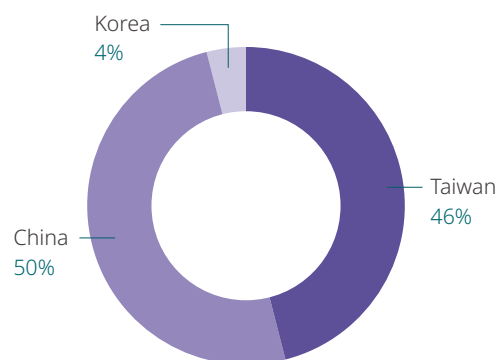
have to guarantee that their products are free of internationally prohibited substances harmful to the environment and ensure compliance with the GP Spec. requirements of the customer, RoHS, REACH of the EU, and other government requirements (e.g., Conflict Minerals Survey). Questionnaires, performance 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 response to the requests of a brand client, at the end of 2018, supplier on-site audits have been completed. Improvement measures will be followed up during meetings. confirmed through meetings. In 2019, the annual RBA audit plans were scheduled, and a total of 24 plans have been carried out in 2020.

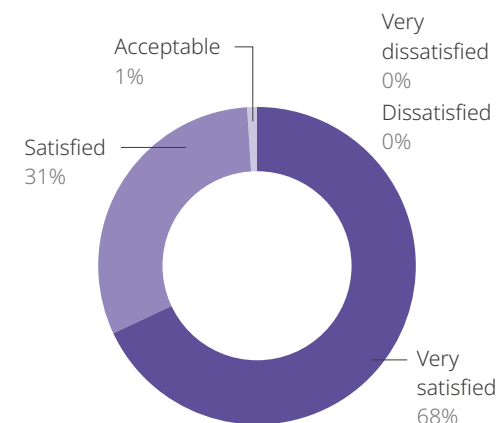
In 2020, a total of 24 ELAN' s suppliers participated in the online Supplier Conference, and 90% of them completed the follow-up satisfaction survey with a positive response as follow.

1. Fully integrate the latest regulations and customer standards to make listeners more accessible
2. Fully explain the global green environmental protection trends and requirements.
3. Introduce the relevant green laws based on international trends, let suppliers have a better picture of it.

**Distribution of ELAN (Hsinchu) Suppliers Participating Online Conference by Region**



**Supplier Conference satisfaction survey**



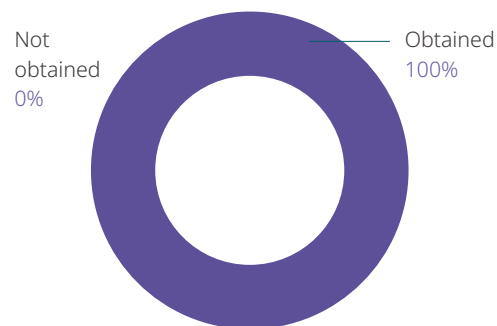
308-1 409-1 414-1

In 2020, all important suppliers had signed the Supplier Social Responsibility and Business Ethics Consent, and had obtained ISO 9001 and ISO 14001 certificates. 42% of the suppliers hold the OHSAS 18001/ISO 45001 certificate.

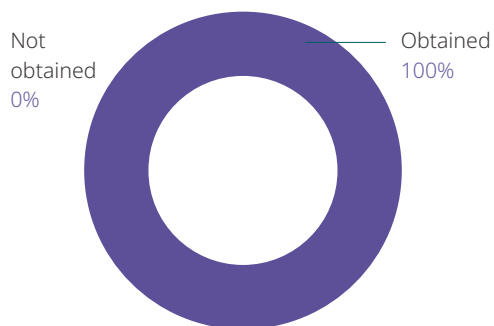
### Important suppliers with "Supplier Social Responsibility and Business Ethics Consent"



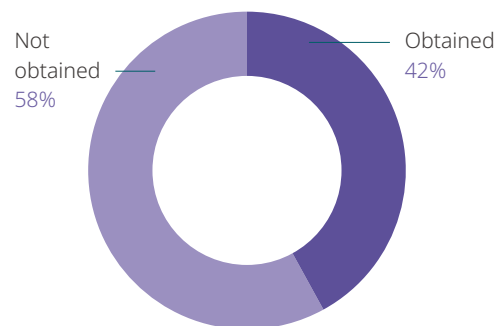
### Important suppliers with the ISO 9001 certificate



### Important suppliers with the ISO 14001 certificate



### Important suppliers with the OHSAS 18001/ISO 45001 certificate.



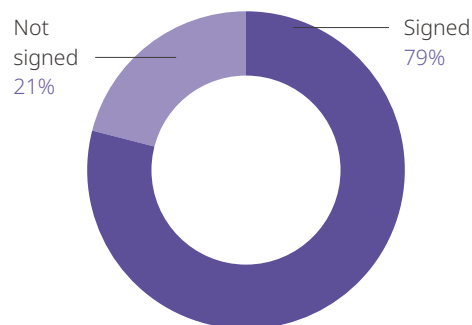
Note: Manufacturer that account for 80% of the company's supplier transaction are considered important suppliers.



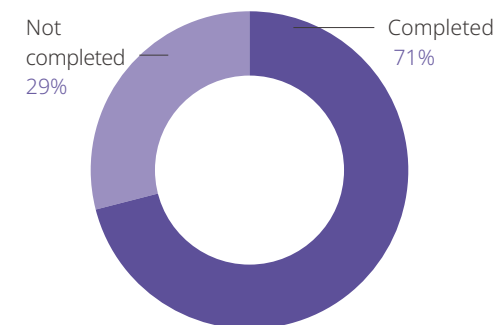
### Mechanism integrated into the organization's supply chain

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 2020, 79% of the new suppliers had signed the Supplier Social Responsibility and Business Ethics Consent, and 71% had completed the RBA Audit Form.

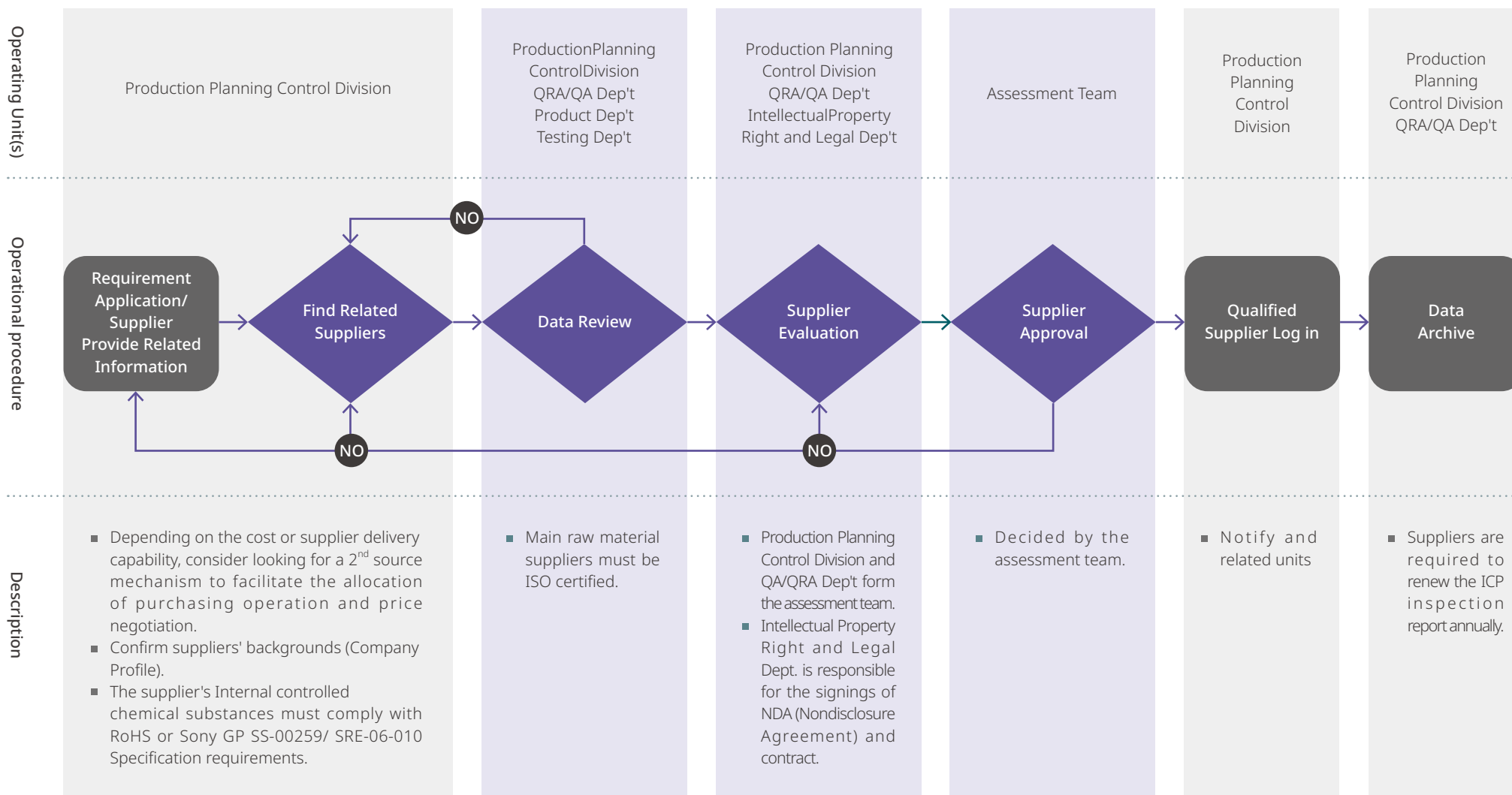
### Sign the Supplier Social Responsibility and Business Ethics Consent



### Complete the RBA audit form



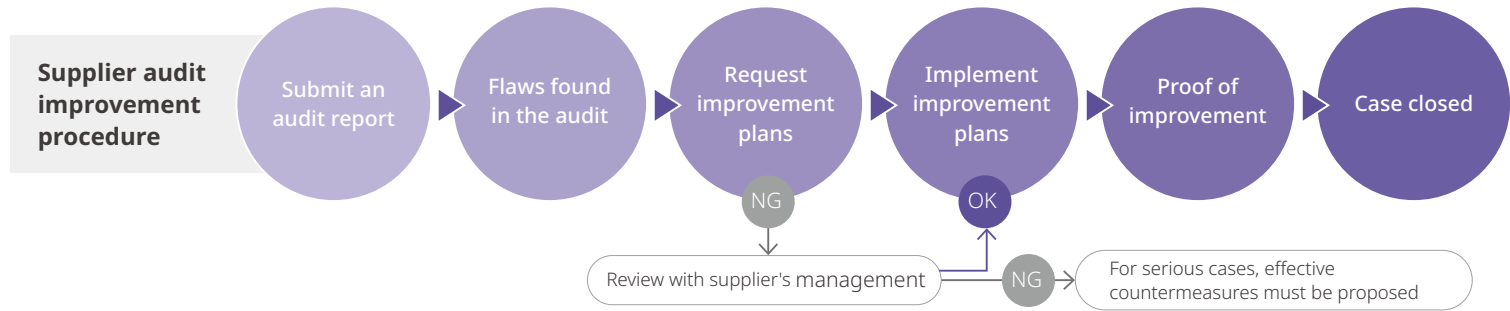
## ELAN Supplier Selection Procedure



Note: The operation 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.

## Supplier audits

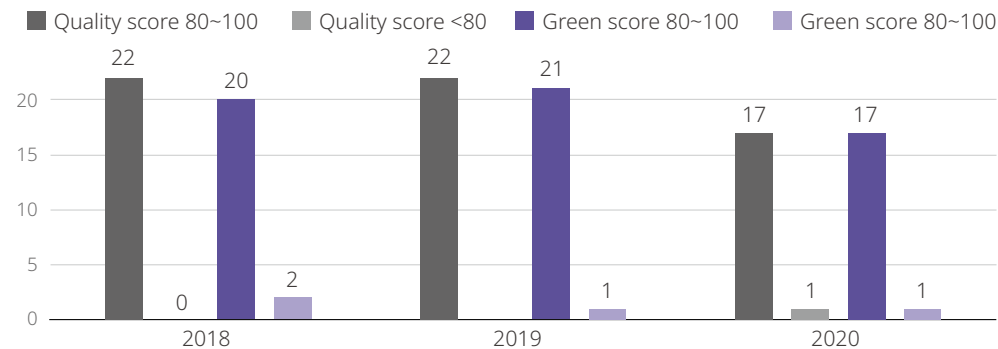
Regular audits are all planned by supplier management employees, gather the needs of relevant units, conduct supply chain factory audits, and document reviews to ensure product stability in the supply chain. Apart from the on-site audits, the management and evaluation of the green products were also included. The primary goal is to comply with international regulations and ELAN's customer requirements.



### ELAN (Hsinchu)

In 2020, a total of 18 suppliers have been audited on-site, and 94.4% 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.

#### Audit scores of ELAN Hsinchu supplier

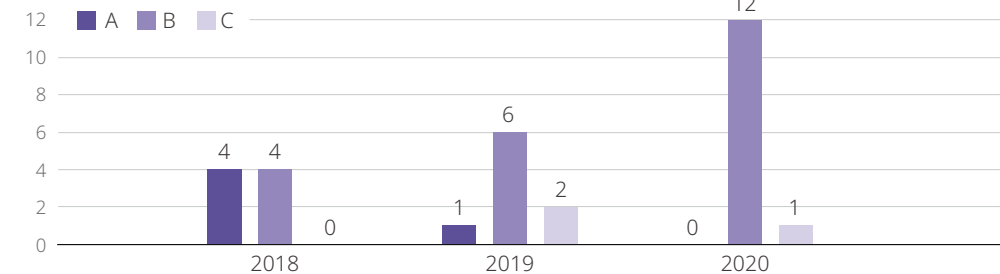


Note: Quality System Score: Qualified: 80~100; Unqualified: Total Score < 80  
Green System Score: Qualified: 80~100; Unqualified: Total Score < 80

### ELAN (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 QC and the R&D shall conduct on-spot evaluations and record the results onto the Material Purchase Request Form. Finally, qualified suppliers will go on to the Qualified Suppliers List. ELAN Zhonghe factory employs the key supplier evaluation & audit procedure to inspect raw materials, with main focuses on PCB and SMT. In 20120, a total of 13 PCB and SMT suppliers were audited. Among them, 0 supplier received Grade A, 12 received Grade B, and 1 received Grade C. No suppliers were unqualified. However, there was one Grade-C supplier due to quality and productivity issue. In the future, we will continue to provide guidance to our suppliers through quarterly audits and quality improvement meetings.

#### 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.

## 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. Later, the Engineering Department, QA Department, and Production Management Department will conduct a final on-site evaluation.

### Number of supplier audits- quality system scores are integrated as follows:

| Year | < 80 | 80-89 | 90-99 | 100 |
|------|------|-------|-------|-----|
| 2018 | 0    | 1     | 6     | 0   |
| 2019 | 0    | 2     | 5     | 0   |
| 2020 | 0    | 5     | 3     | 0   |

Note1: Grading on quality and delivery, suppliers with 80 points or higher are listed as qualified manufacturers.

Note2: Returned batch <3 = 80 points

Note3: Returned batch >3 = less than 80 points

### Follow-up assessment and inspections

Suppliers with a monthly return of 3 batches or less are deemed qualified. The others will be given a limited time to improve. If a supplier has had no return history in the past three months, upon QA supervisor's approval, it can be exempt from the inspection, and its products can be delivered directly to the warehouse. However, 1 returned batch will send the supplier back to normal inspection procedures.

## Avisonic

To remain competitive within the industry, ensure suppliers' product quality and delivery period are meeting the company's requirements, 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. Based on return records, suppliers with a monthly return of 3 batches or less are deemed qualified. The others will be given a limited time to improve. At present, all suppliers are ISO certified companies. In 2020, no suppliers had return records.

Supplier assessment score calculation:

Delivery and service x35 % + Manufacturing process capability and stability x 35% + (30 - total deducted points during quality assessment)

### Assessment scores and their corresponding grades:

| Grade | A      | B     | C     | D   |
|-------|--------|-------|-------|-----|
| Score | 90-100 | 80-89 | 70-79 | <69 |
| 2018  | 7      | 0     | 0     | 0   |
| 2019  | 7      | 0     | 0     | 0   |
| 2020  | 7      | 0     | 0     | 0   |

The evaluation result of 2020 shows that all 7 suppliers are A-level, no supplier were unqualified.

## PiXORD

According to the Procurement Management Procedures, suppliers were 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 |
|------------|-----|-------|-------|-----|
| 2018       | 108 | 7     | 1     | 0   |
| 2019       | 83  | 13    | 0     | 0   |
| 2020       | 15  | 2     | 1     | 0   |

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:

2018: 116 qualified suppliers and 0 unqualified suppliers.

2019: 96 qualified suppliers and 0 unqualified suppliers.

2020: 18 qualified suppliers and 0 unqualified suppliers.

Note: PiXORD has become a smart traffic detection system provider in 2019. Most of the equipment required for bidding or subsidy projects is purchased products. Therefore, self-production has decreased, as well as the purchases of raw materials. As results, the number of purchases is quite different compared with the previous two years.

## ELAN Hong Kong

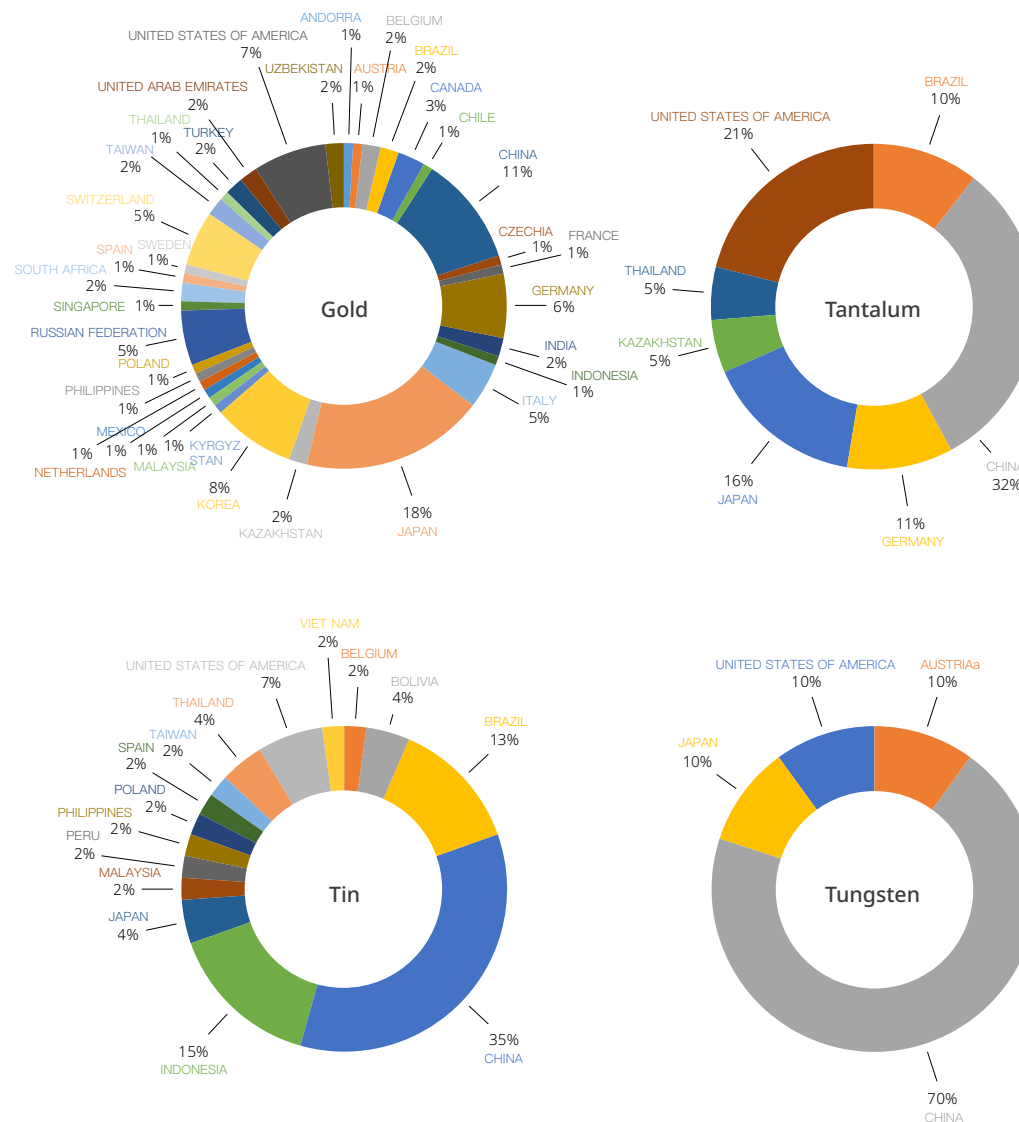
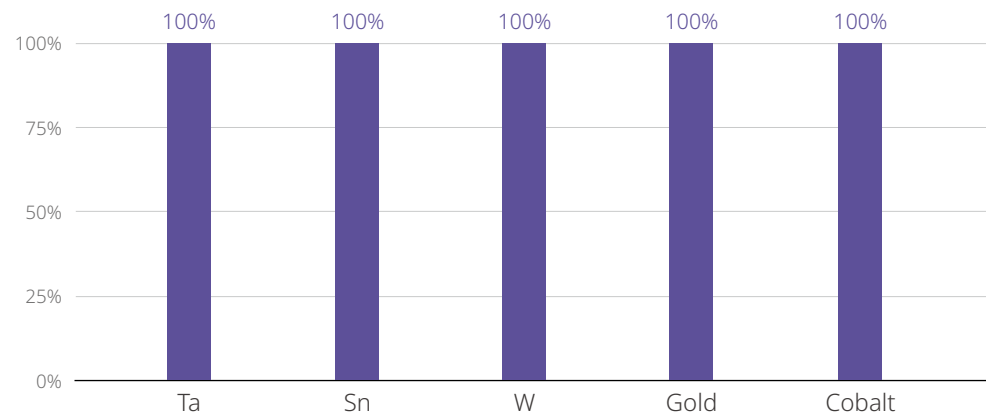
An invoice and customer service center. Therefore, no supplier-related evaluations were conducted.

## ELAN Conflict Minerals Management

According to the Responsible Minerals Initiative (RMI) investigation, the Democratic Republic of the Congo and insurgent organizations in neighboring countries, have been obtaining "conflict minerals" such as Tantalum (Ta), tin (Sn), Tungsten (W) and Gold (Au) through forced and child labor in order to trade for weapons and cause the region unsettling.

Not to use conflict minerals is ELAN' s social responsibility and commitment to protect human rights and the environment. Therefore, ELAN formulated the Mineral Procurement Policy, requiring suppliers to purchase the minerals from certified smelter and independent third-party verified agencies. Meanwhile, suppliers are required to use the CMRT when investigating the use of conflict minerals. Besides verifying with the suppliers, the company also provides corrective measures, committing to eliminate conflict minerals in all products and supply chains. According to the EU key material research report, one-third of the Cobalt in the world come from Democratic Republic of the Congo and its surrounding areas where illegal operations may be happening. Since 2019, ELAN has paid close attention to Cobalt minerals and added it into the Mineral Procurement Policy. The following is the distribution of qualified smelters in 2020:

Ratio of ELAN's suppliers submitting RMI in 2020

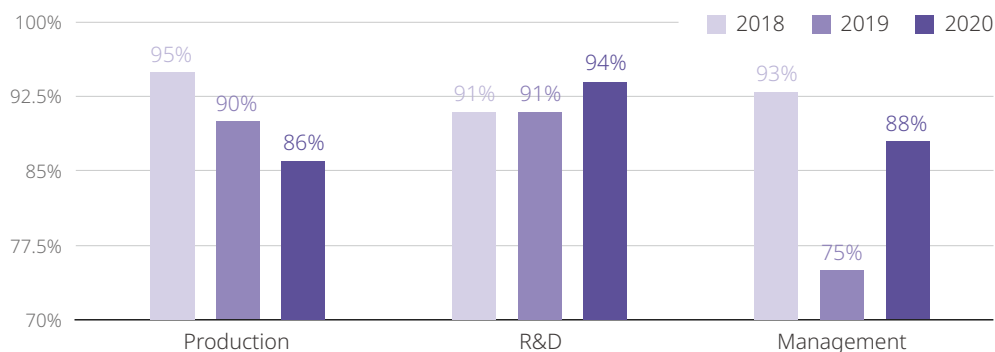


## 5.2 Key Performance Indicator, Management process optimization and electronization

Voluntary Disclosure-4 Management Key Performance Indicator

As of 2020, ELAN has a total of 33 departments, with a total of 100 KPIs (Key Performance Indicator) generated. By the end of the year, heads of each department are in charge of setting feasible and measurable department objectives for the upcoming year. After approval, projects are imported into the department's KPI system. Monthly quality meetings will be held by IPM to review KPI achievements. For departments that are not achieving their goals for the month/quarter/half-year, improvement measures should be proposed.

### ELAN average KPI achievement rates

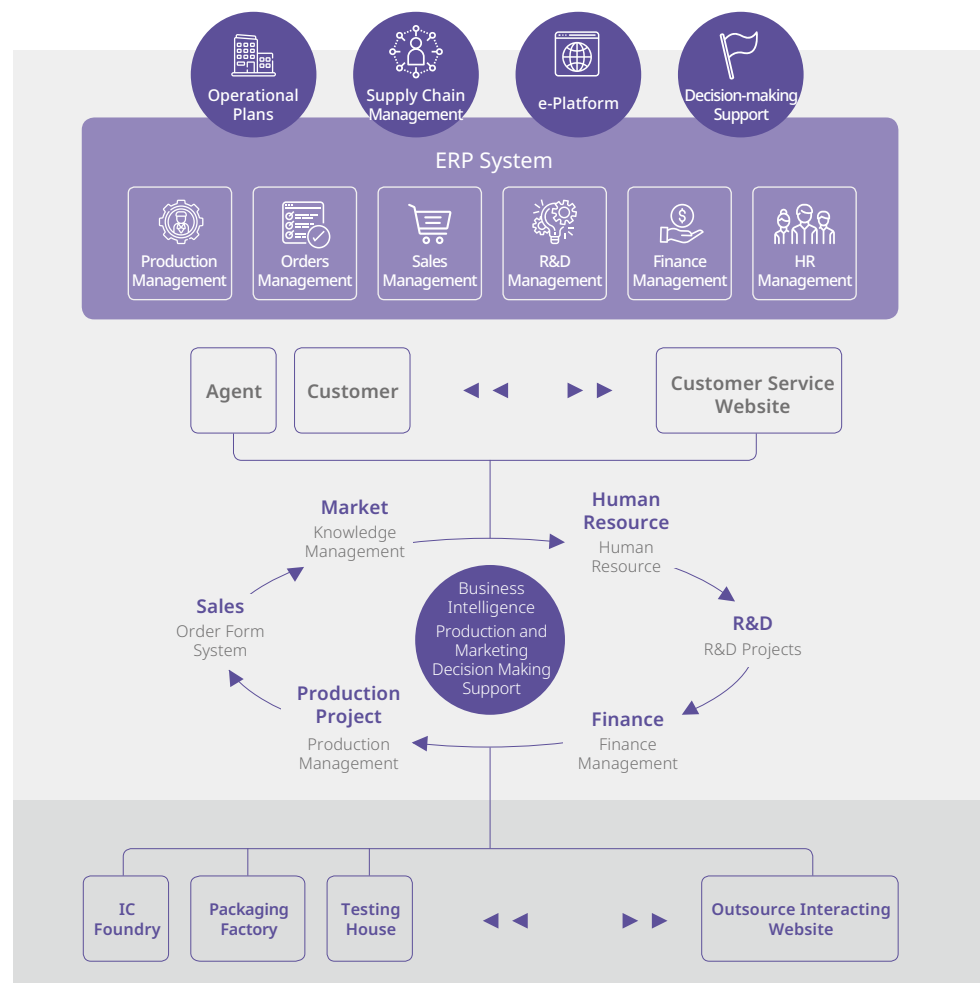


The KPI of production units was decreased in 2020 because the engineering department for automatic production line added new equipment and modified existing equipment which resulted in a delay. The company will continue the purchase of the equipment and the process fine-tuning and optimization and include them in the 2021 KPIs.

### Management process optimization and electronization

Voluntary Disclosure-2 New Product R&D

To ensure differences and negligence are excluded during an operating procedure, all the standard operating procedures have been electronicized. Management, processes and procedures of the information system are all strictly defined. 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 systems and e-platforms were used internally and externally by customers and outsourcing manufacturers. As of December 31, 2020, there were a total of 1,329 web applications and 1,919 electronic forms.



In order to make more informed decisions through data analysis, the company's information system is also being planned according to the data analysis framework of big data. The analysis made by the system is sufficient to provide information required for major decision-making, as well as the control of related costs, including production plan, sales management, and related expenses.

## 5.3 Risk Management and Opportunity

102-11 403-2 Voluntary Disclosure 8- Risk Management

As global operational risks continue to increase, businesses need to be ready for many potential and unpredictable risks. The ESG Committee is the head of ELAN risk management. It evaluates various corporate operational risks, formulates corresponding measures to ensure business continuity. Implementation results are also sent to the board of directors every year. On 28 Dec 2020, the board of directors have approved ELAN Risk Management Policy, which identified the following risk categories based on environment, society, and corporate governance:



The risk management executive team under the ESG Committee follows the Risk Management Procedures, Hazard Identification and Risk Assessment Management Procedures, and Information Security Management Procedures every year to conduct risk assessments on environment, social, and corporate governance. After the assessment, make improvement plans for high-risk items. Integrate risk management when making operational decisions to minimize risks and achieve operational goals and performance.

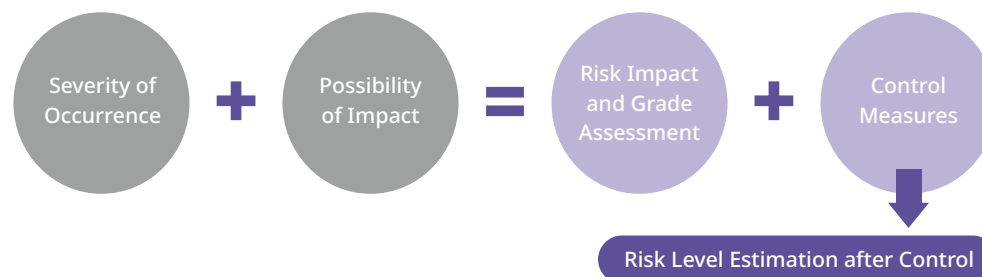
### Basic operational process of risk and opportunity management

| Risk Management                                                                                                                                      | Risk Assessment                                                                                                       | Risk Handling                                                                                                                                            | Risk Supervision/ Review                                                                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Formulate risk management strategy</li> <li>Establish a risk management framework (including PDCA)</li> </ul> | <ul style="list-style-type: none"> <li>Risk identification</li> <li>Risk analysis</li> <li>Risk assessment</li> </ul> | <ul style="list-style-type: none"> <li>Monitor risk level on the assessment form</li> <li>List countermeasures</li> <li>Execute the risk plan</li> </ul> | <ul style="list-style-type: none"> <li>Hold regular management review meetings</li> </ul> |

As for the new opportunity assessment, the stakeholders suggested a few items such as customer requests, 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.

The Risk Management procedures is formulated to ensure the management system can achieve expected results, prevent/reduce the impact of a disaster, and make improvements. The following table shows the basic operational process of risk and opportunity management.

### Risk management cycle



Every item evaluated in the 2020 risk assessment was rated "low risk". After a careful evaluation, 7 improvement plans are made.

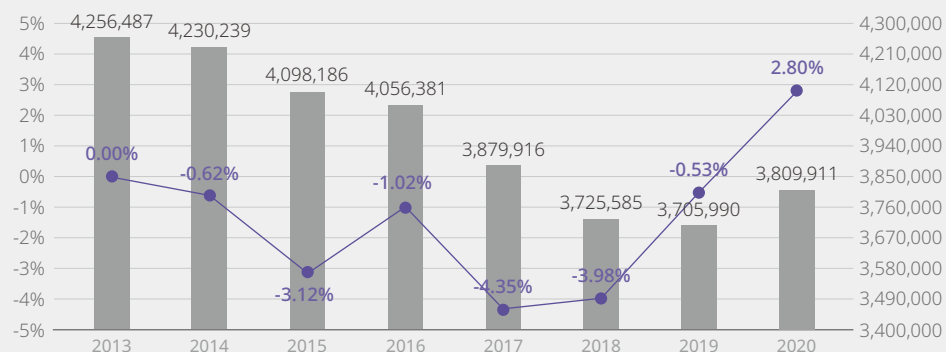
| Major issues            | Environmental System | Society |            |                     |                |                                     | Corporate Governance |         |
|-------------------------|----------------------|---------|------------|---------------------|----------------|-------------------------------------|----------------------|---------|
|                         | Environmental System | R&D     | Production | Sales and Marketing | Human Resource | Occupational Health & Safety System | Information Security | Finance |
| <b>Risk</b>             | 228                  | 37      | 84         | 39                  | 16             | 714                                 | 5                    | 11      |
| <b>Opportunity</b>      | 1                    | 0       | 0          | 0                   | 0              | 16                                  | 0                    | 0       |
| <b>Improvement plan</b> | 7                    | 0       | 0          | 0                   | 0              | 13                                  | 0                    | 0       |

## Major improvement plans

### Plan 1 Power reduction

1. The Hsinchu plant completed LED light replacement. (2014-2020)
2. Insulation paper is posted on the glass of Hsinchu factory building. (2020)

Unit: kWh



Note 1: In 2020, due to the impact of COVID-19 epidemic, the change of workplace culture led to an increase in electricity usage.

Note 2: From 2013 to 2020, the overall electricity usage has declined by 10.49%.

### Plan 2 COVID-19 Epidemic Prevention Measures

1. Establish epidemic prevention measures.
2. Strengthen environmental and personal hygiene.
3. Follow COVID-19 Epidemic trends and provide updated information to all staff
4. Record staff, guests and visitors' temperatures and TOCC (Travel, Occupation, Contact and Cluster) information
5. Ask most employees to work from home to avoid gathering
6. Set up isolation areas to prevent people at risk from entering
7. Provide resources for epidemic prevention.

**Achievement: No confirmed cases in all plants.**

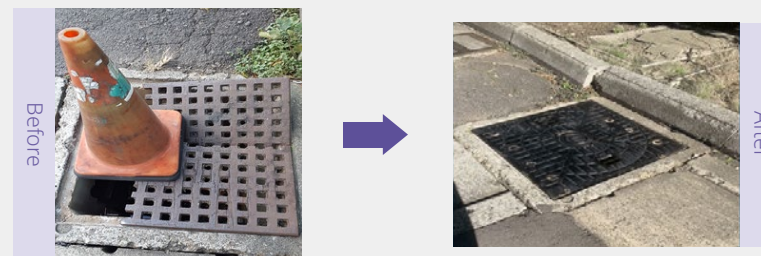
### Plan 3 Replacement of lifting device base

The base has been used for many years and is slightly corroded. In order to ensure the safety of workers when hanging, the base was replaced along with some beautification design, so that it still has a decorative effect when it is not in use.



### Option 4 Replacement of sewer lid

There are many large vehicles coming in and out of the shipping dock, cracking the sewer lid from time to time. In 2020, we replaced the old lid with a thicker one to extend its service life and avoid trampling incidents when workers pass by.



## Task Force on Climate-related Financial Disclosures (TCFD) 201-2

### Governance Expose the organization's climate-related risks and opportunities

| Guiding principles                                                            | Specific approach                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The board of directors oversees climate-related risks and opportunities       | The board of directors is ELAN's highest governance body. The ninth term of the board of directors is composed of 4 directors and 3 independent directors. The board of directors of ELAN will meet at least once every quarter in 2020 to set economic, environmental, and social norms in accordance with relevant laws and regulations. Meanwhile, the board will also go through ESG Committee regulations and Risk Management Policy.                             |
| Management team evaluates and manages climate-related risks and opportunities | The ESG Committee is the head of ELAN sustainable development management. Its risk management executive team collects and evaluates company-wide operational risks including climate change, reports its promotion plans and goals to the board of directors, and discloses such information in the annual ESG report. The risk management execution team will conduct regular reviews and follow up on those plans and goals in the annual management review meeting. |

### Strategy Immediate and potential climate-related risks and opportunities. Impact on the Group's business, strategy and financial planning.

| Guiding principles                                                                                                       | Specific approach                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Identify short, medium and long-term climate-related risks and opportunities                                             | <ul style="list-style-type: none"> <li>© ELAN set short-term (1-2 years), and medium and long-term (over 3 years) management goals for climate-related risks and opportunities. At the same time, evaluate the potential impacts of climate risk factors on the company's strategic, operational and financial planning.</li> <li>© Short-term risks may be the cost of raw materials, climate and product-related regulations, extreme weather, etc. Whereas medium and long-term risks include change of energy source, low-carbon technologies, and future product trends.</li> </ul> <p>The company intends to achieve the goal of carbon neutrality by 2060 through low-carbon transformation technology, supply chain management, the transformation of energy resources in the factory, and the purchase of carbon rights.</p> |
| Climate risks and opportunities that have a significant impact on the Group's business, strategy, and financial planning | <p>In the global risk annual reports released by the World Economic Forum in recent years, extreme weather events, failure to adapt to climate impacts, and natural disasters have always ranked at the top.</p> <p>Climate change not only impacts the global environment and ecology but also brings high risks to corporate operations. Nowadays, governments and companies are jointly responding to changes. As one of the tops in the IC design industry, ELAN is committed to incorporate environmental considerations into IC design, design and develop energy-saving products, and fulfill our responsibilities for environmental protection, energy conservation, and carbon reduction. We also urge our suppliers to do the same.</p>                                                                                     |
| The potential impact on the Group's business, strategy and financial planning in different scenarios                     | ELAN performed simulations by applying the 2° C Scenario (2DS) developed by the Nationally Determined Contributions (NDCs) and the International Energy Agency (IEA), and use the results of 2013 as a standard to estimate the carbon reduction responsibility of ELAN. In order to achieve the NDCs greenhouse gas reduction target by 2050, ELAN has implemented power-saving management for Scope 2.                                                                                                                                                                                                                                                                                                                                                                                                                              |

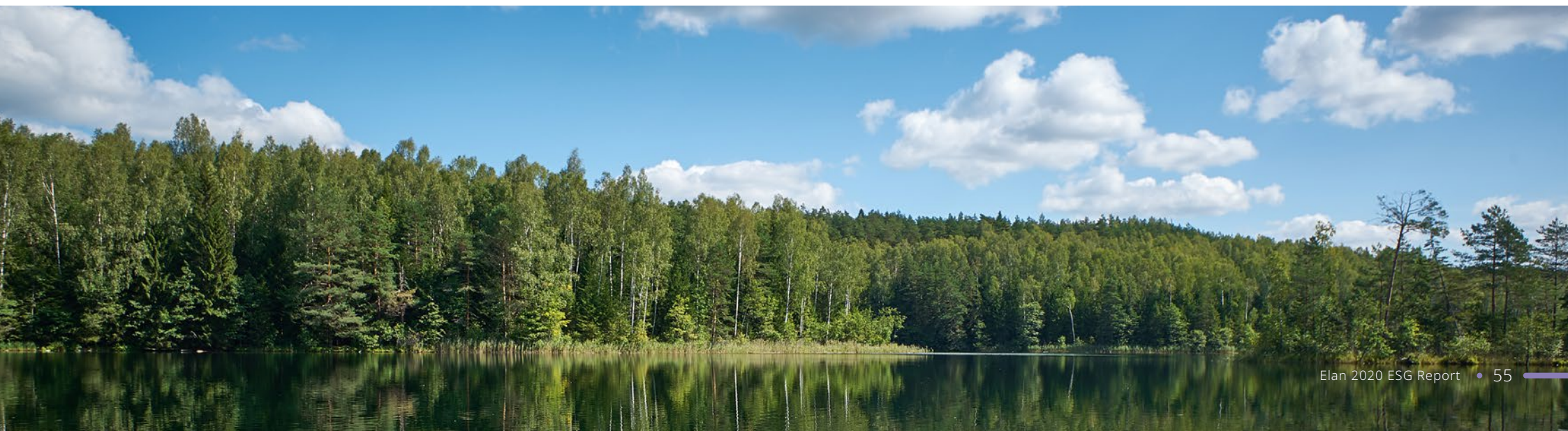
**Risk management**
**Procedures used by the Group to identify, evaluate and manage climate-related risks**

| Guiding principles                                                                  | Specific approach                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Climate-related risk identification and assessment</b>                           | <p>Climate-related risk identification and assessment and management procedures</p> <ol style="list-style-type: none"> <li>1. Integrate risk management with the internal management of the company, as well as the ISO9001/14001 environmental management system: <ol style="list-style-type: none"> <li>(1) All relevant departments conduct the risk identification and assessment following the management procedures.</li> <li>(2) In accordance with the PDCA management cycle and systematic management, continue to exert greater influence on the consistency of environmental protection goals and implementation strategies.</li> </ol> </li> <li>2. Members of the Risk Management Executive Group under the ESG Committee will discuss the management of physical risks in accordance with the TCFD framework. Identify important topics, including climate change, and draw out control plans.</li> <li>3. The risk management system is integrated into the corporate management system. Climate risk has been listed as one of the irregular discussion items of the Risk Management Executive Team.</li> </ol> |
| <b>Climate-related risk management</b>                                              | <ul style="list-style-type: none"> <li>© With the existing supplier sustainable management mechanism and the ISO 14001 environmental management system, suppliers are screened through ESG aspects, and annual on-site/written audits are conducted for the selected important suppliers.</li> <li>© In accordance with the ISO 14001 framework, the PDCA management cycle is used to ensure the consistency of the company's environmental protection goals and implementation strategies. The ESG committee regularly reviews and makes necessary adjustments to achieve management goals.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Integrating climate-related risk management into the overall risk management</b> | <p>Members of the Risk Management Executive Group under the ESG Committee will discuss in accordance with the TCFD framework. Identify important topics, including climate change, and draw out management strategies and control plans.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

**Indicators and goals**
**Disclose important indicators and goals of climate-related risks and opportunities**

| Guiding principles                                                                                      | Specific approach                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Indicators used by the Group to assess climate-related risks and opportunities</b>                   | <p>Indicators ELAN used to assess climate risks include electricity usage, greenhouse gas emissions, water consumption, and days of business interruption.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Disclose Scope 1, Scope 2 and Scope 3 (if applicable) greenhouse gas emissions and related risks</b> | <p>Since 2014, an independent inventory of Greenhouse Gas Scope 1 and 2 have been carried out in accordance with ISO 14064-1 standard. Refer to the product carbon footprint calculation service platform for Scope 3. The inventory is mainly waste production and removal. The results are disclosed in the ESG Report Environmental Protection and Social Welfare.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>The Group's goals and standards for managing climate-related risks and opportunities</b>             | <ul style="list-style-type: none"> <li>© In 2014, the goal of reducing 1% of electricity consumption per capita every year was set. From 2013 to 2020, the total electricity consumption has reduced by 10.49%.</li> <li>© In 2020, the goal was to reduce 15 metric tons of greenhouse gas emissions, and the actual reduction was 36.048 metric tons.</li> <li>© Implemented paperless operations successively to reduce paper usage. From 849 packs in 2011 to 687 packs in 2020, a decrease of 19.08% in total.</li> <li>© The implementation status and performance have been disclosed in the ESG Report Environmental Protection and Social Welfare.</li> <li>© In 2021, climate-related risks and opportunities were added to the enterprise risk management to identify projects, effectively reduce risks and increase opportunities.</li> </ul> |

| Risk type       | Risk impact                                                                                                                                              | Item                                                                                                                                                    | Potential financial impact | Countermeasures                                                                                                                                      |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| Physical risk   | Additional financial expenditures and losses or decreases in assets caused by extreme weather events such as typhoons and floods.                        | Typhoons and floods                                                                                                                                     | Property damage<br>Revenue | Formulate Emergency Preparation and Response Management Procedures to respond at once.                                                               |
|                 |                                                                                                                                                          | Average temperature rise                                                                                                                                | Operating cost             | Continue to promote energy-saving and carbon-reduction programs every year.                                                                          |
|                 |                                                                                                                                                          | Water restrictions                                                                                                                                      | Property damage<br>Revenue | Ensure that the reservoir is full.                                                                                                                   |
|                 |                                                                                                                                                          | Power limit, power outage                                                                                                                               | Property damage<br>Revenue | Construct emergency generators and uninterruptible power equipment (UPS).                                                                            |
| Transition risk | Possible environmental impacts on climate change, energy, and water resources caused by the introduction of new technology development or raw materials. | In order to meet the low power consumption requirements of end products, new technologies are introduced in chip/module design/supply chain production. | Operating cost<br>Revenue  | Incorporate environmental considerations into IC design such as developing energy-saving products, miniaturizing products, etc.                      |
|                 |                                                                                                                                                          | Use raw materials that do not comply with international regulations or customer requirements.                                                           | Operating cost<br>Revenue  | Supervise the entire supply chain, make sure all materials, from raw to finished products, meet customer requirements and international regulations. |



# 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 26 years
- 6.7 Employee training and development
- 6.8 Zero-distance communication with the employee and full-range complaint channels

## Highlight

|                                                   | 2018 | 2019 | 2020 |
|---------------------------------------------------|------|------|------|
| Female employee ratio ( % )                       | 38%  | 40%  | 42%  |
| Educational training per capita hours (hour/year) | 9.9  | 13.2 | 9.9  |
| Employee health check participation (person)      | 895  | 905  | 992  |
| Number of occupational hazards                    | 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:

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

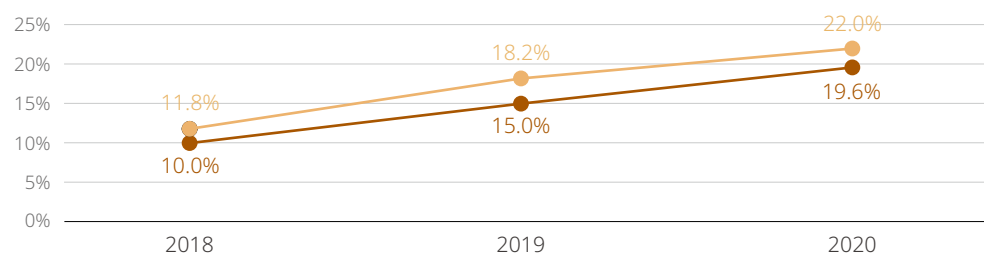
Among ELAN's subsidiaries, Metanoia Communications Incorporated, Avisonic Technology Corporation are all IC design companies, and PiXORD Corporation is system integrator which with major operations based at Hsinchu headquarters, where the core R&D personnel is located. Another subsidiary, ELAN H. K. 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 remained the same from 2018 to 2020.

### 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.

### Employee recruitment & turnover rate — Recruitment Rate — Turnover Rate



### New and resigned employee structure 401-1

| New/<br>Resigned          | Sex                                                                                 | Age   | Taiwan |           |          |        | Hong Kong | Total |
|---------------------------|-------------------------------------------------------------------------------------|-------|--------|-----------|----------|--------|-----------|-------|
|                           |                                                                                     |       | ELAN   | Metaniaoa | Avisonic | PiXORD | ELAN H.K. |       |
| New                       |  | < 30  | 62     | 0         | 0        | 1      | 0         | 63    |
|                           |                                                                                     | 30~50 | 35     | 4         | 0        | 1      | 0         | 40    |
|                           |                                                                                     | >50   | 1      | 2         | 0        | 1      | 0         | 4     |
|                           |  | < 30  | 80     | 1         | 0        | 4      | 0         | 85    |
|                           |                                                                                     | 30~50 | 57     | 4         | 0        | 0      | 0         | 61    |
|                           |                                                                                     | >50   | 3      | 1         | 0        | 0      | 0         | 4     |
| Resigned                  |  | < 30  | 46     | 0         | 0        | 2      | 0         | 48    |
|                           |                                                                                     | 30~50 | 46     | 4         | 2        | 2      | 0         | 54    |
|                           |                                                                                     | >50   | 3      | 1         | 0        | 0      | 0         | 4     |
|                           |  | < 30  | 56     | 1         | 1        | 4      | 0         | 62    |
|                           |                                                                                     | 30~50 | 51     | 2         | 0        | 2      | 0         | 55    |
|                           |                                                                                     | >50   | 5      | 0         | 0        | 0      | 0         | 5     |
| Recruitment Rate (in sum) |                                                                                     |       | 22.6%  | 22.2%     | 0.0%     | 28.0%  | 0.0%      | 22.0% |
| Male                      |                                                                                     |       | 16.2%  | 15.8%     | 0.0%     | 18.8%  | 0.0%      | 15.7% |
| Female                    |                                                                                     |       | 31.0%  | 37.5%     | 0.0%     | 44.4%  | 0.0%      | 31.1% |
| Turnover Rate (in sum)    |                                                                                     |       | 19.6%  | 14.8%     | 11.1%    | 40.0%  | 0.0%      | 19.6% |
| Male                      |                                                                                     |       | 15.7%  | 13.2%     | 9.1%     | 25.0%  | 0.0%      | 15.5% |
| Female                    |                                                                                     |       | 24.8%  | 18.8%     | 20.0%    | 66.7%  | 0.0%      | 25.3% |
| Recruitment Rate (< 30)   |                                                                                     |       | 46.4%  | 20.0%     | NA       | 100.0% | NA        | 46.8% |
| Recruitment Rate (30~50)  |                                                                                     |       | 14.2%  | 12.9%     | 0.0%     | 11.1%  | 0.0%      | 13.7% |
| Recruitment Rate (>50)    |                                                                                     |       | 4.0%   | 40.0%     | 0.0%     | 25.0%  | NA        | 9.3%  |
| Turnover Rate (< 30)      |                                                                                     |       | 33.3%  | 20.0%     | NA       | 120.0% | NA        | 34.8% |
| Turnover Rate (30~50)     |                                                                                     |       | 14.9%  | 14.0%     | 7.7%     | 26.7%  | 0.0%      | 14.8% |
| Turnover Rate (>50)       |                                                                                     |       | 8.1%   | 16.7%     | 0.0%     | 0.0%   | 0.0%      | 8.0%  |

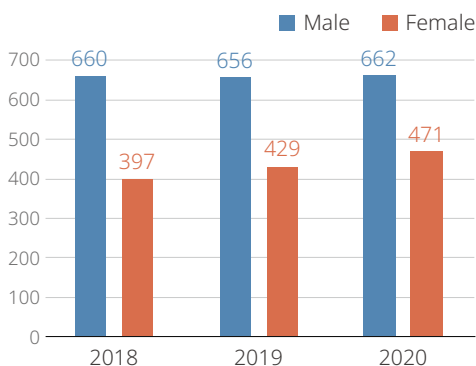
Note 1: The Group's number of full-time employees as of 31 Dec 2020 is 1,166. (1,055 ELAN, 54 Metanoia, 27 Avisonic, 25 PiXORD, 5 ELAN H.K.)

Note 2: Employee new hire rate and turnover rate of PiXORD Corporation: Since PiXORD Corporation implemented the AI smart traffic detection plan in 2020, 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.

## Full-time and temporarily employee 102-8

| Company   | Sex    | Labor Contract |          |       | Employee Type |           | Region |           |
|-----------|--------|----------------|----------|-------|---------------|-----------|--------|-----------|
|           |        | Full-time      | Contract | Other | Full-time     | Part-time | Taiwan | Hong Kong |
| ELAN      | Male   | 584            | 20       | 1     | 604           | 1         | 605    | ---       |
|           | Female | 443            | 8        | 0     | 451           | 0         | 451    | ---       |
| Metanoia  | Male   | 38             | 0        | 0     | 38            | 0         | 38     | 0         |
|           | Female | 14             | 2        | 0     | 16            | 0         | 16     | 0         |
| Avisonic  | Male   | 22             | 0        | 0     | 22            | 0         | 22     | 0         |
|           | Female | 5              | 0        | 0     | 5             | 0         | 5      | 0         |
| PiXORD    | Male   | 15             | 1        | 0     | 16            | 0         | 16     | 0         |
|           | Female | 7              | 2        | 0     | 9             | 0         | 9      | 0         |
| ELAN H.K. | Male   | 3              | 0        | 0     | 3             | 0         | 0      | 3         |
|           | Female | 2              | 0        | 0     | 2             | 0         | 0      | 2         |
| Total     |        | 1,133          | 33       | 1     | 1,166         | 1         | 1,162  | 5         |

## Number of full-time male and female employees

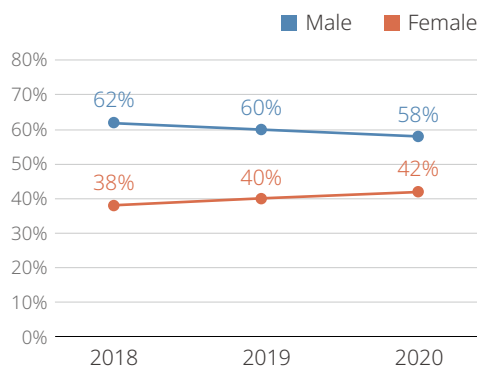


Note 1: ELAN – Part-time employees did not sign employment contracts with the company, and their health insurance was not covered by the company.

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

Note 3: Other: Non-standard employment. Labor/health insurance not insured with ELAN Group.

## Proportion of full-time male and female employees



## Workforce diversity in the Group 405-1

| Sex    | Age   | ELAN  | Metanoia | Avisonic | PiXORD | ELAN H. K. |
|--------|-------|-------|----------|----------|--------|------------|
| Male   | < 30  | 115   | 2        | 0        | 3      | 0          |
|        | 30~50 | 423   | 31       | 21       | 9      | 3          |
|        | >50   | 66    | 5        | 1        | 4      | 0          |
| Female | < 30  | 191   | 3        | 0        | 2      | 0          |
|        | 30~50 | 227   | 12       | 5        | 6      | 1          |
|        | >50   | 33    | 1        | 0        | 1      | 1          |
| Total  |       | 1,055 | 54       | 27       | 25     | 5          |

## Number of people with a disability employed by the Group

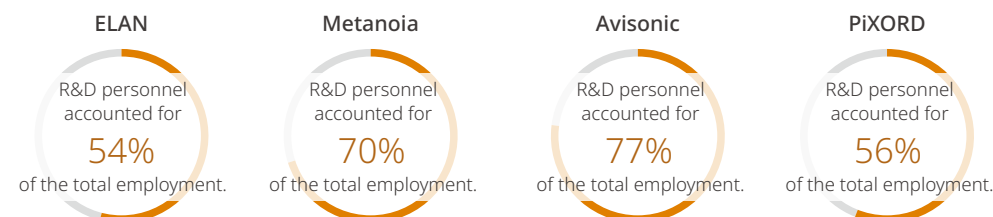
|                                       | ELAN | Metanoia | Avisonic | PiXORD | ELAN H. K. |
|---------------------------------------|------|----------|----------|--------|------------|
| Number of employees with a disability | 10   | 0        | 0        | 0      | NA         |

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 8 employees with a physical/mental disability. However, two of them is in medium-to-severe level, so it was counted as 10 people in total.

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

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 remained the same throughout the year.



## 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 employees 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.



▲ Staff meeting



## ELAN Group's major operational changes are handled in accordance with local laws and regulations 402-1

### ELAN, Metanoia, Avisonic, PiXORD

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:

1. 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.
2. 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.
3. Where a worker has worked continuously for more than three years, the notice shall be given thirty days in advance.

### 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:

1. No notice period and payment in lieu of notice is required within the first month of the trial period.
2. 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.
3. 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 2020.

## 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\$ 23,800 per month.

ELAN celebrated its 26th Anniversary/Family Day at the Leofoo Village Theme Park in November 2020 to show appreciation for our employees' dedication, hard work, and motivate them on future success. Employees' families were all invited to spend a memorable time together.

### Ratios of standard entry level wage by gender compared to local minimum wage 202-1

|           |                                                                                                            |
|-----------|------------------------------------------------------------------------------------------------------------|
| ELAN      | The ratio of low-level staff (e.g. factory operators) standard salary to local minimum wage is <b>1.00</b> |
| Metanoia  | The ratio of low-level staff standard salary to local minimum wage is <b>1.22</b>                          |
| Avionic   | The ratio of low-level staff standard salary to local minimum wage is <b>1.18</b>                          |
| PIXORD    | The ratio of low-level staff standard salary to local minimum wage is <b>1.09</b>                          |
| ELAN H.K. | The ratio of low-level staff standard salary to local minimum wage is <b>1.56</b>                          |

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.

Note 3: Ratios of standard entry level wage compared to local minimum wage: Decimal point, rounded off.



## 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 <small>Note 1/Note 2</small>          | 2018 | 70   | 18   | 2        | 4    | 6        | 1    | 2      | 3    |
|                                                                                            | 2019 | 65   | 19   | 3        | 3    | 3        | 1    | 0      | 1    |
|                                                                                            | 2020 | 61   | 19   | 2        | 1    | 2        | 1    | 0      | 0    |
| Total number of employees actually reinstated after parental leave                         | 2018 | 1    | 2    | 1        | 1    | 0        | 0    | 0      | 0    |
|                                                                                            | 2019 | 1    | 3    | 0        | 0    | 0        | 0    | 0      | 0    |
|                                                                                            | 2020 | 1    | 2    | 0        | 0    | 0        | 0    | 0      | 0    |
| Total number of employees who should be reinstated after parental leave                    | 2018 | 2    | 3    | 1        | 1    | 0        | 0    | 0      | 0    |
|                                                                                            | 2019 | 1    | 4    | 0        | 0    | 0        | 0    | 0      | 1    |
|                                                                                            | 2020 | 1    | 2    | 0        | 0    | 0        | 0    | 0      | 0    |
| Total number of reinstated employees remain employed after 12 months                       | 2018 | 0    | 5    | 0        | 2    | 0        | 1    | 0      | 1    |
|                                                                                            | 2019 | 1    | 2    | 0        | 0    | 0        | 0    | 0      | 0    |
|                                                                                            | 2020 | 1    | 3    | 0        | 0    | 0        | 0    | 0      | 0    |
| Total number of employees reinstated after parental leave during the last reporting period | 2018 | 0    | 5    | 0        | 4    | 0        | 1    | 0      | 1    |
|                                                                                            | 2019 | 1    | 2    | 1        | 1    | 0        | 0    | 0      | 0    |
|                                                                                            | 2020 | 1    | 3    | 0        | 0    | 0        | 0    | 0      | 0    |
| Reinstatement rate                                                                         | 2018 | 50%  | 67%  | 100%     | 100% | --       | --   | --     | --   |
|                                                                                            | 2019 | 100% | 75%  | --       | --   | --       | --   | --     | 0%   |
|                                                                                            | 2020 | 100% | 100% | --       | --   | --       | --   | --     | --   |
| Retention rate                                                                             | 2018 | --   | 100% | --       | 50%  | --       | 100% | --     | 100% |
|                                                                                            | 2019 | 100% | 100% | --       | --   | --       | --   | --     | --   |
|                                                                                            | 2020 | 100% | 100% | --       | --   | --       | --   | --     | --   |

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

## Items included in ELAN's salary and benefits 401-2

- ✓ Year-end bonus, performance bonus, incentive bonus (N/A to contract/temporarily employees).
- ✓ Year-end bonus, performance bonus, incentive bonus (N/A to contract/temporarily employees).
- ✓ Labor insurance, health insurance, group insurance.
- ✓ Annual bonus and employee stock option (N/A to contract/ temporarily employees).
- ✓ Flexible leaves, special leaves, and credit leaves are given under provisions of the Labor Standards Act.
- ✓ Subsidy for internal/external trainings (N/A to contract/temporarily employees).
- ✓ Flexible working hours.
- ✓ R&D Patent bonus (N/A to contract/ temporarily employees).
- ✓ Discounts in gift certificate, clubs, etc.  
Cash gifts for marriage and funeral grieving money (N/A to contract/temporarily employees).
- ✓ Emergency or disaster relief program for employees and their family members (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)
- ✓ Hold annual Company Day, Christmas party, Family Day, year-end banquet and many other company-wide events.
- ✓ Year-end bonus, performance bonus, incentive bonus (N/A to contract/temporarily employees).
- ✓ Employee Assistance Program (EAP)



## 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.

- 1 Provide a pleasant working environment. for 16 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.
- 2 Organize all types of clubs. Currently, there are 7 existing sporting clubs including golf, 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.
- 3 Provide free snacks and drinks to the employees every day after 9 p.m., as a company's compassion towards hardworking staff.
- 4 Provide fixed subsidies for corporate retreats organized by the Welfare Committee or the employee themselves. In 2020, 33 trips to places all over Taiwan were taken.
- 5 Provide comprehensive care for employees at Hsinchu headquarters by offering employees with diverse meal choices. The company cafeteria offers breakfast, lunch (vegetarian, non-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.  
 In order for employees to eat safe, all melamine utensils were replaced by corning glass ones. To be environmentally friendly, plastic bags are no longer provided. Employees are also encouraged not to use disposable utensils for health reasons and as an effort to protect the environment.  
**Professional nurse:** The company 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, COVID-19, 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.
- 6 A 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.

## Care for the employee and their families

Voluntary Disclosure-5 Care for the employee and their families

|  |                                                                | Item                                      | 2018                                                                                          | 2019                                                                     | 2020                                                                     |
|--|----------------------------------------------------------------|-------------------------------------------|-----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------|
|  | Health Examination                                             | Annual health check                       | 895 people                                                                                    | 905 people                                                               | 992 people                                                               |
|  | Health Management                                              | Health re-examination                     | Total number of employees: 24<br>Number of participants: 19                                   | Total number of employees: 26<br>Number of participants: 18              | NA                                                                       |
|  | Health Consultation                                            | On-site doctor consulting                 | 42 people                                                                                     | 173 people                                                               | 126 people                                                               |
|  | Health Education                                               | Mental health, weight management          | 4 sessions                                                                                    | 5 sessions                                                               | 4 sessions                                                               |
|  | Health Promotion                                               | Blood drive events                        | 191 people, donated 285 bags in total                                                         | 138 people, 227 bags in total                                            | 146 people, 237 bags in total                                            |
|  |                                                                | Gynecologic cancer screening              | Pap smear: 13 people<br>Colorectal cancer: 14 people<br>Oral Mucosal Screening: 4 people      | Pap smear: 23 people<br>Colorectal cancer: 19 people                     | Cancelled due to COVID-19                                                |
|  |                                                                | Weight loss competition                   | 315 people signed-up,<br>279 participated<br>Total weight loss (kg): 649                      | 340 people signed-up,<br>264 participated<br>Total weight loss (kg): 653 | Cancelled due to COVID-19                                                |
|  | Good Pregnancy Thoughtful Project                              | Parking space reserved for pregnant women | 3 people                                                                                      | 3 people                                                                 | 3 people                                                                 |
|  |                                                                | High back chair service                   | 1 people                                                                                      | 2 people                                                                 | 1 people                                                                 |
|  | Group insurance extended to employees' dependents and children |                                           | Spouse: 437 people<br>Children: 628 people<br>Total number of family dependents: 1,065 people | Spouse: 443<br>Children: 620<br>Total number of family dependents: 1,063 | Spouse: 445<br>Children: 638<br>Total number of family dependents: 1,083 |

▲ Annual health check

Note: Provide personal login password to hospital website in order to examine the result of health check.

## ELAN Family Day



## 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                                                                      | <ol style="list-style-type: none"> <li>1. Annual health check</li> <li>2. Limit working time</li> <li>3. Keep eyes on employees with three "high" (hypertension, high blood sugar level, high cholesterol level)</li> <li>4. Provide sports and fitness equipment for stress relieving</li> </ol> |
|                                     |          | Eyestrain, neck and shoulder pain                                             | <ol style="list-style-type: none"> <li>1. Stretch, take rest</li> <li>2. Proper sitting posture</li> </ol>                                                                                                                                                                                        |
| Factory facility                    |          | Electric shock, fall off                                                      | <ol style="list-style-type: none"> <li>1. Take professional trainings</li> <li>2. Wear protective gears</li> </ol>                                                                                                                                                                                |
| Warehouse, manufacturing department |          | Physical hazards (handling operation)<br>Repetitive tasks (testing operation) | <ol style="list-style-type: none"> <li>1. Operate all machines correctly</li> <li>2. Reduce working time</li> </ol>                                                                                                                                                                               |
| Laboratory                          | General  | Inhalation hazards (lead-free soldering)                                      | <ol style="list-style-type: none"> <li>1. Evaluate the operating environments regularly</li> <li>2. Set up partial exhaust equipment</li> <li>3. Wear masks</li> </ol>                                                                                                                            |
|                                     | Chemical | Contacting hazards                                                            | <ol style="list-style-type: none"> <li>1. Conduct staff trainings from time to time</li> <li>2. Conduct operating environment testing regularly</li> <li>3. Wear laboratory coats</li> <li>4. Wear surgical masks</li> </ol>                                                                      |

## 6.5 Health management 403-6

### Promoting events

- A total of 215 people attended health promotion seminars in 2020. Topic included:
  - (1) The invisible killer of the oral cavity - tooth decay, periodontal and dental implant: Improve employees' awareness of dental diseases and take protective measures for dental health care.
  - (2) Enhance immunity and nutrition: Strengthen awareness of self-protection.
  - (3) Posture correction: The wrong posture in the office causes all kinds of soreness. The lecturer shares simple posture corrections to let employees know how to strengthen weak muscles, stretch tight fascia, and avoid back pain.
  - (4) Bye-bye metabolic syndrome: Through this health seminar, employees with BMI over 49% can learn how to change their lifestyles to slow down the complications of metabolic syndrome and reduce the chances of diabetes, cardiovascular diseases, and other diseases.
- The company adjusted night snack options, providing nuts, protein and milk, in order to cut carbs.
- 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.
- Set up a health care station to provide the latest health information on a regular basis.
- 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.
- 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.
- 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.

### Weight loss competition

Cancelled due to Covid-19 in 2020.

### Preparedness and contingency planning in response to COVID-19 epidemic

In response to the prevention and control of COVID-19 in 2020, ELAN Hsinchu, Zhonghe, Tainan, and Kaohsiung have set the following goals:

**Goal 1:** Establish Preparedness and Contingency Planning in response to COVID-19 epidemic.

**Goal 2:** Zero infection in all plants.

#### Implementation status:

1. Establish ELAN 2019 Preparedness and Contingency Planning in response to COVID-19 epidemic.
2. Announce the latest status among all plants from time to time.
3. Ask the restaurants to prepare take-out lunch boxes instead of buffet meals. All employees should dine in "socially distant" seating arrangements.
4. Record guests' and visitors' TOCC (Travel, Occupation, Contact and Cluster) information.

### Future plans

In 2021, the health management cloud system will be purchased to allow employees to manage personal data independently. In the future, the cloud system will be used to track employee health and records, integrate the four major prevention plans of the occupational safety and health law, and conduct a comprehensive analysis of employee health management.

## 6.6 Emphasis on workplace safety, zero occupational hazards in 26 years

### Major management policy- friendly working environment 403 Voluntary Disclosure- 5

#### Policy and commitment

Only with a safe and healthy working environment can employees have a high efficiency and high-quality work performance. Therefore, ELAN is committed to maintaining the human rights of our and suppliers/outsourcers and agents and staff, and providing good working environments for workers.

#### Resources

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

#### Management strategy

- 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.
- Set up ELAN Responsible Business Alliance internal audit mechanism and an audit team to ensure the company continues to abide by the code.
- 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 2020

- Zero occupational hazards.
- ISO 45001 internal/external audit, RBA internal audit.
- Preparedness and contingency planning in response to COVID-19 epidemic.
- Installed fences for water towers above 2 meters in height.
- Replace the old hanging base.
- Completed 99% of on-job employee education and training on health and safety.
- 81.78% of foreign migrant workers at the Zhonghe plant have been vaccinated.
- Put up heat insulation paper in the office area on each floor to cut off UV rays, eliminate discomfort caused by direct exposure, and reduce indoor temperature to save electricity.

#### Highlights in 2021

- Zero occupational hazards.
- ISO 45001 internal/external audit, RBA internal audit.
- Complete extension cord replacement work throughout the company by 2022.

## Emphasize Work Safety

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 26 years. From May 2009 till the end of 2020, the accumulated disaster-free working hour is 11,588,087 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

| Year | ELAN<br>Microelectronic | Metanoia<br>Communication | Avisonic<br>Technology | PIXORD<br>Corporation | ELAN H.K. |
|------|-------------------------|---------------------------|------------------------|-----------------------|-----------|
| 2018 | None                    | None                      | N/A                    | N/A                   | N/A       |
| 2019 | None                    | None                      | N/A                    | N/A                   | N/A       |
| 2020 | None                    | None                      | N/A                    | N/A                   | N/A       |

Note 1: Sourced from the Workplace Disaster Statistical Network.

Note 2: ELAN Tainan and Kaohsiung, as well as 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. |              |
|------|-------|-------|----------|--------------|----------|-------|--------|-------|-----------|--------------|
|      |       |       |          |              |          |       |        |       |           |              |
| 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%        |
| 2020 | 0.43% | 0.95% | 0.33%    | Note 2 3.24% | 0.04%    | 0.16% | 0.19%  | 0.76% | 0.54%     | Note 2 5.52% |

Note 1: 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.

Note 2: The high absenteeism rates of Metanoia and ELAN Hong Kong in 2020 are due to the fact that employees need to take time off for recuperation due to health reasons.



## Occupational injury 403-9 403-10

In 2020, 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   | 2018 | 0                | 0                               | 0                   | 0                  |
|                | 2019 | 0                | 0                               | 0                   | 0                  |
|                | 2020 | 0                | 0                               | 0                   | 0                  |
| ELAN Zhonghe   | 2018 | 0.31             | 0                               | 0.04                | 0                  |
|                | 2019 | 0                | 0                               | 0                   | 0                  |
|                | 2020 | 0                | 0                               | 0                   | 0                  |
| ELAN Tainan    | 2018 | 0                | 0                               | 0                   | 0                  |
|                | 2019 | 0                | 0                               | 0                   | 0                  |
|                | 2020 | 0                | 0                               | 0                   | 0                  |
| ELAN Kaohsiung | 2018 | 6.80             | 0                               | 1.72                | 0                  |
|                | 2019 | 0                | 0                               | 0                   | 0                  |
|                | 2020 | 0                | 0                               | 0                   | 0                  |
| Metanoia       | 2018 | 0                | 0                               | 0                   | 0                  |
|                | 2019 | 0                | 0                               | 0                   | 0                  |
|                | 2020 | 0                | 0                               | 0                   | 0                  |
| Avisonic       | 2018 | 0                | 0                               | 0                   | 0                  |
|                | 2019 | 0                | 0                               | 0                   | 0                  |
|                | 2020 | 0                | 0                               | 0                   | 0                  |
| PiXORD         | 2018 | 0                | 0                               | 0                   | 0                  |
|                | 2019 | 0                | 0                               | 0                   | 0                  |
|                | 2020 | 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.

ELAN conducts regular employee health checks every year. Although the exposure is not significant, we have arranged a special health check for the 2 employees in Zhonghe plant who operate on the XRF ionizing radiation machine and the results came back normal. As for the others, obesity was the most significant health problem. The company will regularly carry out activities to encourage weight loss. The rest of the health risk assessment is as follows:

| Maternal health protection |                     | Level 1                                                                    | Level 2                                                                     | Level 3                                                                      |
|----------------------------|---------------------|----------------------------------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------|
|                            |                     | Work nature or health problems cause no harm to the mother, fetus or baby. | Work nature or health problems may cause harm to the mother, fetus or baby. | Work nature or health problems will cause harm to the mother, fetus or baby. |
|                            | Number of employees | 4                                                                          | 5                                                                           | 0                                                                            |

| Abnormal Workload-triggered diseases prevention |                                             | No interview required | Suggest an interview | Interview needed |
|-------------------------------------------------|---------------------------------------------|-----------------------|----------------------|------------------|
|                                                 | Number of employees                         | 719                   | 177                  | 2                |
|                                                 | Number of employees completed the interview | 0                     | 15                   | 2                |

| Ergonomic hazard protection |                  | No symptoms of musculoskeletal discomfort | Have symptoms of musculoskeletal discomfort | Remarks                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------|------------------|-------------------------------------------|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                             | Number of people | 685                                       | 153                                         | -                                                                                                                                                                                                                                                                                                                                                                                                              |
|                             | Intervention     | 0                                         | 4                                           | For the 4 intervened cases, one employee reported wrist discomfort caused by welding. However, doctor advice was not taken, and rest time can be self-adjusted during welding, no work adjustments are made. The remaining 3 were office workers, all of whom had shoulder and neck pain. The doctors provided correct postures and suggested that they should avoid over-bearing improper posture operations. |

## Workplace environment safety management

[403-1](#)
[403-3](#)
[403-4](#)

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.

### Public area management

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

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.

### 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.

### Laboratory management

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

## Training and Communication

403-4

403-5

1. Labor safety and health education and training for new employees.
2. Hold staff safety and health education and trainings from time to time as well as online courses.
3. Hold fire drill regularly and educate employees on the exist routes in case of an emergency.
4. 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.
5. Post the occupational safety information on the restaurant's occupational safety column irregularly.
6. 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.
7. In 2020, all employees have completed the safety and health education and training, with a passing rate of 99%.

▼ Evacuation Plan



## Performance

403-7

- Participate in the "Disaster-free working hour" cumulative certification event promoted by the Ministry of Labor.
- Hsinchu plant has been certified with Healthy Workplace Promotion by the National Health Administration from 2018 to 2020.
- Zhonghe plant has been certified with Healthy Workforce by the National Health Administration from 2018 to 2020.
- 81.78% of foreign migrant workers at the Zhonghe plant have been vaccinated free of charge in 2020.
- 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.
- Bring domestic large medical institutions in to the company to conduct annual health checks for all employees.
- 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.
- Encourage employees to participate in team sports and external corporate events.
- Cooperating with the Hsinchu City Lifeline Association, an excellent Employee Assistance Program (EAP) is established.
- In compliance with the Labor Standards Act, every employee is covered by labor insurance and health insurance. In addition, the employee, his/her spouse and children are free to join the group insurance, and enjoy term life insurance, accident insurance, hospitalization medical insurance, surgery and cancer medical insurance, and many other comprehensive protections.



## 6.7 Employee training and development

### Major management policy- employee development 404

#### Policy and commitment

The company's greatest assets and competitiveness have always been our 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. With the strategic map, link the training policy and the company's business vision, strategic planning, and business goals closely together to achieve the organization's business goals.

#### Resources

- 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 plan

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 employee can accelerate growth and expand the field of ability.

#### Performance in 2020

- Trained 50 AI, 3D face recognition professionals
- 100% of technicians obtained technical certification
- Trained 20 management talents

#### Highlights in 2021

Organize cross-departmental training courses, on topics such as professional technology and management knowledge. Train 30 key talents.

## Employee education and training 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 employee 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 30 management talents.

### Trainings for new employee

To help new employees quickly adapt to 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. 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 continued 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 obtained 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. In 2020, we continued to arrange courses in accordance with the TTQS system process, launch company training goals and plans, improve the cultivation of management talents and professionals, and at the same time, uphold the spirit of continuous improvement to enhance and strengthen system integration operations.

### 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 and PiXORD

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

## ELAN Group's employee training hours 404-1

The summary of the group's employee training in 2020 is shown below. The average training hour per employee is 9.9 hrs. Male/female average training hours are 12.1 and 6.7 hours.

| Rank           | Item                   | ELAN    |         | Metanoia |       | Avisonic |     | PiXORD |       | ELAN H.K. |     | Total   |         | Average training hour |
|----------------|------------------------|---------|---------|----------|-------|----------|-----|--------|-------|-----------|-----|---------|---------|-----------------------|
|                |                        |         |         |          |       |          |     |        |       |           |     |         |         |                       |
| Top Executive  | Number of trainees     | 23      | 5       | 5        | 0     | 2        | 0   | 0      | 0     | 0         | 0   | 30      | 5       | 5.3                   |
|                | Training hours         | 138.0   | 48.0    | 1.0      | 0.0   | 0.0      | 0.0 | 0.0    | 0.0   | 0.0       | 0.0 | 139.0   | 48.0    |                       |
|                | Average training hours | 6.0     | 9.6     | 0.2      | 0.0   | 0.0      | 0.0 | 0.0    | 0.0   | 0.0       | 0.0 | 4.6     | 9.6     |                       |
| Indirect Staff | Number of trainees     | 573     | 202     | 33       | 16    | 20       | 5   | 16     | 9     | 3         | 2   | 645     | 234     | 11.2                  |
|                | Training hours         | 7,480.5 | 1,482.0 | 126.0    | 156.0 | 3.5      | 0.0 | 403.0  | 150.0 | 9.0       | 6.0 | 8,022.0 | 1,794.0 |                       |
|                | Average training hours | 13.1    | 7.3     | 3.8      | 9.8   | 0.2      | 0.0 | 25.2   | 16.7  | 3.0       | 3.0 | 12.4    | 7.7     |                       |
| Direct Staff   | Number of trainees     | 8       | 244     | N/A      | N/A   | N/A      | N/A | N/A    | N/A   | N/A       | N/A | 8       | 244     | 6.1                   |
|                | Training hours         | 130.5   | 1,412.5 | N/A      | N/A   | N/A      | N/A | N/A    | N/A   | N/A       | N/A | 130.5   | 1,412.5 |                       |
|                | Average training hours | 16.3    | 5.8     | N/A      | N/A   | N/A      | N/A | N/A    | N/A   | N/A       | N/A | 16.3    | 5.8     |                       |

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)

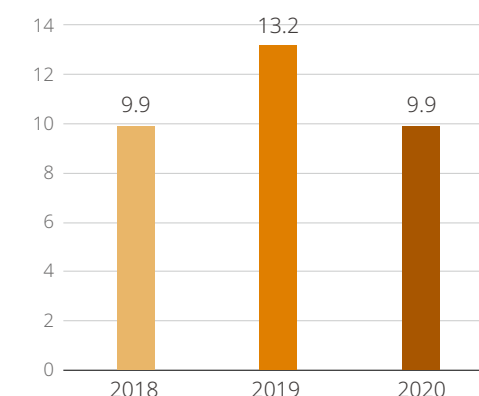
Note 4: Metanoia, Avisonic, PiXORD and ELAN H.K. have no direct staff, hence trainings are N/A.

## ELAN Group Full-Time Employee Performance Review 404-3

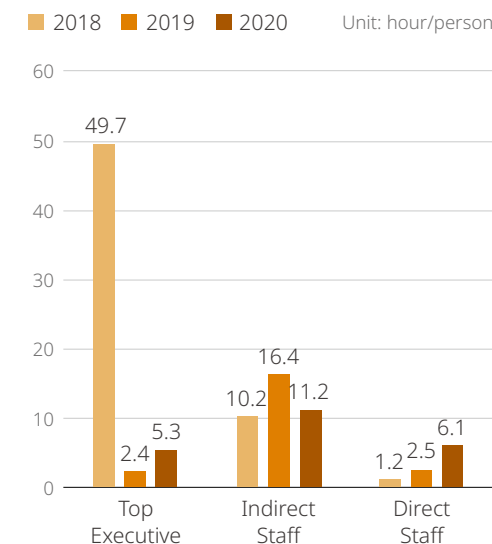
Regardless of gender, all employees in the group have accepted individual performance evaluations. This assessment is applicable to the new employee after a three-month probationary period. For new employees, the new employee examination will be used. Usually, performance evaluations are conducted 1~2 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% | N/A                                                                                                                                         | N/A  | N/A                                                                                                  | N/A  | N/A                                                                      | N/A  | N/A                                                                                                                     | N/A  |
| Evaluation method      | <ul style="list-style-type: none"> <li>Ability and individual KPI assessment</li> <li>Performance Assessment</li> </ul> |      | <ul style="list-style-type: none"> <li>Refer to Metanoia Working Rules - Chapter VI Attendance, Assessment, Reward and Promotion</li> </ul> |      | <ul style="list-style-type: none"> <li>Ability assessment</li> <li>Performance Assessment</li> </ul> |      | <ul style="list-style-type: none"> <li>Performance Assessment</li> </ul> |      | <ul style="list-style-type: none"> <li>Ability and individual KPI assessment</li> <li>Performance Assessment</li> </ul> |      |
| Performance evaluation | Every half year                                                                                                         |      | Every year                                                                                                                                  |      | Every half year                                                                                      |      | Every half year                                                          |      | Every half year                                                                                                         |      |

## The group's average employee training hour Unit: hour/person



## The group's average employee training hour among different ranks Unit: hour/person



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

### Major management policy- Harmonious labor-employment relationship

202

401

#### 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.

- 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 sustainable operation, the senior managements of the ELAN Group are all from Taiwan.

#### Resources

- 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 Employee Welfare Committee holds monthly meetings 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.

#### Medium and long-term plan

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 2020

- Employee turnover rate was 19.6%.
- Conducted employee satisfaction surveys, and the head of the Human Performance Management Department reviewed the results and discussed the feasibility of improvement.
- In 2020, 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 2021

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

## Zero-distance communication with the employee 406-1

ELAN Group has no labor disputes, violations of laws and regulations, or internal discrimination incidents in 2020. Management practices are as follows:

### 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 employees 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 employees, 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 employees 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 employees are fully respected.

# Environmental Protection and Social Welfare

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- 7.1 Environmental Policy
- 7.2 Product and service-related environmental protection
- 7.3 Participation in social welfare and charitable events

## Highlight

For **16** consecutive years, ELAN Group was once again honored with the Distinguished Landscape Award by the Hsinchu Science Park Bureau.

The target reduce value for 2020 was **15** metric tons, and the actual reduction was **36.048** metric tons.

Participated in **45** social welfare events.

## 7.1 Environmental Policy

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



ELAN 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.



## No violation of environmental regulations 307-1

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 2020. To this date, the company has had no violations or been fined in any way. The company has always been committed to sustainable development and protection of the environment. Green environment and green design are business ideas we have been focusing on. Our products, from concept, design, mass production, to waste conservation, recycling and 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.

## 2020 ELAN Microelectronics main power consumption (Electricity, Water, Gas) 302-1

| Location     | Electricity consumption / MJ <sup>Note 6</sup> | Water withdrawal / MJ | Gas consumption / MJ |
|--------------|------------------------------------------------|-----------------------|----------------------|
| Hsinchu      | 13,715,681                                     | 98,620                | 83,980               |
| Zhonghe      | 6,412,381                                      |                       |                      |
| Tainan       | 500,395                                        | NA                    | NA                   |
| Kaohsiung    | 147,110                                        |                       |                      |
| Hong Kong    | 68,666                                         |                       |                      |
| <b>Total</b> | <b>20,844,233</b>                              | <b>98,620</b>         | <b>83,980</b>        |

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

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

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

Note 4: Among affiliated companies, Metanoia, Avisonic and PIXORD are renting factories owned by ELAN Hsinchu 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

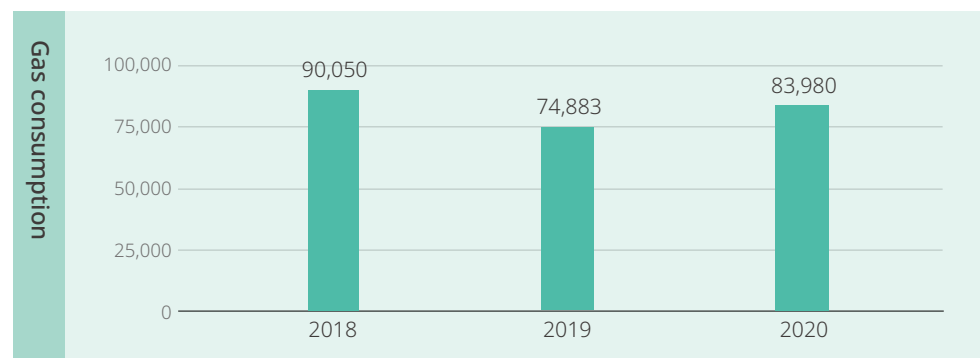
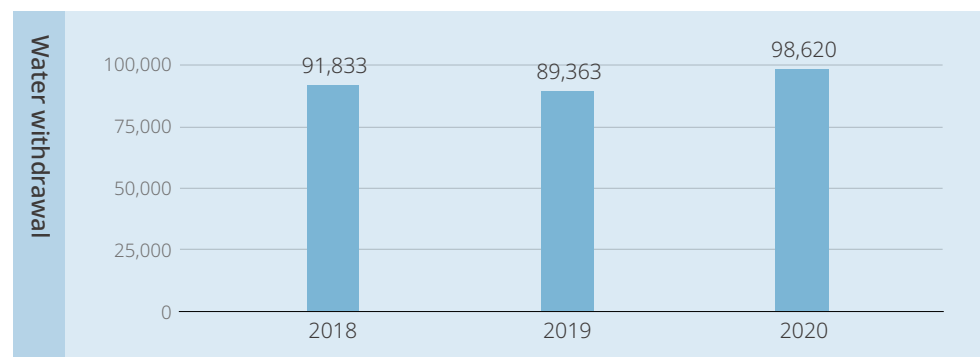
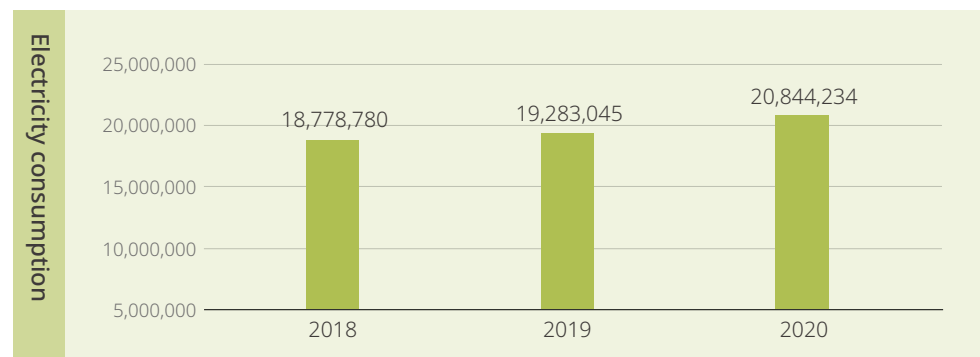
Note 8: 1 kWh electricity = 8,900 Kcal °

Note 7: 1 kg gas = 10,270 Kcal °

Note 9: 1 kg water = 4.2\*10<sup>-3</sup> MJ °

## The group's main power consumption

Unit: MJ

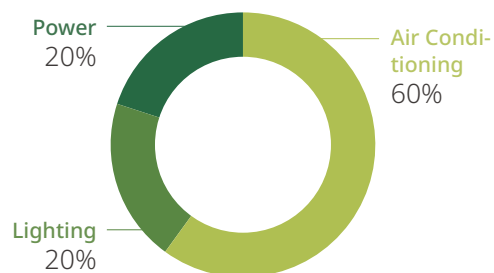


Note: Due to the removal of E Company which is not included in the scope of the ESG, the data for 2018 has changed.

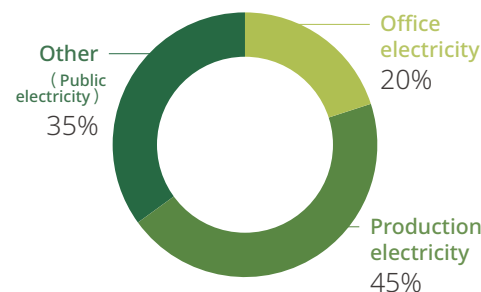
## Reduce energy consumption 302-4

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, 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 - Hsinchu

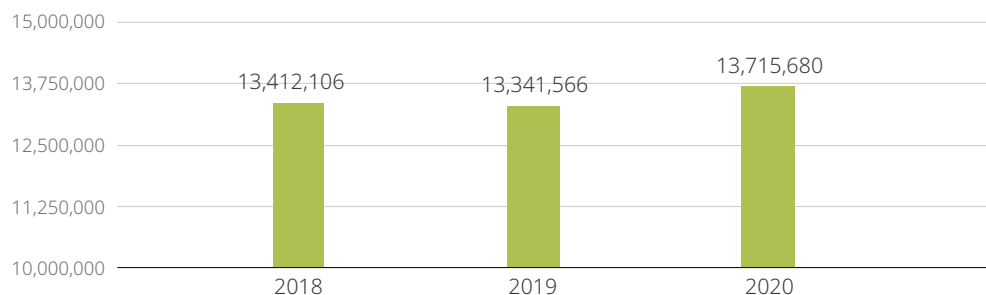


### ELAN - Zhonghe



ELAN electricity usage is mainly in Hsinchu and Zhonghe. In Hsinchu, electricity is mainly used for air conditioners, lighting, and power. From 2014 to 2020, old tubes have been replaced with energy-saving LED tubes. As results, the average annual electricity consumption has dropped from 15,323,354MJ in 2013 to 13,715,680MJ in 2020, a total reduction of 10.49%, indicating the replacement to be helpful.

### ELAN Hsinchu Annual electricity usage (MJ)

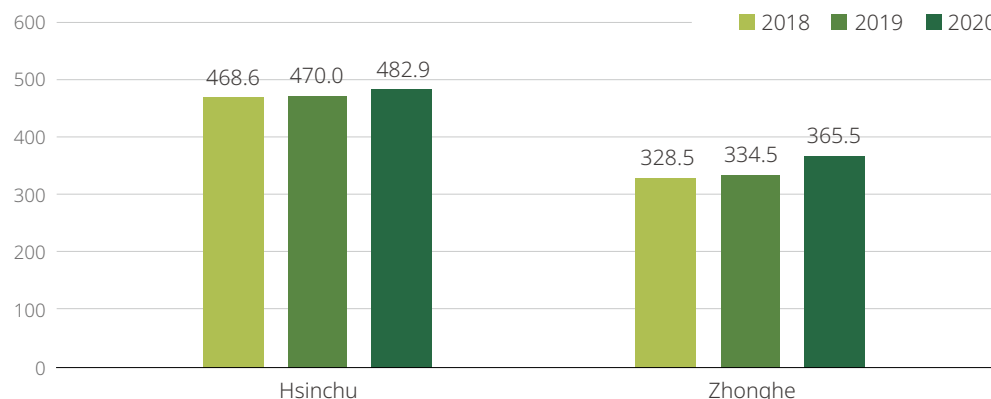


In 2018, ELAN began to replace traditional air conditioners with converter-type air conditioners, and replace the ordinary lightings in the parking lot with LED tubes. The average electricity consumption per person in 2020 is 482.878 kWh, an 2.74% increase compared to 2019. The epidemic increased the use of large conference rooms, computers, and air conditioners. Although power reduction improvements have been made, the usage has not been reduced. As for the inventory of indirect greenhouse gases, there was a drop from 1,975.293 ton CO<sub>2</sub>-e in 2019 to 1,939.245 ton CO<sub>2</sub>-e in 2020, a total reduction of 36.048 ton CO<sub>2</sub>-e. It is expected that in 2021, the cooling tower fan motors will be replaced and new inverters will be added. Traditional air conditioners will be continuously replaced with separate air conditioners, and the outside air of the air conditioning box will be improved. The introduction of outside air will increase the air convection in the company and reduce the use of air conditioning. In order to achieve power and 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 2020 is 365.5 kWh/person, 9.27% higher than last year. As for indirect greenhouse gases, the usage increased from 750.884 tonCO<sub>2</sub>-e in 2019 to 906.639 tonCO<sub>2</sub>-e, a total increase of 155.755 tonCO<sub>2</sub>-e. Due to the company's increased production capacity and new manpower, the overall power usage has increased. In the future, it is expected that T5 lamps will be replaced by LED lamps to enhance the effect of energy-saving.

### ELAN Average electricity usage per person

Unit: kWh/person



## Water withdrawal 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 the total amount of it is 23.481 Megaliters as well as Zhonghe plant comes from Shimen Reservoir. Both Hsinchu and Zhonghe plants 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. According to the World Resources Institute (WRI) aqueduct global water risk assessment tool and

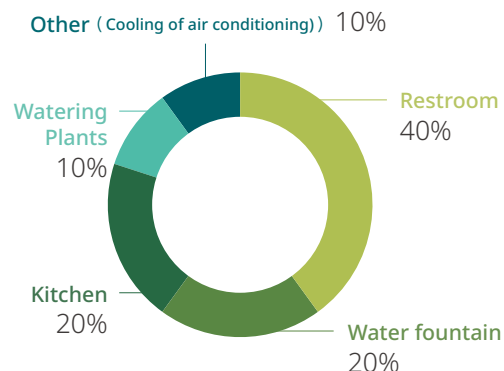
the distribution of water resources in Taiwan, plants at ELAN headquarters are currently identified as low-risk and low water stress.

In Hsinchu, water is used mainly for restrooms, water fountains, kitchens, gardening and others. The water consumption per capita in 2020 was 2.98 kWh, a 10.37% decrease compared to 2019. The main reasons for the increase are that staff are more hygienic now due COVID-19, and the use of lunch boxes.

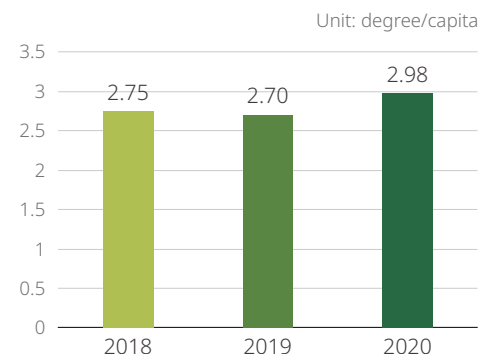
### Emergency generator fuel consumption

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.

### ELAN - Hsinchu

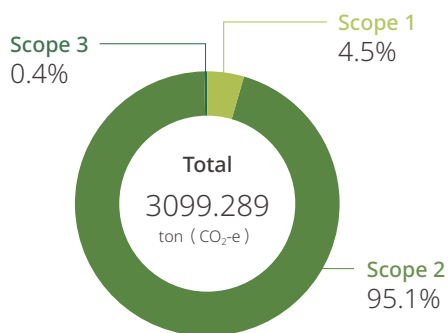


### ELAN Hsinchu- Average water consumption per capita



## Greenhouse gas emissions

In 2020, the group's total greenhouse gas emissions have reached 3,099.289 ton CO<sub>2</sub>-e, of which 95% of the emissions were from electricity (Scope 2).



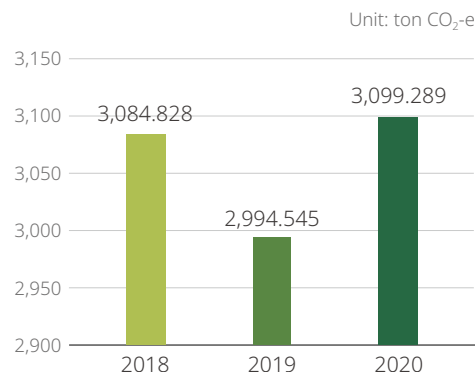
Note 1: For the source of greenhouse gas emission coefficient used in Scope 1, please refer to the Greenhouse Gas Emission Coefficient Management Table 6.0.4 of the Environmental Protection Agency.

Note 2: The GWP coefficient refers to IPCC (2007) as CO<sub>2</sub>:CH<sub>4</sub>:N<sub>2</sub>O=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 2020 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.

## Greenhouse gas emissions



## Direct gas emissions (Scope 1)

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

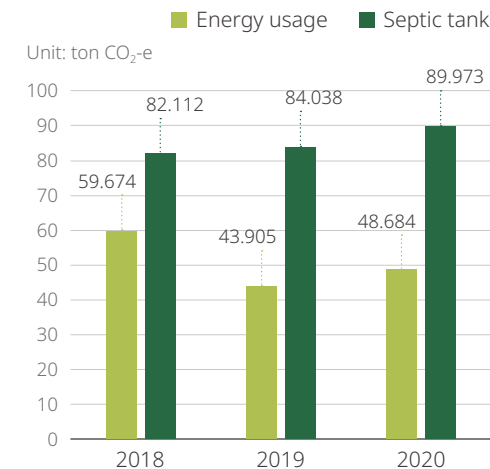
The Group's direct greenhouse gas emission types are gasoline used for company vehicles, diesel fuel used for emergency generators, liquefied petroleum gas used in the kitchen,

|                                                   | Gasoline used for company vehicles | Diesel fuel used for emergency generators | Liquefied petroleum gas used in the kitchen | Septic tank | Total   |
|---------------------------------------------------|------------------------------------|-------------------------------------------|---------------------------------------------|-------------|---------|
| Energy usage (Kiloliter)                          | 5.242                              | 0.320                                     | 20.216                                      | NA          | -       |
| CO <sub>2</sub> Emission (ton CO <sub>2</sub> -e) | 12.378                             | 0.837                                     | 35.469                                      | 89.973      | 138.657 |

and personnel septic tank emissions. Only ELAN headquarter in Hsinchu is equipped with company vehicles, emergency generators, and cafeteria, producing 48.684 tons of CO<sub>2</sub>-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 89.973 ton CO<sub>2</sub>-e (refer to the table below). The Group's total amount of direct GHG emissions was 138.657 ton CO<sub>2</sub>-e, representing an increase of 8.374% compared to 2019. The main reason for the increase is that the Hsinchu plant has undergone renovation operations in 2019 to reduce gas consumption, and the restaurant has reopened in 2020, so the overall emissions have increased.

Company vehicle oil, generator oil and gas of ELAN Hsinchu, CO<sub>2</sub> emissions from septic tank of ELAN Group in 2020

## Direct greenhouse gas emissions status



Note 1: Due to the removal of E Company which is not included in the scope of the CSR, the data for 2018 has changed.

Note 2: 1 liter = 504 kilograms of gas.



## Indirect greenhouse gas emissions (Scope 2)

305-2

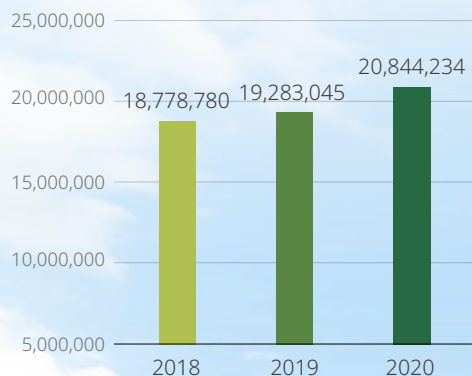
To reduce greenhouse gas emissions as an effort in environmental protection, the Company aims to control indirect greenhouse gas (GHG) emissions by controlling the amount of electricity used. All kinds of actions are taken such as adjusting temperatures of the air conditioners daily according to the 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 5,790,065, refer to the following table. ELAN Group's electricity usage and CO<sub>2</sub> emissions is 2,948.879-ton CO<sub>2</sub>-e, increasing 3.23% compared to last year. Consumption increased due to COVID-19 and the increase in production capacity.

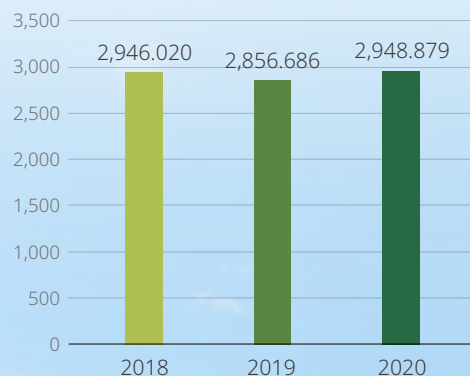
|                                                             | ELAN Hsinchu | ELAN Zhonghe | ELAN Tainan | ELAN Kaohsiung | ELAN Hong Kong | Total     |
|-------------------------------------------------------------|--------------|--------------|-------------|----------------|----------------|-----------|
| Electricity consumption (kWh)                               | 3,809,911    | 1,781,217    | 138,999     | 40,864         | 19,074         | 5,790,065 |
| CO <sub>2</sub> emission factor (Kg CO <sub>2</sub> -e/kWh) | 0.509        | 0.509        | 0.509       | 0.509          | 0.6            | -         |
| CO <sub>2</sub> emission (ton CO <sub>2</sub> -e)           | 1,939.245    | 906.639      | 70.750      | 20.800         | 11.444         | 2,948.879 |

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

### Electricity usage (MJ)



### Indirect gas emissions (ton CO<sub>2</sub>-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 11.753 ton CO<sub>2</sub>-e. Relevant data are as follows:

|                                                   | ELAN Hsinchu | ELAN Zhonghe | Total  |
|---------------------------------------------------|--------------|--------------|--------|
| General Waste removal (tkm)                       | 419.293      | 221          | -      |
| CO <sub>2</sub> emission (ton CO <sub>2</sub> -e) | 0.549        | 0.289        | 0.838  |
| General Waste produced (ton)                      | 24.360       | 14.62        | -      |
| CO <sub>2</sub> emission (ton CO <sub>2</sub> -e) | 6.821        | 4.094        | 10.915 |
| Total (ton CO <sub>2</sub> -e)                    | -            | -            | 11.753 |

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

Note 2: Hsinchu hazardous industrial waste removal (one trip): 66.3tkm. (calculated by Google Maps)

Note 3: The general waste removal of Zhonghe (one trip):15.1tkm (calculated by Google Maps)

Note 4: Waste removal coefficient: 1.31 Kg CO<sub>2</sub>-e/tKm (source: Carbon Footprint Calculation Platform)

Note 5: Waste Incineration Treatment Coefficient: 280 Kg CO<sub>2</sub>-e/ton (source: Carbon Footprint Calculation Platform)

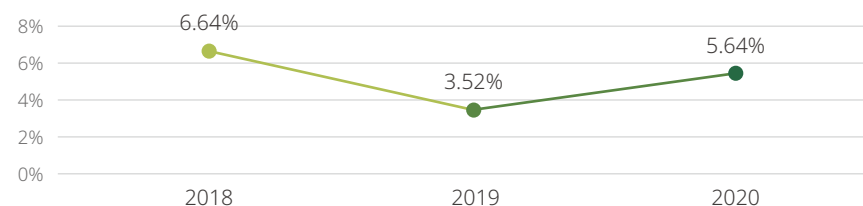
## Measures to reduce greenhouse gas emissions

1. Since 2014, ELAN headquarter in Hsinchu has begun to replace all office lightings from 27W PL lighting tubes to 9.8W LED energy-saving tubes. In 2020, lamps in the computer labs have been replaced and some traditional air-conditioners have been changed to frequency conversion ones.
2. Office area on each floor is installed with temperature monitors to display actual indoor temperatures. The numbers are then used as standards for appropriate temperature adjustment. By doing so, air conditioning usage will not be wasted on individual preferences.
3. Announcements reminding all staff to turn off the lights to conserve electricity.
4. Establish standard operating procedures, starting from the arrangement, rectification, and cleaning of the office and manufacturing production site, so that every employee has good habits and achieves the PDCA management cycle. Through continuous improvement, we can implement and control the use of materials, resources, and resources. Classify materials, sort garbage, etc., to reduce a lot of material procurement costs and waste.
5. 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.
6. 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.
7. In compliance with the law, ELAN performs initial filtration processes on each types of gas used in the laboratories.
8. 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.
9. 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.

10. 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. 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 687 in 2020, a 19.08% reduction in total.
11. 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 periodically. In 2020, tray accounted for 5.64% of the total recycled materials being re-used. The rest such as tubes, wafer cassette, cartons, buffer, etc. are kept in the warehouse area for recycling and re-use.

**Percentage of scrapped trays recycled** 301-3



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.

12. 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.

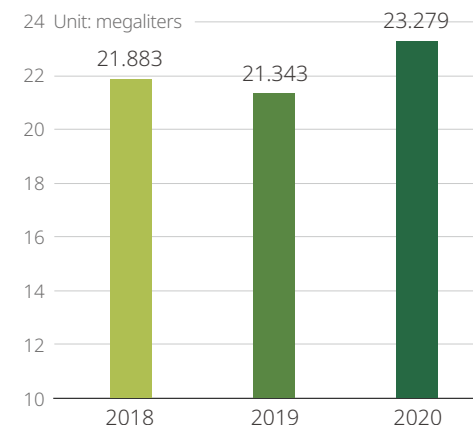


## Water discharge 303-4

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 2020, the total water consumption in Hsinchu is 23.279 (megaliters), an increase of 9.07% compared to 2019. 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.

### ELAN Microelectronics (Hsinchu) Effluent



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 2018 has changed.

## Waste

306-2

306-3

306-5

The Group'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 2020, ELAN group's general industrial waste total output volume is 42.28 tons. Of the total, the recycled volume is 7.984 tons and waste considered as hazardous is 7.209 tons. The preceding figure indicates that the volume of hazardous industrial waste is less than 10% of the total, this shows that the harmful effect is extremely low in the industrial chain. ELAN group, in addition to reporting by the EPD's environmental regulations and implementing industrial waste recycling, asks its contractors to comply with the requirements set under Environmental Protection Law, Occupational Safety and Health Law, and Fire Control Law. Continue to educate and promote recycling, sort general business wastes by types such as non-process, recyclable/non-recyclable, etc. and hand them over to qualified handling vendors.

The company wastes are classified as general waste (Class D), recycle (Class R) and hazardous waste (Codes: C-0301, C-0202, E-222, E-0217). For confidential files, we will arrange special destruction each year to dispose them all at once. Disposal of waste: General waste, confidential documents and hazardous waste of code C-0301 are to be incinerated. Electronic components (Codes E-0222, E-0217) are to be physically shattered and code C-0202 waste acid is to go through chemical neutralization.

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



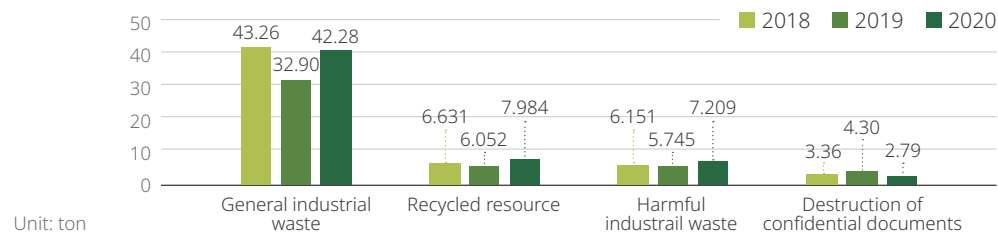
### Wastes are classified and stored according to types and characteristics.

1. On-site management and proper labeling.
2. Perform waste storage site management audits periodically.
3. Arrange waste-removal vendors to perform tailgate audits.
4. Regularly audit the documents on waste removal.

## ELAN Group Waste Output

Unit: ton

| Company/<br>region | Amount<br>of general<br>industrial<br>waste | Recycled<br>resource | Amount of hazardous industrial waste produced     |                                    |                                                   |                                                            |              | Destruction<br>of<br>confidential<br>documents |
|--------------------|---------------------------------------------|----------------------|---------------------------------------------------|------------------------------------|---------------------------------------------------|------------------------------------------------------------|--------------|------------------------------------------------|
|                    |                                             |                      | E-0222<br>PCB with<br>compo-<br>nents<br>attached | E-0217<br>Waste<br>compo-<br>nents | C-0202<br>Waste<br>compo-<br>nents with<br>pH ≤ 2 | C-0301<br>Distillation<br>residue<br>containing<br>aniline | Total        |                                                |
| ELAN<br>Hsinchu    | 24.36                                       | 7.984                | 0                                                 | 0.663                              | 0.110                                             | 0                                                          | 0.773        | 1.79                                           |
| ELAN<br>Zhonghe    | 14.62                                       | 0                    | 1.850                                             | 4.395                              | 0                                                 | 0                                                          | 6.245        | 1.00                                           |
| Metanoia           | 3.30                                        | 0                    | 0                                                 | 0.002                              | 0                                                 | 0                                                          | 0.002        | 0                                              |
| Avisonic           | 0                                           | 0                    | 0                                                 | 0.189                              | 0                                                 | 0                                                          | 0.189        | 0                                              |
| PIXORD             | 0                                           | 0                    | 0                                                 | 0                                  | 0                                                 | 0                                                          | 0            | 0                                              |
| <b>Total</b>       | <b>42.28</b>                                | <b>7.984</b>         | <b>1.850</b>                                      | <b>5.249</b>                       | <b>0.110</b>                                      | <b>0</b>                                                   | <b>7.209</b> | <b>2.79</b>                                    |



Unit: ton

| Year | Amount<br>of general<br>industrial<br>waste | Recycled<br>resource | Amount of hazardous industrial waste produced     |                                    |                                                   |                                                            |       | Destruction<br>of<br>confidential<br>documents |
|------|---------------------------------------------|----------------------|---------------------------------------------------|------------------------------------|---------------------------------------------------|------------------------------------------------------------|-------|------------------------------------------------|
|      |                                             |                      | E-0222<br>PCB with<br>compo-<br>nents<br>attached | E-0217<br>Waste<br>compo-<br>nents | C-0202<br>Waste<br>compo-<br>nents with<br>pH ≤ 2 | C-0301<br>Distillation<br>residue<br>containing<br>aniline | Total |                                                |
| 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                                           |
| 2020 | 42.28                                       | 7.984                | 1.850                                             | 5.249                              | 0.11                                              | 0                                                          | 7.209 | 2.79                                           |

Note 1: ELAN Tainan, Kaohsiung and HK rented their offices, so there's no actual data. However, Zhonghe is still estimated due to its large number of employees.

Note 2: Data of Metanoia, Avisonic and PIXORD are integrated with ELAN headquarter in Hsinchu.

Note 3: General waste refers to domestic waste. Recycling does not include Styrofoam recycling.

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 \* total number of employees.

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 2018 has changed.

## 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.

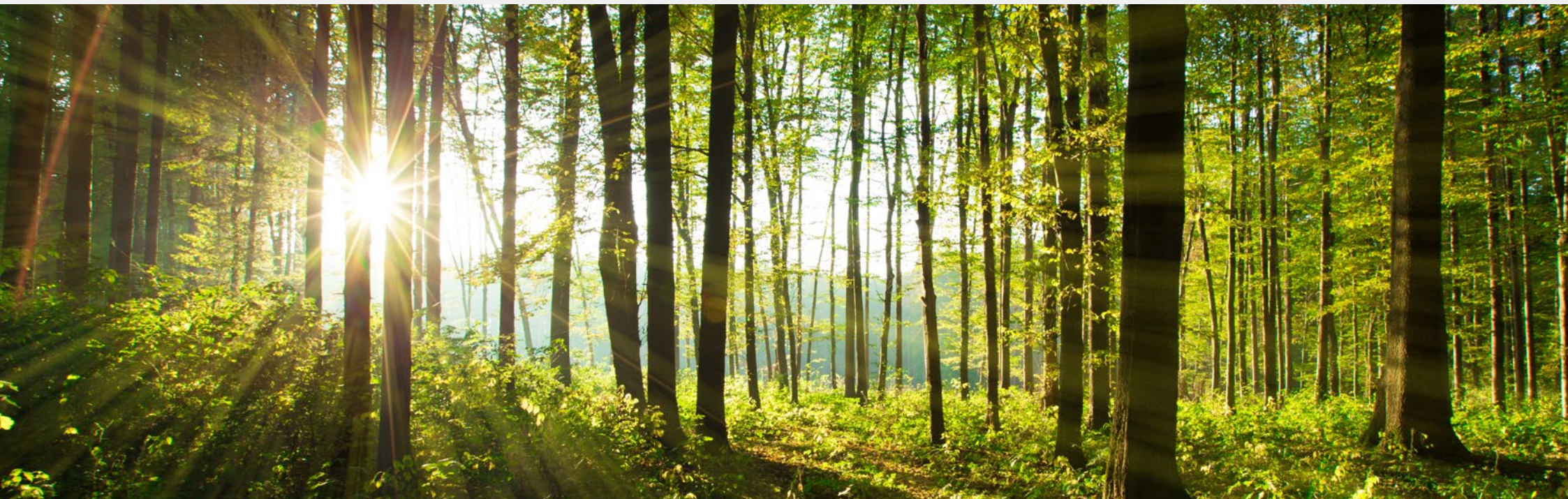
To achieve "Green Design", while designing the perfect products to satisfy our customers, we also insist on following the basic principles of eco-design at all time. Playing a role in environment protection, the use of hazardous substances declared by RoHS, Sony GP, REACH and Halogen-free requirements 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. **"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.
2. **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 587,000 units till 2020. Compare to traditional induction motors, it has already saved about 355,222,022MJ 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)

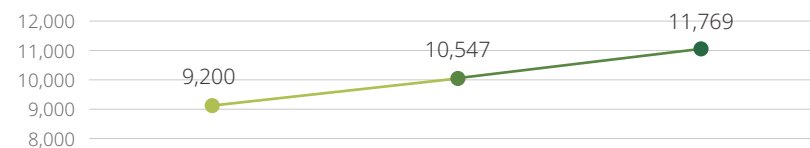
3. **Fingerprint identification wafers** do not require external metal rings nor additional ICs to apply drive signals. This minimizes module design size, save materials and lower cost. With a single IC, high sensitivity performance can be achieved. Meanwhile, passive components can be enclosed into 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.
4. **The development of the 2-in-1 Touch and Display Chip for smartphones** has a built-in 60Hz/120Hz auto-switching function. Enter low power mode during low operation to achieve low power consumption. In addition, not only can the IPD (In-Phase Driving) function effectively reduces the external capacitance, it can also support larger panel loading (panel load). By combining touch and display driver chips, the production cost can be significantly reduced while performance improves and the use of peripheral components reduces.
5. Fingerprint recognition system solutions on the market have the problem of combining power-saving and recognition speed, so a battery is a must. However, **ELAN Battery-free Non-contact Fingerprint Recognition Smart Card Solutions** has improved recognition speed while saving power. That is, with the same battery capacity, it can be used more times, eliminating the need of a battery. The solution is powered solely by the NFC induction power supply of a card reader. When a card is close to a card reader, the NFC induction power can wake up the fingerprint recognition system. After the fingerprint is successfully compared, the system will switch to the SE transaction mode for transactions. The user only needs to hold the card and press the position of the fingerprint sensor chip, bring the card close to the NFC card reader, and the identification and sensing can be completed at once. The operation method is identical to that of the current contactless credit card, without the problem of battery charging.
6. **The three-in-one solution that integrates touch control and drive, and supports active pens** can also be applied to laptops and even larger panels. ELAN integrates driver chip functions to touch screen chips with pen function, allowing users to use a stylus to write on the panel, making remote meetings and teaching much easier and efficient.



## 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

## Environmental expenditure and investment



Unit: Thousand NTD

|              | 2018         | 2019          | 2020          |
|--------------|--------------|---------------|---------------|
| ELAN         | 8,110        | 9,467         | 10,589        |
| Metanoia     | 654          | 622           | 718           |
| Avisonic     | 175          | 180           | 178           |
| PIXORD       | 194          | 200           | 201           |
| ELAN H.K.    | 67           | 78            | 83            |
| <b>Total</b> | <b>9,200</b> | <b>10,547</b> | <b>11,769</b> |

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

## 7.3 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 2020, ELAN has already participated in 45 charity events.



▲ Charity sales

### 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, company set up charity sales, 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. By 2020, ELAN have donated approximately NT\$130,000, and nearly a thousand of people participated in this activity.



### 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



▲ Internship program

will nevertheless foster students' potentials and cultivate young talents for the society.

Such internship program is planned in advance by ELAN and the school, lasts for a semester or an entire year. The specific work content and achievable task system are designed to allow students to enter the workplace early. Extensive knowledge and practice have also injected new vitality and creativity into the company. Also, the company can explore suitable talents and retain excellent internships to create a new force for the company. For students, it is possible to recognize the workplace and the employment environment early, strengthen self-function, and make right career choices. By the end of 2020, ELAN has provided a total of 82 job openings for undergraduate and graduate students as internships.



## Cultivate AI talents- AI Technology talents

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 2020, we have donated a total of 30 million NTD.



## Ecological conservation- Flipped Classroom

ELAN has participated in the Shennong Project of the Lovely Taiwan Foundation since 2020, with an annual donation of 500,000 NTD. We agree with the foundation's philosophy of focusing on organic food, land education, and hometown recognition. Over the years, we have successively assisted 14 primary schools in Miaoli and Pingtung to build friendly planting school fields, and turn the fields into classrooms. Not only promote a closer connection between parents and teachers but also bring the school and the local communities close. A cross-domain learning model is developed to allow children to imagine and explore, in this unique teaching method. In November, Chairman Ye visited Zhongxing Elementary School, personally toured the campus, dined with teachers and students, and experienced the beautiful changes brought about by this series of benevolent activities to the nature and environment.



## Care for education in the remote area- Sponsoring Hngzyang na Matui&Nahuy Children's Choir

The Jiaxing Elementary School Yixing Branch School Choir, which has been recognized by awards internationally for two consecutive years, is from the Atayal- Mkmatury aboriginal tribe in Jianshi, Hsinchu County. There are only 21 students at this school, but it is nurtured by the principal and teachers. Two-thirds of the students are generally poor and have no travel expenses to go abroad. In order to help remote children realize their dreams, ELAN not only invites them to perform on Family Day, but also sponsors funds to help school choir members to go abroad for competitions and exchanges.



# External assurance / conviction 102-56

**bsi.**


## INDEPENDENT ASSURANCE OPINION STATEMENT

### ELAN Microelectronics Corporation 2020 ESG Report

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

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

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by ELAN. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to ELAN only.

#### Scope

The scope of engagement agreed upon with ELAN includes the following:

1. The assurance scope is consistent with the description of ELAN Microelectronics Corporation 2020 ESG Report.
2. The evaluation of the nature and extent of the ELAN's adherence to AA1000 AccountAbility Principles (2018) and the reliability of specified ESG performance information in this report as conducted in accordance with type 2 of AA1000 AS v3 sustainability assurance engagement.

This statement was prepared in English and translated into Chinese for reference only.

#### Opinion Statement

We conclude that the ELAN Microelectronics Corporation 2020 ESG Report provides a fair view of the ELAN ESG programmes and performances during 2020. The ESG report subject to assurance is materially correct without voluntary omissions based upon testing within the limitations of the scope of the assurance, the information and data provided by the ELAN and the sample taken. We believe that the 2020 economic, social and environmental performance information are correctly represented. The ESG performance information disclosed in the report demonstrate ELAN's efforts recognized by its stakeholders.

Our work was carried out by a team of ESG report assurers in accordance with the AA1000 AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that ELAN's description of their approach to AA1000 AS v3 and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

#### Methodology

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

- a review of issues raised by external parties that could be relevant to ELAN's policies to provide a check on the appropriateness of statements made in the report
- discussion with managers on ELAN's approach to stakeholder engagement. However, we have not contacted with external stakeholders directly
- interview with 15 staffs involved in sustainability management, report preparation and provision of report information were carried out
- review of key organizational developments
- review of the extent and maturity of the relevant accounting systems for financial and non-financial reports
- review of the findings of internal audits
- the verification of performance data and claims made in the report through meeting with managers responsible for gathering data
- review of the processes for gathering and ensuring the accuracy of data, followed data trails to initial aggregated source and checked sample data to greater depth during site visits
- the consolidated financial data are based on audited financial data, we checked that this data was consistently reproduced
- review of supporting evidence for claims made in the reports
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018)

#### Conclusions

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

#### Inclusivity

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

#### Materiality

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

#### Responsiveness

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

#### Impact

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

#### Performance information

Based on our work described in this statement, specified ESG performance information such as GRI Standards disclosures disclosed in this report, ELAN and BSI have agreed upon to include in the scope. In our view, the data and information contained within ELAN Microelectronics Corporation 2020 ESG Report are reliable based on procedures undertaken by means of vouching, re-tracking, re-computing and confirmation.

#### GRI Sustainability Reporting Standards (GRI Standards)

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

#### Assurance level

The moderate level assurance provided is in accordance with AA1000 AS v3 in our review, as defined by the scope and methodology described in this statement.

#### Responsibility

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

#### Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000 AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.



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For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan

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| 102-47 Major topic list                                              | 3.1 Important stakeholder and material aspect identification                                                                              | 25-27          |
| 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 2018 was adjusted retrospectively. | -              |
| 102-49 Changes in the report                                         | None                                                                                                                                      | -              |
| 102-50 Report period                                                 | About this report                                                                                                                         | 1              |
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