



2021 ELAN ESG Report

Active innovation, Honest interaction
Win-win collaboration, and Sustainable management



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About this report

ELAN Microelectronics Sustainability Report (ESG Report) highlights the progress we have 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 2021 (Jan. 1, 2021 through Dec. 31, 2021). 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.

ESG report standards and verification

102-54

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The contents of this report follow several guidelines such as the Core Option in the Global Reporting Initiative (GRI), UN Sustainable Development Goals (SDGs), Responsible Business Alliance (RBA) guidelines, Corporate Governance 3.0 - Sustainable Development Roadmap released by the Financial Supervisory Commission (FSC), Task Force on Climate-related Financial Disclosures (TCFD), and Sustainability Accounting Standards Board (SASB), etc.

The report is also subject to third-party independent assurance by SGS Taiwan Inspection Technology Co., Ltd. based on AA 1000 v3 Type II at a moderate level. Refer to Pages 81-82 for the Independent Assurance Statement.

Major changes in 2021

102-10

ELAN

No major changes in organization scale, ownership or supply chain.

Metanoia

Increased capital and issued 36,000,000 new shares.

Avisonic

Increased capital and issued 5,000,000 new shares.

PiXORD

No major changes in organization scale, ownership or supply chain.

ELAN H.K.

No major changes in organization scale, ownership or supply chain.

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 release: Sep., 2021).

Note: Corporate Sustainability Report (CSR) was renamed as Environmental, Social, and Governance Report (ESG) in 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

Company's website: www.emc.com.tw





Message from Chairman 102-14

The outbreak of COVID-19 in 2020 has caused a global pandemic and impacted people all over the world, yet ELAN continued to grow in parallel with the industry and evolving lifestyles, innovated simultaneously, and took the business to a whole new level, strengthening corporate resilience. "Active innovation, Honest interaction, Win-win collaboration, 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.

ELAN CSR Committee was set up in 2014 and we've continued to issue a CSR report each year since 2015. In response to global sustainability trends and Taiwan FSC Disclosure Rules, ESG indicators and TCFD were added to the report in 2020. In 2021, the Board of Directors renamed the CSR Committee/report to ESG Committee/report. With independent directors being the committee chairperson, we aim to strengthen the company's commitments and executions on environment, society, and corporate governance.

Corporate Governance

In terms of corporate governance, ELAN came in 18th in CommonWealth Magazine's Top 50 Performing Companies, 4th in BsuinessNext's 100 High Value Companies in 2020, and won the 2021 Hsinchu Science Park R&D Accomplishment Award as well as Innovative Product Award.

Environment

In view of global warming and climate change, environmental KPIs (i.e. save 1% of electricity and reduce 10 tons of greenhouse gases) are set to conserve energy and reduce carbon in every operation process. Not only have we held the Hsinchu Science Park Distinguished Landscape Award for 16 consecutive years, but we also promise to only produce green design products that meet all regulatory requirements that apply, reducing the operating cost while protecting the environment.

Society

In terms of society, we formulated human rights policy, treating and respecting all personnel with dignity, and created a safe, healthy and comfortable workplace for the employees. In 2021, we were honored with the 2021 iSports Enterprise Certification by the Sports Administration, Ministry of Education. Besides caring for the disadvantaged groups, we also engaged in industry-academy collaboration with NTUT, and promoted supplier sustainability through valuing human rights, environmental protection, and health and safety.

Looking ahead

ELAN will continue to develop our business strategy steadily and fulfill our corporate social responsibility with the concept of sustainable management, considering 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

- 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

01



Management performance	2019	2020	2021
Operating Revenue (thousand NTD)	9,487,977	15,099,690	18,327,973
Earnings per Share (EPS) (NTD)	8.57	11.14	17.64
R&D expenditures (thousand NTD)	1,596,392	1,858,343	2,315,472
R&D expenditures accounted in operating revenue (%)	17%	(Note) 12%	(Note) 13%

* Note : R&D expenditures increased in 2020 and 2021, but the revenue reached a record high, so the actual percentage of R&D expenditures decreased.

Awards



Top **6-20%** in the 8th
Corporate Governance Evaluation



4th place in BsuinessNext's
100 High Value Companies in 2020



18th place in
CommonWealth Magazine's
Top **50** Performing Companies

1.1 Company profile

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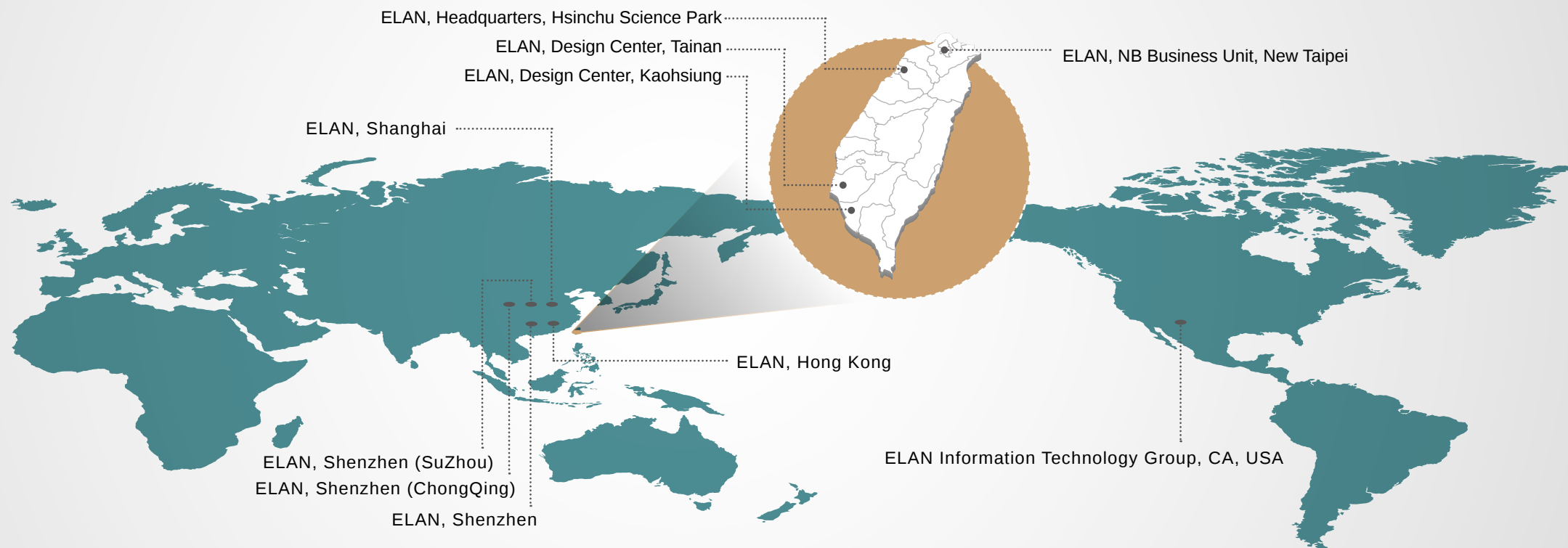
Date founded: May 1994

Capital: NT\$ 3,039 million

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

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

ELAN Microelectronics is listed in March 2001, with its headquarters located in Hsinchu Science Park, Taiwan. To response to an increasingly competitive global electronics industry and to strengthen its global layout, ELAN has currently set up a module manufacturing factory in Zhonghe District, New Taipei City, dedicated in the design, development and production of NB products; research and development bases in Kaohsiung Software Park and Tainan; business and after-sales service centers in Shenzhen, Shanghai, Suzhou, and Chongqing in China; a shipping and customer service center in Hong Kong; and a business strategy planning center in the United States. With a headquarters based in Taiwan, ELAN creates new job opportunities every year and they continue to grow with Company's rapid growth in sales performance. By the end of 2021, the number of full-time employees has reached 1,179. ELAN main sales markets include Taiwan, China, Hong Kong, the United States and Japan.



1.2 Organization history

2019

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

2020

- Included in the TWSE Corporate Governance 100 Index.
- Selected as the top 6-20% in the 7th Corporate Governance Evaluation.
- Ranked 7th in BsuinessNext's 100 High Value Companies in 2020.
- ELAN Sustainability Report has passed the GRI Standards and met AA1000 Assurance Standard Type 2, Moderate level assurance.
- For 16 consecutive years, ELAN has held the Hsinchu Science Park Distinguished Landscape Award.

2021

ELAN

- Won the 2021 Hsinchu Science Park R&D Accomplishment Award.
- Won the 2021 Hsinchu Science Park Innovative Product Award.
- Honored with the 2021 iSports Enterprise Certification by the Sports Administration, Ministry of Education.
- Placed 4th in BsuinessNext's 100 High Value Companies in 2020.
- Placed 18th in CommonWealth Magazine's Top 50 Performing Companies.
- Included in the TWEC Taiwan Dividend+ Index.
- Included in the TWEC Taiwan Mid-Cap 100 Index.
- Included in the TWEC Taiwan Technology Index.
- Included in the TWEC HC 100 Index.

PiXORD

- Won the 2020 Smart Taipei Innovation Awards – Merit Award.
- Shortlisted for 2021 Smart Science Park Innovation Application Award.
- Won the Ministry of Transportation and Communication 2020 Smart Transportation System Master Plan - High Distinction Award.

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 9 members experienced in R&D and management.
- R&D expenditures accounted for 13% of the total revenue.
- Obtained a total of 1,032 patent certificates from 2000 to 2021.
- 49% of the company's employees are R&D personnel, 46% of whom hold a PhD/master degree, and 41% 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.
- Collaborate with like-minded upstream and downstream industries to create win-win partnerships.

Performance in 2021

- Consolidated revenue reached 18.328 billion NTD, net profit after tax was 5.028 billion NTD, and the earnings per share were 17.64 NTD, hitting a record high.
- 329 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%.

Highlights in 2022

- 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 major world events.



Revenue and profit hit a record high

As the COVID-19 pandemic lasted, work from home, online learning, and stay-at-home economy continued, along with the high demands for PCs and Tablets. The company's main products - notebook computer touch screen chips, touch modules, fingerprint module products, pointing devices, etc. have all been in high demand, resulting in significant growth in operation.

With our strong wafer design and engineering technology, ELAN effectively reduced costs and optimized our product sets. The consolidated revenue increased 21.4% compared to last year. In 2021, the consolidated revenue reached 18.328 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 49.7%. The consolidated net income rate reached 30.9%, and the pretax income reached 6.06 billion NTD.

■ Direct economic value generated and allocated by the organization (consolidated basis) 102-7 201-1

Unit: In thousand NTD

	2019	2020	2021
Operating Revenue	9,487,977	15,099,690	18,327,973
Gross Profit	4,416,688	7,054,196	9,116,400
Net Operating Income	2,081,426	4,217,199	5,665,225
Non-operating Income and Expense	728,234	(Note 2) (323,507)	395,924
Pre-Tax Income	2,809,660	3,893,692	6,061,149
Income Tax Expense	344,918	700,654	1,033,611
Net Income	2,464,742	3,193,038	5,027,538
Total Assets	11,246,892	14,452,190	16,933,008
Total Liabilities	3,643,740	5,179,134	5,959,140
Total Stockholders' Equity	7,603,152	9,273,056	10,973,868
Earnings Per Share (dollar)	8.57	11.14	17.64

* 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).

■ Consolidated Sales Table

Unit: thousand piece

	2019	2020	2021
Consumer Touch IC	423,372	364,657	297,266
NB Input Device Module	93,476	153,220	163,625
Network Communication IC	221	167	185
Others	463	73,356	105,215
Total	517,532	591,400	566,291

* Note: The data is derived from the consolidated financial statement in ELAN Annual Report 2019 - 2021.

■ 2021 Distribution of Profits (individual)

Unit: thousand NTD

Company	Revenue	Operating cost	Employee salary and benefit	Interest payment and dividend	Account payable to the government	Donation
ELAN	17,742,077	9,497,017	2,423,947	2,734,924	995,857	1,820
Metanoia	93,087	110,462	95,833	0	0	0
Avisonic	50,470	42,428	33,971	781	0	0
PIXORD	17,549	23,846	30,564	0	0	0
ELAN (H.K.)	944,801	693,967	12,847	0	0	0
Total	18,847,984	10,367,720	2,597,162	2,735,705	995,857	1,820

* 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.

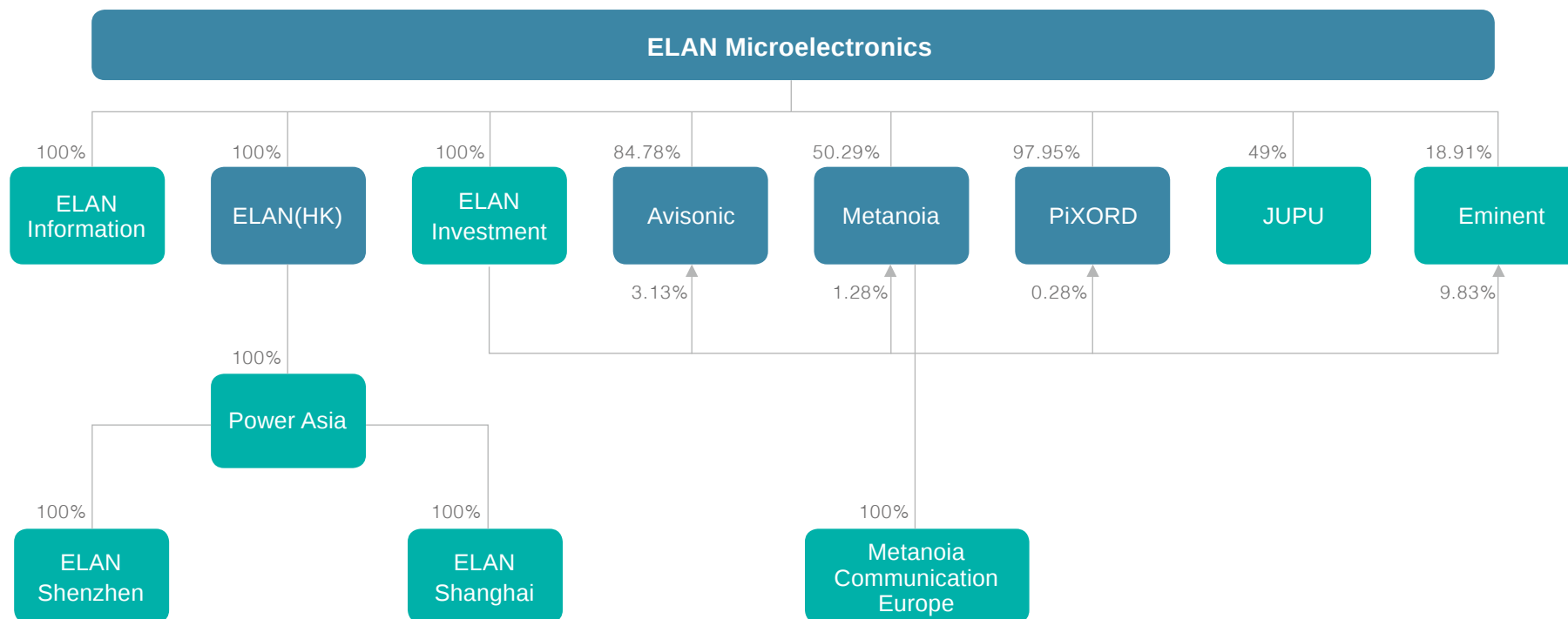
* Note 4: Interest payments and dividend: Dividends are given out as 2020 cash dividend.

* 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&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, higher shareholding ratio, 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, JUPU Electron, Eminent Electronic Technology., Power Asia, ELAN Shenzhen, and ELAN Shanghai.

* Note: Metanoia Communication Europe was incorporated into the consolidated entity on Apr. 28, 2021.

Meanwhile, RisingStar Technology Company Limited was excluded on Feb. 9, 2021, and Bruckewell Technology Co., Ltd. on Dec. 29 2021.

1.4 Government financial aid

201-4

2021 Government financial aid

Unit: thousand NTD

Company Name	Type	Government Organization	Item	Amount	Remark
ELAN	R&D subsidies	Industrial Development Bureau, Ministry of Economic Affairs	Smart Supply Chain Program subsidies	3,993	Accountant verified
	Waived	National Taxation Bureau, Ministry of Finance	Tax reduced and waived	39,587	Accountant verified
Metanoia	NA	NA	NA	0	
Avisonic	Subsidies	Small and Medium Enterprise Administration	Small Business Innovation Research	1,200	Accountant verified
PIXORD	Relief subsidies	Ministry of Economic Affairs	Subsidies for manufacturing and technical service industries which have been negatively impacted by the pandemic	989	Accountant verified
Total				45,769	

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

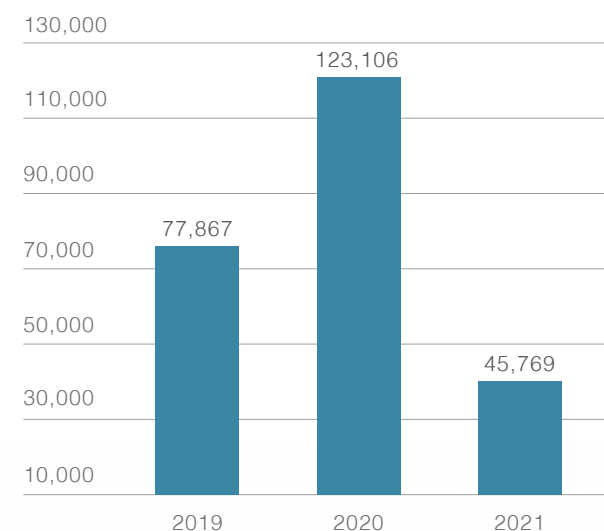
Proportion of government financial funds

Company	Financial fund	Percentage (%)
ELAN	Labor Pension Fund (New Scheme)	2.448
	Employment Insurance Fund	0.424
	Service Pension Fund Supervisory Board	0.201
	National Pension Insurance Fund	0.146
	Labor Retirement Reserve Fund (The Old) Fund	0.025
Metanoia	National Development Fund, Executive Yuan	16.31

* Note: Avisonic and PIXORD did not receive financial funds from the government.

Government Financial Aid

Unit: thousand NTD



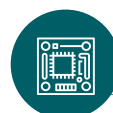
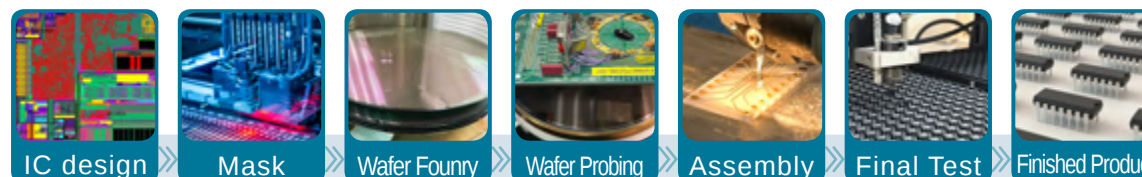
1.5 Supply chain

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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 collaboration 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 collaborate 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 2021 is 59%.



IC Supply Chain



Module Supply Chain



Percentage 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	36	86.6%	7	100.0%	10	100.0%	0	NA	NA	NA
	Imported	22	13.4%	0	0.0%	0	0.0%	0	NA	NA	NA
Module Commodity	Local	92	29.5%	3	100.0%	7	94.1%	33	100.0%	NA	NA
	Imported	58	70.5%	0	0.0%	1	5.9%	0	0.0%	NA	NA
Other services		637		143		88		64		32	

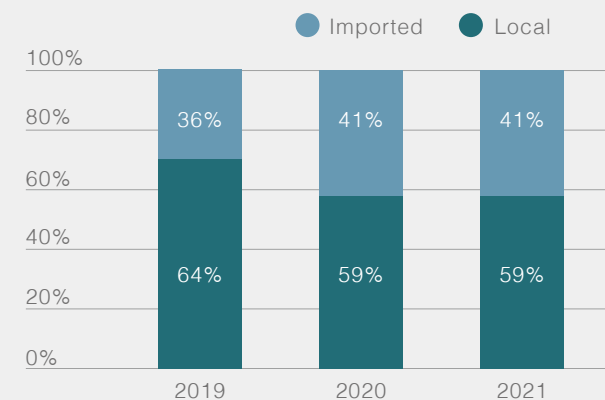
* Note 1: IC Commodity includes cutting, mask, packaging, wafer and testing suppliers.

* 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.

Percentage of ELAN Group IC/Module commodity purchased from local suppliers





1.6 Investor relations transparency

Voluntary Disclosure Topic 10 - Investor relations transparency

ELAN

Actions we have taken to disclose information to investors:

1. Put up an "Investor Relations" section on the company official website. Its contents include:
 - Financial information: Monthly, quarterly, semi-annual, and annual revenue reports.
 - Investment column: Stock price information, dividend distribution over the years, shareholders' meeting, investor conference, newsletter and contact information.
2. Published 18 related news on the company official website.
3. Issued a total of 50 major announcements on the Taiwan Stock Exchange Market Observation Post System as required.
4. Released monthly sales reports (including key product development schedule) in both Chinese and English to simultaneously disclose the information to domestic and foreign investors.
5. Held an annual shareholders' meeting on Jul. 2, 2021.
6. Held quarterly conference calls. The conferences were recorded and uploaded to both Stock Exchange Wipro platform and the company website.
7. Held 124 investor conferences with domestic/foreign investors and analysts.
8. Regular communication topics with investors:
 - The company's operating objectives and strategy
 - ① Short-term focus: increase market share output value of existing products, and grasp the area with growth in penetration rate
 - ② Medium- and long-term plans and foresight in each market
 - ③ Plans for non-notebook business
 - Prospects for the development of the notebook market
 - The company's competitive advantage
 - The position and representation of the company in the industry chain
 - The company attaches great importance to the profit rate and upholds the business philosophy for future developments
 - Supply chain dynamics and partnership
 - Adopt a high dividend policy, returning profits to shareholders.

Metanoia

1. Private entity.
2. Held an annual shareholders' meeting on Jun. 18, 2021.

Avisonic

1. Private entity.
2. Held an annual shareholders' meeting on Jun. 18, 2021.

PiXORD

1. Private entity.
2. Held annual shareholders' meetings on Jun. 18 and Aug. 24, 2021.



Corporate Governance

2.1 Highest governance body

2.2 Principles of business ethics and integrity

02



Hightlight	2019	2020	2021
Combined revenue (thousand NTD)	9,487,977	15,099,690	18,327,973
EPS (dollar)	8.57	11.14	17.64
Percentage of independent directors (%)	42.9	42.9	44.4
Corruptions	0	0	0

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 2021

- A total of 115 updates have been made on corporate governance, social responsibility, and environmental and health management regulations and requirements.
- In 2021, the Group complied with all laws and regulations and had no record of fines or penalties.

Highlights in 2022

- 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 tenth term of the Board of Directors consisted 5 directors and 4 independent directors, whom were appointed by the broad of shareholders in Jul. 2021, to hold office from Jul. 2, 2021 to Jul. 1, 2024. Among them, three are ELAN management team members (Chairman I. H. Yeh, Director Kuo-Lung Yen, and Director Tsung-Ying Yeh). 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.

Composition of ELAN and affiliates' Board of Directors

405-1

	ELAN		Metanoia		Avisonic		PiXORD	
Director	5	0	5	0	5	0	4	1
Independent Director	4	0	0	0	0	0	0	0
Supervisor	0	0	1	0	1	1	1	1
Total	9	0	6	0	6	1	5	2
< 30	0	0	0	0	0	0	0	0
30-50	1	0	0	0	1	0	1	0
> 50	8	0	6	0	5	1	4	2
Total	9	0	6	0	6	1	5	2

* 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 27 of ELAN 2021 Annual Report.

* Note 3: List of trainings directors participated in can be found on pages 43-48 of ELAN 2021 Annual Report.

ELAN Remuneration Committee

The Remuneration Committee was set up in December 2010. In Jul. 2021, ELAN re-elected the fourth term of the Remuneration Committee for the period of Jul. 2, 2021 ~ Jul. 1, 2024. A total of 5 meetings are convened in 2021. Refer to pages 50-51 of ELAN 2021 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 Jun. 2015. In Jul. 2, 2021, ELAN re-elected the third term of the Audit Committee for the period of Jul. 2, 2021 ~ Jul. 1, 2024. The committee convened a total of 6 meetings in 2021. Refer to pages 31-36 of ELAN 2021 Annual Report for the actual operation.

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



ELAN ESG Committee

ELAN ESG Committee was set up in Mar. 2021 to prioritize the company's environmental sustainability, social responsibility, and corporate governance. In 2021, ELAN re-elected the second term of the ESG Committee for the period of Jul., 2021 ~ Jun., 2024. The committee convened a total of 2 meetings in 2021. Refer to page 39 of ELAN 2021 Annual Report for the actual operation.

For relevant organizational chart, refer to <https://www.emc.com.tw/emc/en/csr/management>

2.2 Principles of business ethics and integrity

Major management policy — Anti-corruption/Integrity management

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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.
- Set up Reporting Mailbox on the company website for employees and outsiders to report or file a complaint anonymously.

Management strategy

- Adhering to Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies - Ethical Corporate Management Best Practice Principles, ELAN has set up an effective governance structure and relevant ethical standards.
- Reporting Mailbox, Employee Complaint Procedures, and Reporting Policy are also set up for employees and outsiders to report or file a complaint anonymously.

- Online courses on business ethics, anti-corruption, and guides to all kinds of regulations are added in the new employee training.

Medium and long-term plan

Promote the concept of integrity management, strengthen the sense of anti-corruption in employees, customers, and suppliers; implement Company's anti-corruption policy to completely eliminate the occurrence of illegal business practices.

Performance in 2021

- All ELAN directors and 146 new employees have completed and passed the online course/assessment on business ethics and anti-corruption.
- No corruption cases were reported in 2021.

Highlights in 2022

- Respect the rights of other companies' brands, designs, software, articles, and other assets protected by law, and prohibit colleagues from using, copying, stealing, or reselling unauthorized intellectual property.
- Continue to promote to the directors and employees of the affiliated companies until they complete anti-corruption training.

Business ethics and integrity

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In 2014, ELAN Microelectronics Board of Directors introduced operating systems including the Integrity Management Operational Procedure, Integrity Conduct Guide Specification, Integrity Practices Specification, Ethical Behavior Specification, and Personal Data Protection Management Measures. The General Manager's Office is in charge and the Human Performance Management Department is responsible for setting up a communication mailbox on the Company's website, organizing online courses (on various laws and regulations, business ethics, and anti-corruption) for new recruits. We will continue to digitize courses and 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 2021, no violations or corruptions were found in the Group. The committee reviewed its effectiveness in the board meeting on Dec. 23, 2021. For details, refer to pages 63-65 of ELAN 2021 Annual Report.

ELAN Microelectronics 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:

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

The person handling the report shall provide the reporter with a written non-disclosure agreement, and the company promises to protect the reporter from inappropriate or unfair handling due to the report.

Organizations, unions and academic institutions the Group collaborated in 2021

102-13

	Organization Name	Member	Remarks
ELAN	The Allied Association for Science Park Industries		15 Committees
	Friends of the Police Association		
	Chinese Professional Management Association of Hsinchu (CPMAH)		
	SINOCON Industrial Standards Foundation		
	Taipei Computer Association		
	NTU System-on-Chip Center, SOC		
	Taipei Tech Elite Union		
	NCTU Consortium of ESD Protection Technology for Circuits and Systems		
	MIPI Alliance		
	USB Implementers Forum		
	Video Electronics Standards Association		
	Institute for Information Industry (III)		
Metanoia	The Allied Association for Science Park Industries		
	EECS Industrial Affiliates Program (EECS-IAP)		
Avisonic	The Allied Association for Science Park Industries		
	Taiwan Telematics Industry Association		
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 Corporate Social Responsibility Report of OTC-Listed Companies, Corporate Governance Roadmap 3.0, Responsible Business Alliance (RBA), International Standard Organization enacting environmental management standards (ISO 14001), Occupational Health and Safety Management Systems (ISO 45001), 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	Performance in 2021	Corresponding chapter(s)
SDG3 Good Health and Well-being	Set up Occupational Safety and Health Committee to promote various labor safety and health-related matters - Occupational safety and health meetings: 4 times - Physician consultation service used: 103 times - Annual health check participation rate: 99% - Mental health/health promotion: 4 seminars, 190 participated Establish and implement a management plan for disease prevention 94.6% of the employees received 1st dose of the COVID-19 vaccine, and 88.7% received a 2nd shot	6.4 Occupational safety and health policy 6.5 Health management
SDG4 Quality Education	Value the quality of education - Donated NTD500,000 to primary schools in remote areas from 2020-2021. - Donated NTD100,000 to Huei-Ming School and Home for the Blind.	7.4 Participation in social/public welfare activities
SDG5 Gender Equality	Value gender equality 40% of the employees are female. - The retention rate of women and men who have been working for more than one year after reinstatement without pay is 100% - We have been committed to gender equality for many years. The salary standard, adjustment, evaluation indicators are all consistent in every job position. - Set up a breastfeeding room, and provide exclusive parking spaces and maternity chairs for pregnant female employees. In 2021, 2 dedicated parking spaces and 3 maternity chairs were applied.	6.3 Employee benefits and salary 6.8 Zero-distance communication with the employee and full-range complaint channels
SDG6 Clean Water and Sanitation	Water resources management superior to national standards ELAN does not discharge wastewater, hence no effects on the surrounding environment. Domestic sewage is collected by sewers and fed into the park's sewage treatment plant.	7.2 Water and wast
SDG8 Decent Work and Economic Growth	Promote a safe working environment - Injury rate (IR) = 0, occupational disease rate (ODR) = 0, number of deaths due to work = 0, and lost days rate (LDR) = 0. - The results of the company's operating environment analysis are in line with all national laws and regulations. Revenue hit a record high - Consolidated revenue in 2021 reached 18.328 billion NTD, net profit after tax was 5.28 billion NTD, and the EPS were 17.64 NTD.	6.6 Emphasis on workplace safety, zero occupational hazards in 27 years 1.1 Company profile
SDG9 Industry, Innovation and Infrastructure	Encourage innovation and continue to increase R&D funding - Continue to maintain technological leadership, and invest more than 12% of its revenue each year in R&D expenditures. Protect intellectual property (IP) right for technical inventions - Obtained a total of 1,032 patents from 2000 to 2021.	1.1 Company profile 4.2 A sound patent system encourages employees to actively innovate

SDGs		Performance in 2021	Corresponding chapter(s)
	SDG10 Reduced Inequalities	Value gender equality, equal pay for equal work - The number of employees with disabilities is 10, which complies with the law. - The basic salary ratio of female and male employees of the same position and grade is 1:1.	6.2 Workforce practices and dignity of labor
	SDG12 Responsible Consumption and Production	Green product management system - Obtain green raw materials and product certification, comply with lead-free, halogen-free, and hazardous substances requirements in the electronics industry set up by the European Union and Japan, and comply with the Restriction of Hazardous Substances Directive (RoHS). - 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. Duty to conduct conflict mineral investigations - In 2021, 100% of suppliers for all product lines submitted the conflict mineral report.	4.5 Product and labeling 5.1 Supplier strategy
	SDG13 Climate Action	Greenhouse gas emission inventory and management - Indirect greenhouse gas inventory reduced from 1,939.245 tonCO₂-e in 2020 to 1,889.531 tonCO₂-e in 2021, a total reduction of 49.714 tonCO₂-e. - Electricity usage reduced from 15,323,354MJ in 2013 to 13,550,423MJ in 2021, an 11.57% of reduction. Task Force on Climate-related Financial Disclosures (TCFD) - TCFD recommendations are to be implemented in 2022 Q4. A comprehensive carbon inventory will be conducted to achieve carbon neutrality by 2050.	7.1 Environmental policy and carbon reduction 5.3 Risk management and opportunity
	SDG16 Peace, Justice and Strong Institutions	Defend peace and justice - In 2021, no cases of complaints/violations of ethics and integrity or engagements in illegal activities were reported. - Set ELAN human rights policy, employee complaint system, reporting system, a CSR mailbox, and the reporting hotline. In 2021, no complaints or cases regarding human rights were filed. Visit https://www.emc.com.tw/emc/tw/csr/policy for detailed implementation.	2.2 Principles of business ethics and integrity 6.8 Zero-distance communication with the employee and full-range complaint channels
	SDG17 Partnerships for the Goals	Promote industrial sustainability - Every supplier gave good feedbacks in the Annual Supplier Conference. 100% of our important suppliers have signed the ELAN Microelectronics Supplier Social Responsibility Code of Conduct.	5.1 Supplier strategy



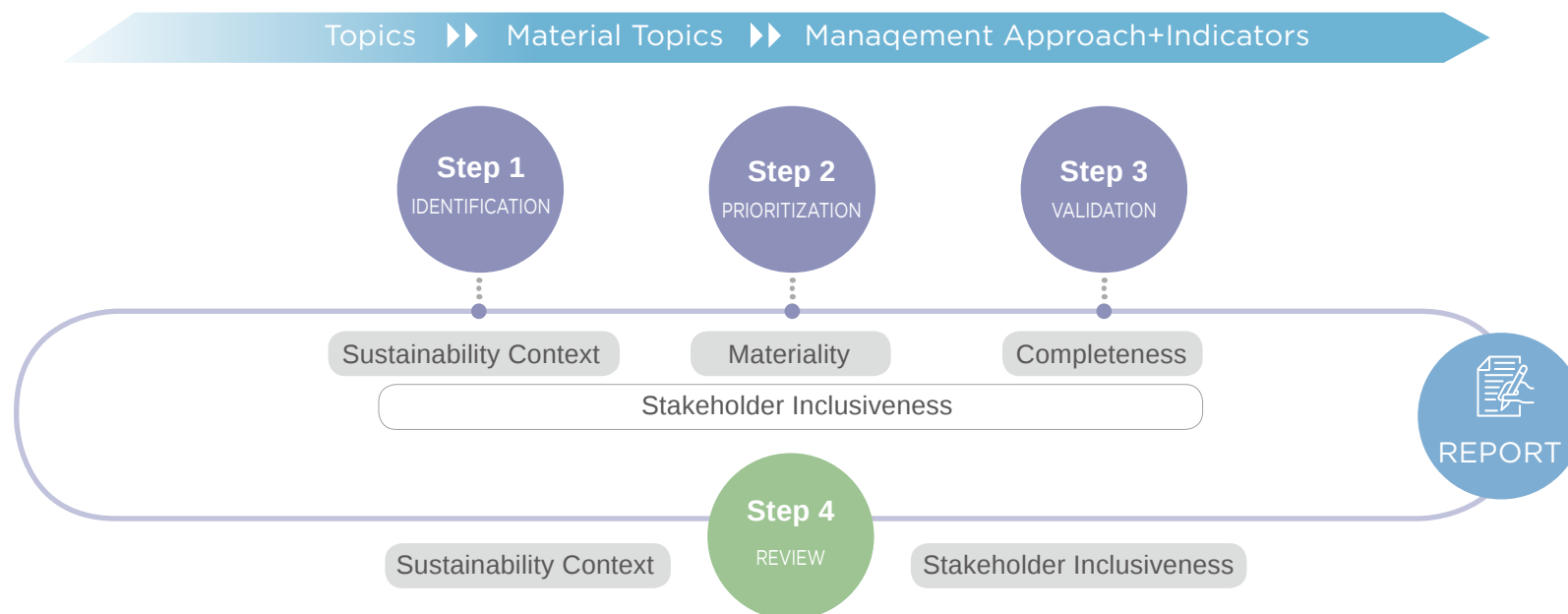
Stakeholders' Management and Engagement

3.1 Important stakeholder and material topic identification

3.2 Stakeholder engagement

03

3.1 Important stakeholder and material topic identification



Identifying material topics and boundaries

102-40 102-42 102-46 102-49

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

In accordance with the nature of the company, the collected topics will be categorized into the 34 consideration topics plus 10 "Other" based on GRI Standards, totaling of 44 topics. Each department then evaluates whether these 44

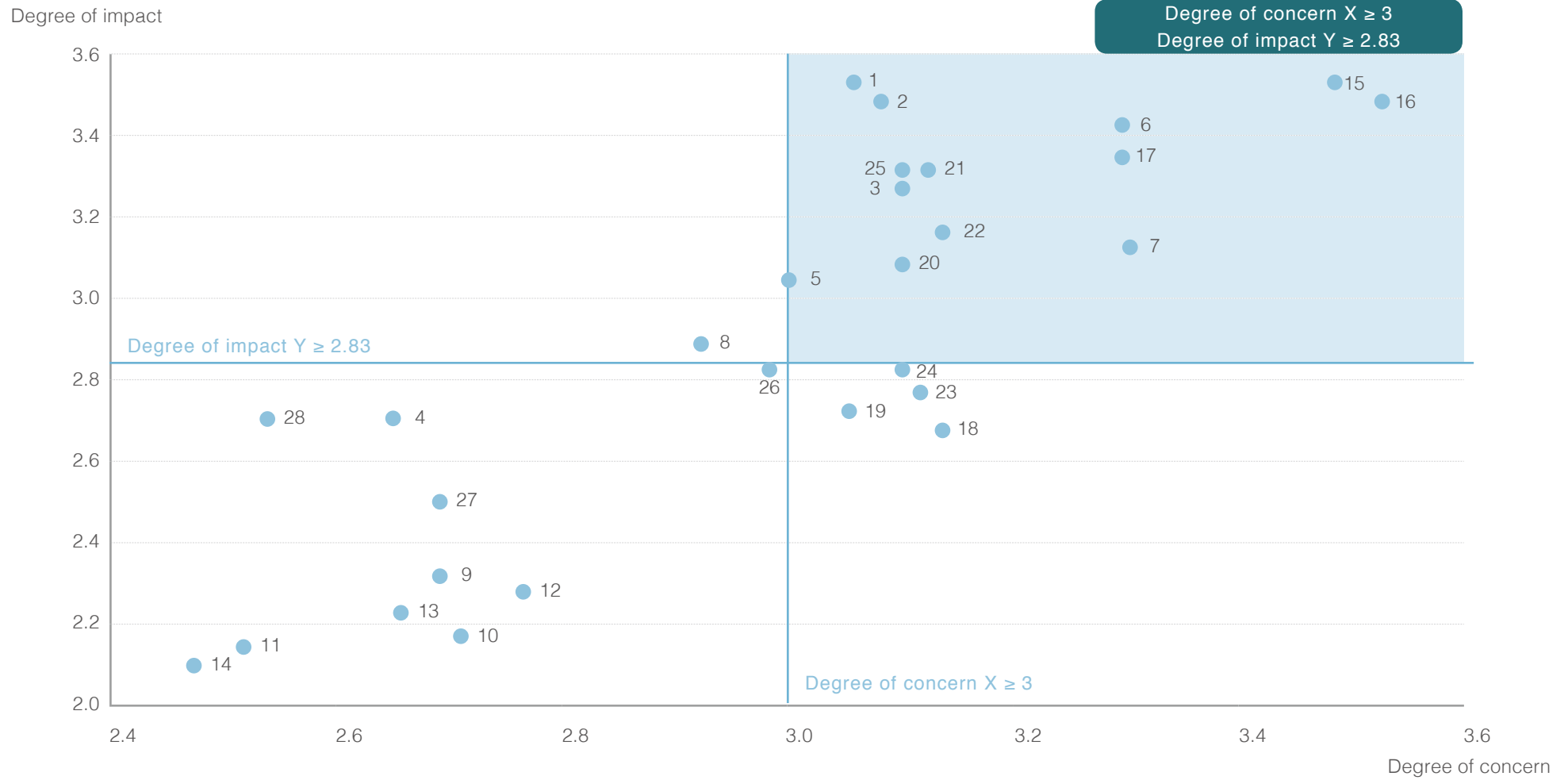
topics will impact the entities within or outside the organization. Among them, 34 topics are to be selected and put into a questionnaire to gather stakeholders' opinions on the degree of impact and concern toward these topics.

In accordance with routine business operation, the ESG Committee lists out relevant stakeholders and classifies them into 11 types and 7 categories which are employee, shareholder, affiliated company, customer, agent, supplier, and leading brand manufacturer. A total of 744 degree of impact questionnaires were issued. At the same time, the questionnaires were also given out to the

Company's seniors and department managers.

Later, the implementation secretary evaluated each assessment. A score of 2.83 or above is considered "highly apprehensive", while a score of 3 or higher is considered "highly impactful." The results highlighted 15 material topics and 21 corresponding indicators (14 GRI Standards indicators and 7 self-disclosed indicators). After designated units joined in, evaluated the impacts, and rated on the degree of the impact/concern, 36 indicators were chosen to be covered within the scope of this ESG report.

Material topics 102-47



Material

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 419 Socioeconomic Compliance
6 Operational performance	201 Economic Performance Voluntary Disclosure - 4 Operational Performance Indicator
7 Integrity Management	205 Anti-corruption
15 Maintaining good relationships with customers (including leading brands)	Voluntary Disclosure - 1 Customer Engagement
16 Company new product development/patent	Voluntary Disclosure - 2 New Product Development Voluntary Disclosure - 9 Product Contribution to World Trends
17 Customer satisfaction	418 Customer Privacy
20 Supply chain management	204 Procurement Practices 414 Supplier Social Assessment 308 Supplier Environmental Assessment Voluntary Disclosure - 3 Supplier Strategy
21 Labor relations	402 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	207 Tax
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 417 Marketing and Labeling
19 Product material source (no conflict minerals)	416 Customer Health and Safety 417 Marketing and Labeling
26 Employee communication and appeal	406 Non-discrimination 409 Forced or Compulsory Labor
27 Social care and charity activities	Voluntary Disclosure - 7 Participation in public service
28 Industry-Academy collaboration	Voluntary Disclosure - 6 Industry-Academy collaboration

Identifying material topics and boundaries

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[103-1](#)

	Major Topic / Stakeholder	Significance	ELAN	Affiliates			
				Metanoia	Avisonic	PiXORD	ELAN (H.K.)
Economic	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.	✓	○	○	○	
Environmental	307 Environmental Compliance	Compliance with environmental protection regulations can gain stakeholders' trust and reduce impacts on the company's reputation.	✓	✓	✓	✓	✓
	308 Supplier Environmental Assessment	In addition to meeting customer requirements, assessing suppliers' compliance from time to time is also crucial for corporate 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 trends 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	In addition to meeting customer requirements, assessing suppliers' compliance from time to time is also crucial for corporate sustainable development.	✓	○	○	○	
	418 Customer Privacy	We respect and honor our customers. Implement information security risk management, so that we can deepen customer relationships and ensure sustainable business operation.	✓	✓	✓	✓	✓
	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. 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, seizes the market share in advance, but also creates a new revenue source for the company.	✓	○	○	○	

✓ Information disclosed. ○ Information to be disclosed in the future.

Major topics on the value chain

103-1

	Material topic	Supplier	ELAN Including employees/ shareholders/ affiliates	Agent	Customer	Leading platform manufacturer
Economic	201 Economic Performance		✓	✓	✓	✓
	202 Market Presence		✓			
	204 Procurement Practices	✓	✓			
	205 Anti-corruption		✓	✓	✓	✓
Environmental	307 Environmental Compliance		✓	✓	✓	✓
	308 Supplier Environmental Assessment	✓	✓			
Social	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		✓		✓	✓

✓ Impactful



3.2 Stakeholder engagement

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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	Social - Employment Voluntary Disclosure - 5 Care for employees and their families Social - Labor/management relations Social - Occupational health and safety Social - Training and education	Employee satisfaction survey	Annually	HPM ESG Committee
		Operational & Labor/management meeting	Monthly	
		Employee suggestion box	Anytime	
		Stakeholder survey	Annually	
		New employee/on-job educational trainings	Monthly/non-scheduled	
		Individual performance review	Every 6 months	
		Department meeting	Non-scheduled	
		Human Performance Management, Director Li (Email : pmlms@emc.com.tw)		
 Shareholder	Voluntary Disclosure - 4 Operational performance indicators Voluntary Disclosure - 2 New product development Voluntary Disclosure - 9 Product Contribution to World Trends Voluntary Disclosure - 1 Customer engagement	General shareholder		Investment Relations Office
		Shareholders' meeting	Annually	
		Annual report	Annually	
		Major announcement/press release	Anytime	
		Company website	Anytime	
		Stakeholder survey	Annually	
		Spokesperson	Non-scheduled	
		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 - Occupational health and safety Social - Labor/management relations Voluntary Disclosure - 2 New product development Voluntary Disclosure - 9 Product Contribution to World Trends Social - Labor/management relations Voluntary Disclosure - 5 Care for employees and their families	Phone / E-Mail	Anytime	Sales Department ESG Committee
		Stakeholder survey	Annually	
		Human Performance Management, Director Li (Email : pmlms@emc.com.tw)		

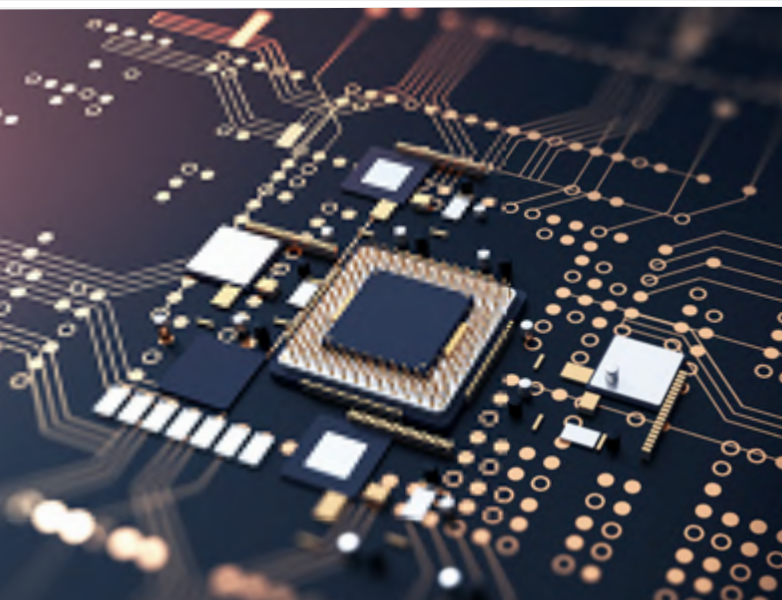
Stakeholder	Concerned topic	Communication channel	Commination frequency	Responsible unit
 Customer	Social - Customer privacy Voluntary Disclosure - 1 Customer engagement Voluntary Disclosure - 2 New product development Voluntary Disclosure - 9 Product Contribution to World Trends Social - Customer health and safety Social - Marketing and Labeling	Company website	Anytime	Sales Department QA Department 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 (Email : ian.chung@emc.com.tw)		
 Agent	Voluntary Disclosure - 1 Customer engagement Voluntary Disclosure - 2 New product development Voluntary Disclosure - 9 Product Contribution to World Trends Social - Customer privacy Social - Customer health and safety Social - Marketing and Labeling Economic - Economic Performance Voluntary Disclosure - 4 Operational performance indicators	Company website	Anytime	Sales Department QA Department ESG Committee
		Phone / E-mail	Anytime	
		Satisfaction survey	Every 6 months	
		Stakeholder survey	Annually	
		External mailbox	Anytime	
		NB Product Sales, Director Zhong (Email : ian.chung@emc.com.tw)		
 Supplier	Social - Customer privacy Economic - Economic Performance Voluntary Disclosure - 4 Operational performance indicators Social - Customer health and safety Social - Marketing and Labeling	Company website	Anytime	QA Department
		Phone / E-mail	Anytime	
		Outsourcing meeting	Monthly	Development & Planning Department
		Supplier audit	Anytime	
		Supplier conference	Regularly	
		Stakeholder survey	Annually	ESG Committee
		External mailbox	Anytime	
		Production Planning Control, Director Li (Email : pmlms@emc.com.tw)		
 Leading platform manufacturer	Social - Anti-corruption Voluntary Disclosure - 1 Customer engagement Voluntary Disclosure - 2 New product development Voluntary Disclosure - 9 Product Contribution to World Trends	Project meeting	Anytime	Market Planning Department
		Company visits	Anytime	
		Phone / E-mail	Non-scheduled	Sales Department
		Company website	Non-scheduled	
		Stakeholder survey	Annually	R&D Department
		External mailbox	Anytime	
		Questionnaire	Anytime	ESG Committee
		Marketing & Product Planning, Director Bai (Email : charles.thpai@emc.com.tw)		



Product Design and Customer Rights & Interests

- 4.1 Customer relationship and collaboration with leading platforms
- 4.2 A sound patent system that encourages employees to innovate new products
- 4.3 Enhancing new product development effectiveness with dashboards

- 4.4 Product contribution to world trends
- 4.5 Product and labeling
- 4.6 Customer service and satisfaction



Highlight	
Number of Microsoft Windows certificates obtained	445 (127 were Pen Digitizer Certifications)
Number of patents obtained	33
Number of industry-academy collaborations	12
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 relating to the infringement of customer privacy or loss of customer information	0
Market share of 3 key notebook components, including touch panel module, touchscreen chip and pointing device	Over 60%, leading the industry
Percentage of ELAN products that comply with RoHS, Sony GP, REACH and halogen-free requirements	100%

4.1 Customer relationship and collaboration with leading platforms

Voluntary Disclosure - 1 Customer engagement

With 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. We actively participate in the certification of Microsoft and Google's leading platforms. 329 pieces of new product solutions were mass-produced in 2021.

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ELAN assists Microsoft in testing specifications and providing suggestions before they release their operating system. When the certification standard is published, ELAN assists customers in passing the touch certification. Our close collaboration with Google enables us to be the industry's first Windows and Microsoft Pen certified company. Not only did ELAN Smart-

Touchscreen and Active Pen Solutions support Windows 10 operating system and received 445 Touch Logo Certifications (127 of them were Pen Digitizer certifications), but ELAN Smart-Touchscreen also has the world's largest market share in NB applications.

ELAN Touch Pad Solution can simultaneously support self-sensing and mutual-sensing functions. Unlike other competitors, facing the stringent requirements of Google Chrome OS, some of ELAN's test items have even exceeded Google Chrome's standards. In addition, though ELAN Touch Pad Solution has been listed on Chrome Authorized Vendor List (AVL), we still pay regularly visits to the Google team in United States and Taipei, to make sure our Track Pad Solution is keeping up with the evolution of

Google Chrome. With strong R&D team, good supply chain management and service, ELAN earned customers' trust.

Since ELAN's successful collaboration with Google, when the new generation of Chromebook was designed, ELAN participated in the Google specification discussion, and collaborated with first-tier NB manufacturers. ELAN has made a breakthrough from the past Taiwan IC designer's role, an epigone or a follower of specs, and transformed into a specification joint-maker. With synchronized research and development, and ELAN's practical experiences with mass production, products are able to be synchronously released, grasping market opportunities. This is also why ELAN Chromebook Solution has become a successful Google's strategic partner.

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

Voluntary Disclosure - 2 New product development TC-SC-520a.1

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. In 2021, ELAN applied and obtained 30 patent certificates and Avisonic obtained 3. Metanoia and PiXORD did not apply for any. A total of 1,032 patents were granted to the Group from 2000 to 2021.

To protect the company's freedom of operation, strengthen industry leadership and maintain advanced technological achievements, the company has expanded patent protection. We spent 8,608,885 NTD in 2 lawsuits in 2021. Our specialized Intellectual Property Legal Office will continue to monitor the market regularly and we will spare no expense in protecting the Group's intellectual property.

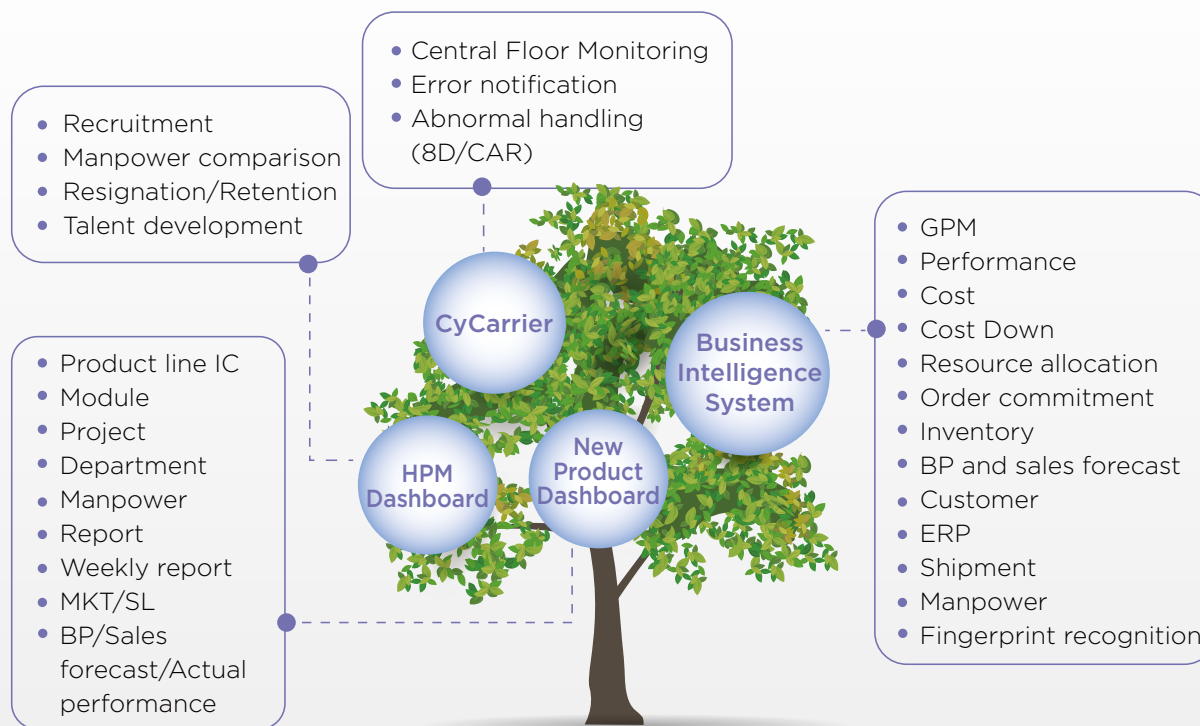


4.3 Enhancing new product development effectiveness with dashboards

Voluntary Disclosure - 2 New product development

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 product development to mass production, sales forecast to actual performance achievement rate, etc., the data is illustrated clearly in various graphs. The system also provides detailed information and has automatic sending functions. Through the continuous and real-time information on the Dashboard, new product development progress can be followed and tracked. Risk management can also be done at the same time. The Dashboard allows product developers to spot and resolve possible errors or make strategic adjustments. Since the launch in 2018, there were a total of 38,523 logins per person. Online system reviews are conducted in the monthly operational management meetings.



Industry-academy collaboration

Voluntary Disclosure 6 - Industry-academy collaboration

To create a win-win situation, ELAN commercializes the outcomes of industry-academy collaboration. In 2021, ELAN had 9 industry-academy collaborations with experts and professors at National Taiwan University, National Yang Ming Chiao Tung University, National Taiwan Ocean University, and National Taipei University of Technology. On the other hand, Metanoia had 1 collaboration with National Taiwan University, and PiXORD had 2, with National Chiao Tung University and Chung Hua University. Avisonic and ELAN H.K. had none in 2021.

4.4 Product contribution to world trends

Voluntary Disclosure 9 - Product contribution to world trends

ELAN is a professional IC design company with integrated solutions and strong R&D team. We invest more than 12% to R&D each year and the quality of our products is recognized. At present, the world's first-tier manufacturers' orders account for more than half of our revenue. Product-wise, ELAN's touch panel module, touch screen chip, and pointing device are leading the global industry and have a market share of over 60%. In terms of revenue, fingerprint recognition products had an 70% of increase in 2021, showing the most significant growth among all product lines. Therefore, they have become our next focus. We expect to make them our fourth world's top NB component in the next two to three years. Due to the relatively low penetration rate of fingerprint recognition in the NB market, major brands have shown great interests in implementing fingerprint identification onto their notebook products for information security reasons and as Windows 11 strongly recommended. Therefore, we expect the penetration rate will continue to increase. The IEK statistics show that in 2021, Taiwan's IC industry output value reached NT\$1,214.7 billion, of which ELAN accounts for 1.5%.

ELAN World-Leading Smart Input Solution in NB Application

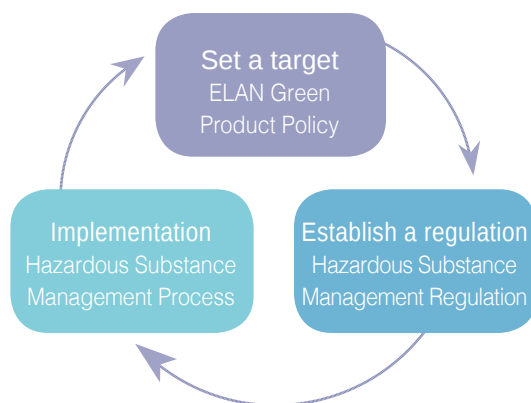


4.5 Product and labeling

417-1

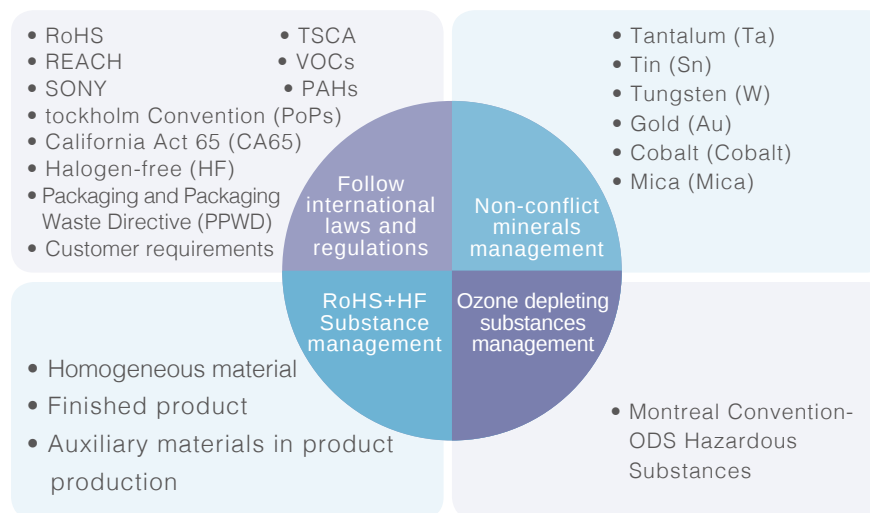
Green product policy

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



Green product system

ELAN designs our green products with eco-friendly materials and based on the banned/restricted requirements of hazardous substances regulated by international, industrial, and customer standards. We also established the Hazardous Substance Management Procedure to manage hazardous substances, and it also serves as a standard for our suppliers. Last but not least, routine audits and updates are made to ensure the effectiveness of the system.



Note:

RoHS: Directive on the prohibition of hazardous substances in electrical and electronic equipment
REACH: Registration, evaluation, authorization, and restriction laws of chemical substances

Green product management results

ELAN is committed in using Green products. All ELAN product series are in accordance to RoHS, Sony GP, REACH, and Halogen-free requirements. Hazardous substance declaration forms are also provided to the customer.

RoHS	HF	REACH	OTHERS
Raw materials 100% comply with regulatory requirements	Raw materials 100% comply with regulatory requirements	Finished product 100% comply with regulatory requirements	Comply with customer requirements and international guidelines

Product lifecycle management (PLM)

TC-SC-410a.1

ELAN complied with the international laws and regulations and used none of the substances and materials listed on the IEC 62474 DSL.

In 2021, there were no violations of health and safety regulations on products and services. 416-2

In 2021, there were no violations of product/service information and labeling. 417-2

4.6 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's sustainable operation. With 1-2 satisfaction surveys per year, we can learn about customer needs and improve service quality. By meeting customer needs, we can earn trust and become a long-term partner of theirs.

Resource

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

Management strategy

- General manager's instructions, confidentiality agreements, ethical corporate management, code of conduct, prototype management mechanism, and access control and permission management.
- Each year, customer satisfaction surveys are sent to important customers and agents of each product line, and the feedback is collected and reviewed.
- Score and response rate of the surveys are included as KPIs of the Sales Department.

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 2021

- In 2021, there were no complaints relating to the infringement of customer privacy or loss of customer information.
- The majority of the customers responded positively on the satisfaction survey.
- Followed up on the implementation in the ISO9001 management review meeting.

Highlights in 2022

- Continue to pay attention to and value customer satisfaction scores and response rates
- Make sure no complaints relating to the infringement of customer privacy or loss of customer information will be filed.
- Follow up on the implementation in the ISO9001 management review meeting.

Value customer service and protect customer privacy 418-1

Since 2014, there have not been any complaints relating to the infringement of customer privacy or loss of customer information.

General manager's instructions	Instruct employees to make an all-out effort to protect customer confidentiality to earn customers' trust.
Confidentiality agreements	According to the collaboration mechanism and trade secret, implement management and execution.
Ethical corporate management and code of conduct	The Intellectual Property Legal Office is the dedicated unit for managing trade secrets, formulating confidentiality policy, and supervising its effectiveness.
Prototype management mechanism	In order to ensure the safety of the customer's prototype, Prototype Management System is set up, and a specially-assigned person is responsible for it.
Access control and permission management	Customer information such as names and projects are replaced with codes. In addition, relevant documents, charts, etc. are under strict access control, and a non-disclosure agreement is signed. The foundry is also required to follow this mechanism simultaneously.

Customer Satisfaction Survey 102-44

The Group has always regarded customer feedback and opinions as an important basis for improving customer relationship development, no matter in which area such as product development, design support, product promotion, sales, mass production support, etc. ELAN Hsinchu conducts Customer Satisfaction Survey 1-2 times each year on major clients.

	ELAN - Hsinchu In 2021, a total of 126 surveys were sent, and the response rate was 93.7%. ELAN received good feedback on sales and technical services and achieved an overall score of 80 (or above) on every item. ELAN - Zhonghe ELAN Zhonghe sent out 32 surveys in 2021, with a response rate of 90.6%. In overall, the customers gave ELAN satisfactory feedback and recognition compared with our competitors. However, under the impact of the global epidemic, material delivery time is prolonged, and urgent order demand increases. We are facing greater challenges in meeting customer needs. To mitigate this impact, ELAN has introduced a number of countermeasures.
	Metanoia conducts e-Customer Satisfaction Surveys each year on Sales, R&D, Technical Support, Quality of Production Management, and overall performance. In 2021, the average scores on "R&D speed", "Customer complaint handling", and "Service quality" were slightly lower than those of last year. R&D Department and Sales Department have been asked to make improvements. On the other hand, customer satisfaction increased on "Product technical support" and "Sales professionalism".
	In 2021, Avisonic conducted an e-Customer Satisfaction Survey on its five major clients, with a response rate of 100%. The survey includes items on "Sales", "R&D", "Technical support", "Production management quality", "Customer complaint handling", "Product quality", and "Overall service quality". Except for a slight drop in "R&D" and "Data delivery", all other items have shown positive growth and the overall satisfaction has increased. The average scores in 2019, 2020 and 2021 were all 9 (out of 10 points) or higher, indicating that Avisonic maintains its current service standards and continues to improve.
	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 2021, PiXORD conducted surveys on its five major clients, with a 100% recovery rate. Except for the 2 items ("Product quality" and "Assembly quality") that remained the same, all other items have shown positive growth. It shows that PiXORD has accumulated experience in system integration and can provide comprehensive field planning solutions.



Supplier Management and Risk Management

5.1 Supplier strategy

5.2 Key performance indicator,
management process optimization

5.3 Risk management and opportunities

5.4 Task force on climate-related financial
disclosures (TCFD)

05



Highlight

59% of ELAN's suppliers were from Taiwan.

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 95%.

100% of ELAN' s suppliers submitted RMI.

Quality System Risk Assessment results: 100% low risk

90% 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 Microelectronics. ELAN follows the Code of Conduct for Responsible Business Alliances as a supplier environment and human rights management policy. It promises to promote the quality and delivery of the overall supply chain in addition to the promotion of corporate social responsibility. The supply chain has been urged to attach importance to human rights, environmental protection, health and safety, strengthen supplier ESG (Environmental, social and governance) management, and collaborate to develop a sustainable supply chain.

Resource

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

Management strategy

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

Medium and long-term plan

In addition to ensuring the quality, delivery period and price of suppliers' products, the company formulated the Corporate Social Responsibility Management System and Promotion Plan in accordance with the Responsible Business Alliance Code of Conduct (RBA). We ask for all suppliers to focus on ethics labor & human rights, environment, health & safety, and management systems, fulfill their corporate social responsibility,

and do a good job on risk management and operation plans.

Performance in 2021

- Conducted an annual audit on major suppliers.
- The RBA Team conducted an RBA audit on 42 major suppliers (8 of them obtained RBA VAP).
- 100% of our suppliers submitted the RMI.

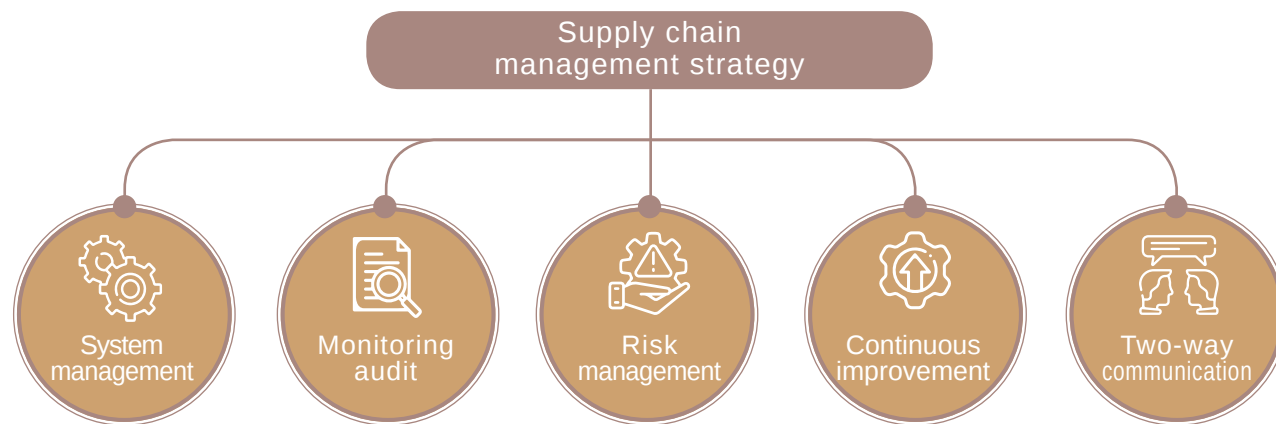
Highlights in 2022

- Continue to implement the most updated CMRT and EMRT.
- Give out the ISO9001 stakeholder survey.
- Continue to monitor and review the stakeholder analysis ISO 9001.
- Improve the efficiency of the Green Product Management System.
- Promote TCFD to suppliers to assess climate change risk management.
- Continue to promote the RBA audit of major suppliers.

Supplier strategy

Voluntary Disclosure 3 - Supplier strategy

ELAN is committed to forming alliances between IC design and supply chain and establishing 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) to construct feasible methods for our suppliers to fulfill social responsibilities and work towards sustainable development.



In 2021, the suppliers participated in the online Supplier Conference. Afterward, 95% of them completed the follow-up satisfaction survey and gave positive feedback.

Supplier Quality Audit

ELAN

For ELAN Hsinchu, a total of 26 suppliers were audited. The quality and Green System scores of the qualified suppliers all met the standards (80 points and above).

As for ELAN Zhonghe, 1 of the 16 audited suppliers failed to meet some of the criteria due to the complaint we filed against them on their shipment in the second half of the year. However, no suppliers were disqualified. ELAN conducts quarterly audits, holds quality improvement meetings, and continues to require suppliers to improve on items with poorer evaluation scores.

Metanoia

Metanoia audited a total of 13 suppliers and they all received scores above 80. No suppliers were disqualified.

Avisonic

Avisonic audited a total of 7 suppliers and they all received A (scores above 90). No suppliers were disqualified.

PiXORD

PiXORD audited a total of 33 suppliers; 32 passed and 1 failed due to a returned shipment whose firmware required upgrade. No suppliers were disqualified for quality concerns.

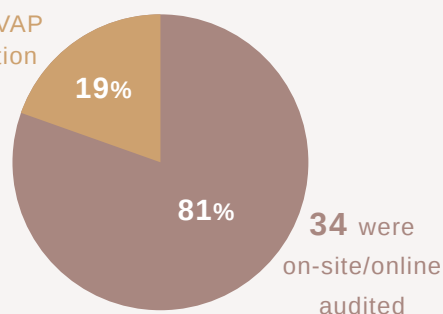
ELAN Hong Kong

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

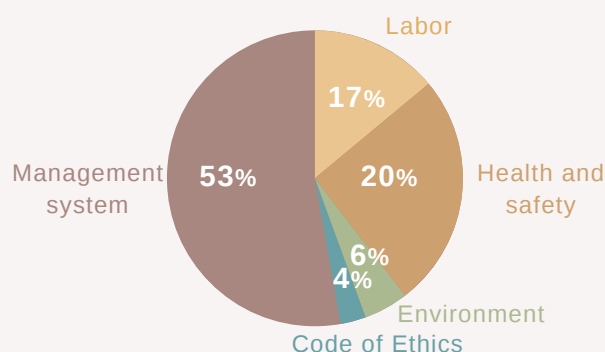
ELAN RBA Supplier Audit

Since 2018, ELAN has begun RBA audits on major suppliers to enhance the social and environmental responsibilities of ELAN's supply chain. In 2021, 42 audits were scheduled. With the latest version of the RBA code of conduct, we conduct on-site/online audits to examine suppliers. If a non-compliance issue is found in a supplier, it is required to improve within a time limit. The relevant audit results are analyzed as follows.

8 held VAP certification



2021 Major supplier RBA audit



Percentage of the non-compliance items

The non-compliance items found during on-site/online audits are (from high to low) "management system", "health and safety", "labor", "environment", and "code of ethics".

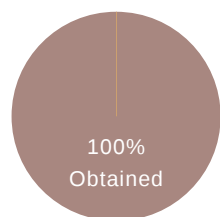
* Management system: The supplier did not implement the RBA system.
E2. Management Accountability and Responsibility
E4. Risk Assessment and Risk Management
E5. Improvement Objectives
E9. Audits and Assessments
E10. Correction Action Process

* Health and safety: Emergency evacuation drill did not include night shift personnel or imperfect daily checkups.
B2. Emergency Preparedness
B1. Occupational Safety

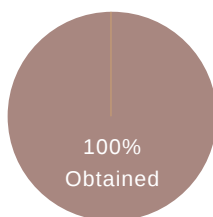
* Labor: Affected by the COVID-19 pandemic, some suppliers were understaffed and working hours exceeded.
A3. Working Hours

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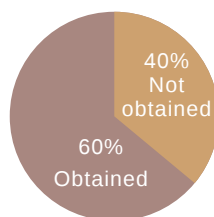
In 2021, 100% of ELAN major suppliers signed the Supplier Social Responsibility and Business Ethics Consent, and obtained the ISO 9001 (quality management system) and the ISO 14001 (environment management system) certificates. 60% of the suppliers also obtained the ISO 45001 (occupational safety management system) certificate.



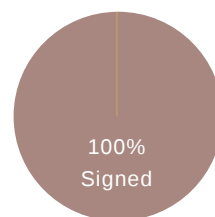
ISO 9001:2015 certificate



ISO 14001:2015 certificate



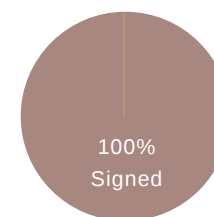
ISO 14001:2018 certificate



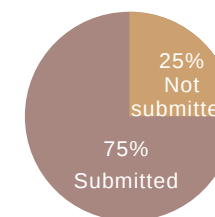
Supplier Social Responsibility and Business Ethics Consent

New supplier RBA evaluation

In 2021, 100% of ELAN new suppliers signed the Supplier Social Responsibility and Business Ethics Consent, and 75% of them submitted the RBA Audit Form.



Supplier Social Responsibility and Business Ethics Consent



Submitted the RBA Audit Form

ELAN Conflict Minerals Management

TC-SC-440a.1

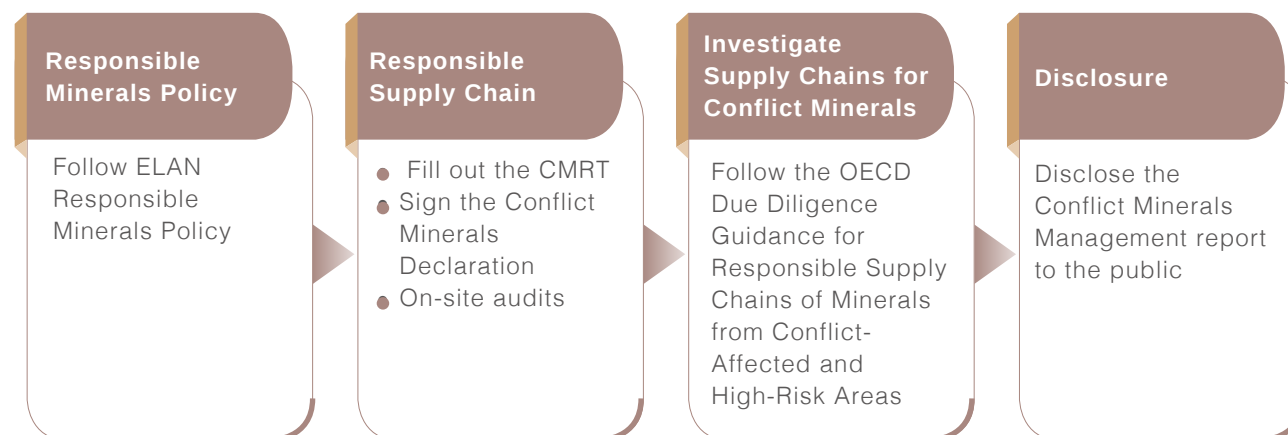
According to the Responsible Minerals Initiative (RMI), the Democratic Republic of the Congo and the insurgent organizations in its neighboring countries have been extracting Conflict Minerals, i.e. tantalum (Ta), tin (Sn), tungsten (W), and gold (Au), through forced and child labors in order to trade for weapons and unsettle the region. Not to use conflict minerals is ELAN's social responsibility and commitment to protect human rights and the environment. To avoid labor oppression, coercion, child labor, and ecological damage caused by illegal operations, we formulated the Mineral Procurement Policy and require all of our suppliers to source the minerals only from qualified smelters.

■ ELAN Responsible Minerals Policy

1. Suppliers shall commit to not using conflict metals extracted from the Democratic Republic of Congo and its neighboring countries. Evaluate supply chain and risks to build a responsible supply chain.
2. Suppliers shall examine all metals used in the production process and investigate their sources to ensure no conflict minerals are used.
3. Direct suppliers shall purchase conflict-free minerals only from smelters that were verified by independent third-parties.
4. Direct suppliers shall be in accordance with IPC1755 - CMRT when examining the usage of conflict minerals.
5. Audit suppliers based on Company's expectations and Smelter Reference Lists provided by the Responsible Minerals Initiative. Take corrective measures if there are non-compliance items. ELAN is committing to eliminating conflict minerals in all products and supply chains.

■ Responsible Minerals Management

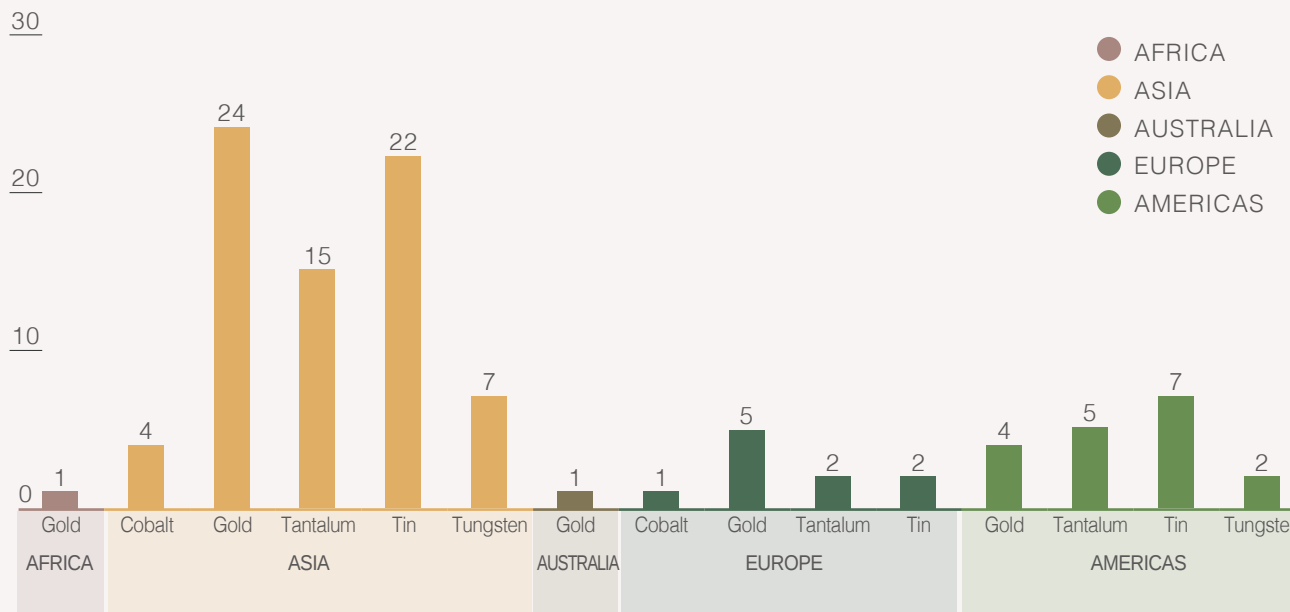
According to the EU Critical Raw Materials, one-third of the world's cobalt comes from the Democratic Republic of Congo and its neighboring countries, making it a high-risk metal. Therefore, ELAN includes cobalt into the Responsible Mineral Management, conducts annual due diligence investigation, and requires suppliers to disclose sources of "cobalt". Last but not least, fill out the CMRT from time to time to disclose the usage of tantalum, tungsten, and cobalt, our three key materials, and carry out relevant risk management.



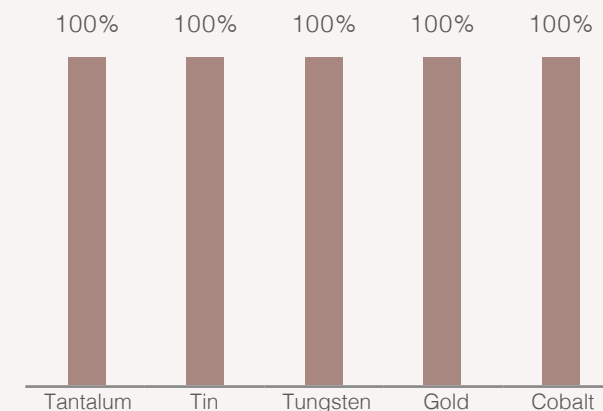
The distribution of qualified smelters in 2021 is as follow.

Distribution of qualified smelters in 2021

Number of smelters



Percentage of RMI ELAN Suppliers submitted in 2021



5.2 Key performance indicator, management process optimization

Management process optimization and electronization

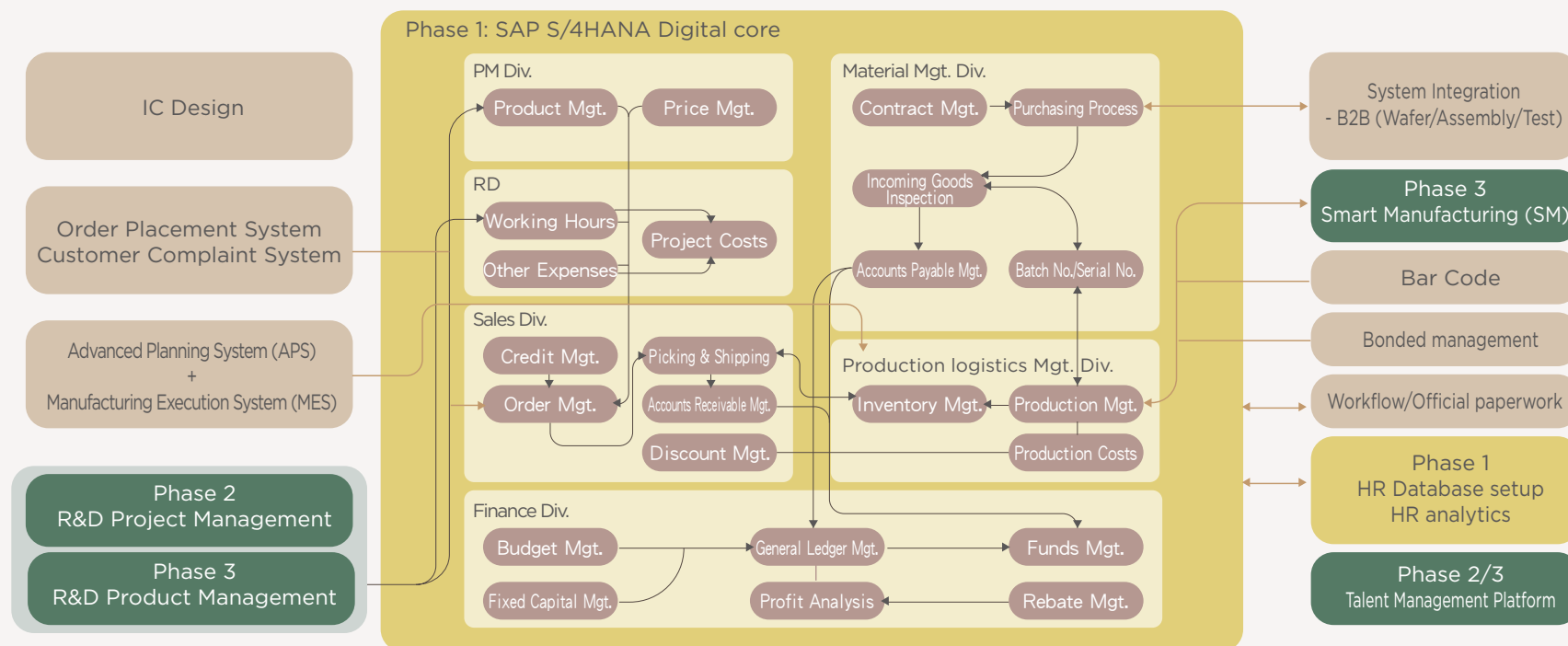
Voluntary Disclosure - 2 New Product development

■ Implement SAP, upgrade business process, and transform into a smart and sustainable enterprise

Since 2000, the Company has continuously begun information digitalization and optimization. Throughout the years, a large amount of digital data has been accumulated. Nowadays, companies undergo digital transformation, utilizing digital resources, tools, and conceptual thinking to enhance product development and product value and refresh the interaction between the company and its customers. Under the wave of digital transformation, we have decided to implement SAP Analytics Cloud. Through digitalizing and integrating all core components such as products, procurement, sales, production, and finance, we expect to manage the company's operation process in real time, realize information transparency, and provide smooth access to analyze data.

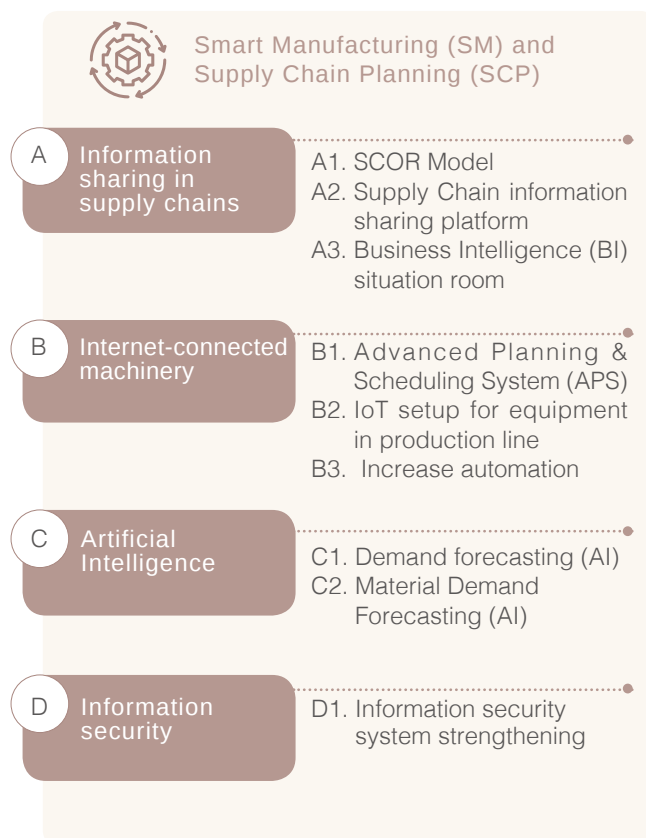
Enterprise Management Systems, One ELAN, One Core

Phase 1: SAP Analytic Cloud Business Intelligence (BI) / Analytics Platforms



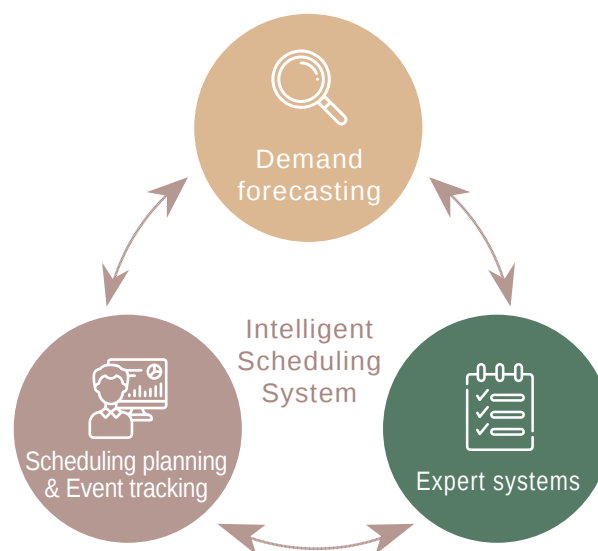
■ Implement Smart Manufacturing (SM) and Supply Chain Planning (SCP), employ Internet-connected machinery to monitor the production process

In terms of production and supply chain, inaccurate customer demand forecasting and poor due date performance are two major problems the Company is now facing. Through employing Smart Manufacturing (SM), AI, information security, Internet-connected machinery, and information sharing in supply chains, we expect to bring our price, sales, gross profit margin, and technical application to the next level.



■ Implement Intelligent Scheduling System, optimize manufacturing resources and allow flexible scheduling

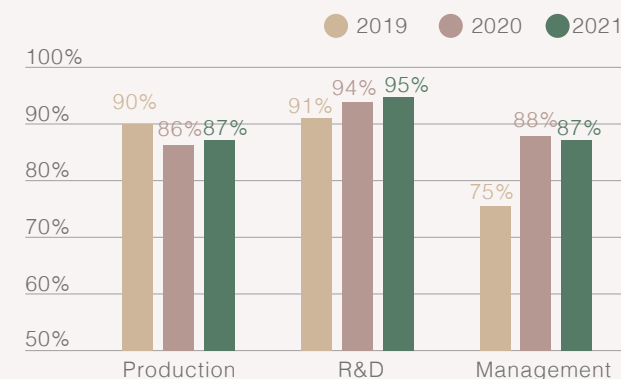
For outsourced production scheduling, the company implemented Sara, an AI intelligent scheduling assisting system, to achieve accurate demand forecasting, on-time task execution and flexible scheduling by means of demand forecasting, scheduling planning, event tracking and expert systems, in order to meet the maximum resource efficiency.



Voluntary Disclosure - 4 Management Key Performance Indicator

■ ELAN KPI Average Achievement Rate

As of 2021, there are a total of 32 departments in ELAN, with a total of 96 KPIs (Key Performance Indicator) generated. By the end of the year, heads of each department will set department objectives for the upcoming year. After gaining approval from the president, projects are imported into the department's KPI system early in the year. Department objectives should be annual goals that are feasible and measurable. Monthly quality meetings will be held by the Industrial Performance Management (IPM) for the president or quality management representatives to review KPI achievements of each department. For departments that have not achieved their goals for the month/quarter/half-year, reasons should be given and improvement measures should be proposed.



The KPI achievement rate of management units dropped in 2021. As the epidemic continued to disrupt supply chain capacity, Sales Department failed to achieve their targets as scheduled. In response, the company coordinated with the supply chain, strive for the maximum production capacity to satisfy customer needs. Meanwhile, it will be included in the KPI of 2022 for follow-ups.

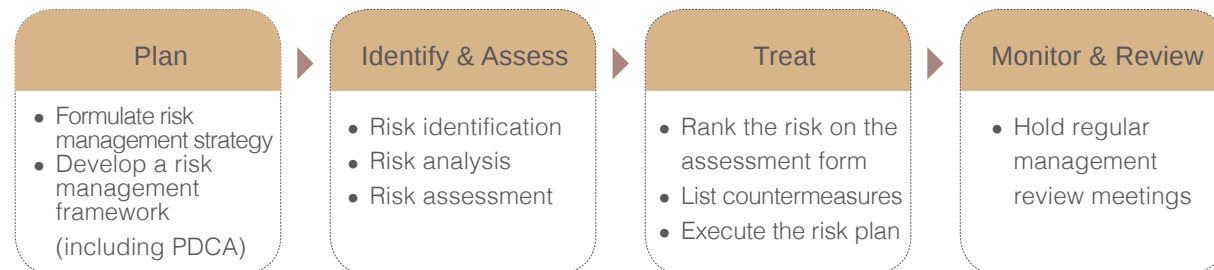
5.3 Risk Management and Opportunity

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

The ESG Committee is the head of ELAN risk management team. It evaluates various corporate operational risks, formulates corresponding measures to ensure business continuity. Implementation results are sent to the Board of Directors every year. On Dec. 23, 2021, the Board of Directors approved ELAN Risk Management Policy, which identifies operational risks in environment, society, and corporate governance. The ESG Committee follows the Risk Management Procedures, Hazard Identification, Risk Assessment and Control Procedure, Information Security Management Procedures, and Risk Evaluation to evaluate risks.

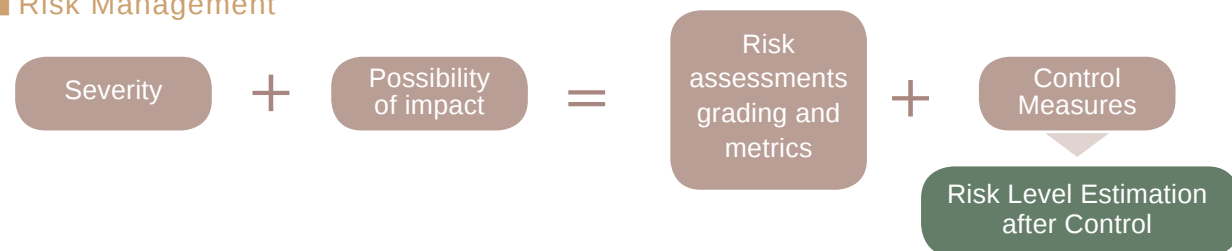
For high-risk items, improvement measures are proposed. On the other hand, opportunities are evaluated mainly through stakeholders' suggestions such as customers' needs, employee satisfaction surveys, and advice proposed by labor representatives in occupational safety and health meetings, etc. Although these are not high-risk items, but we will seize every opportunity to improve, enhance company image, and optimize the working environment for employees.

Risk and Opportunity Management Process



The Risk Management Process 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 Risk Management.

Risk Management



Every item evaluated in the 2021 risk assessment was rated "Low Risk". After a careful evaluation, 13 improvement plans are made.

Major issues	Environmental	Social					Governance	
	Environmental	R&D	Production	Sales and Marketing	Human Resource	Occupational Health and Safety	Information Security	Finance
Risk	252	24	27	13	16	551	6	20
Opportunity	8	0	0	0	0	19	0	0
Improvement plan	6	0	0	0	0	7	0	0

5.4 Task Force on Climate-related Financial Disclosures (TCFD)

102-11

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 ESG Committee reports the identification and management of climate change-related risks and opportunities to the Board of Directors on a regular basis, and the Board monitors and reviews the process.

Management team evaluates and manages climate-related risks and opportunities

The Environmental Management Team under the ESG Committee is responsible for coordinating/assessing climate change-related risks and opportunities across the company (including goals and execution plans), and disclosing them in the annual sustainability report.

Strategy

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

Guiding principles

Specific approach

Identify short, medium and long-term climate-related risks and opportunities

- ELAN sets short (1-3 years), medium (3-5 years) and long-term (5-10 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.
- For 2022, we expect to implement ISO14064-1 Specification with guidance for quantification and reporting of greenhouse gas emissions and removals, and carry out carbon reduction plan to achieve carbon neutrality by 2050.

Climate-related risks and opportunities that have significant impacts on the Group's business, strategic, and financial planning

Through the climate related risk identification process, significant risks and opportunities were identified as follows.

Two significant risks

- **A new rule proposed by the SEC requires companies to significantly increase their disclosure on carbon emissions.** According to the Sustainable Development Guidemap for TWSE- and TPEX-Listed Companies launched by the SEC in Mar., 2022, ELAN is a company with a paid-in capital of NT\$3 billion and is required to complete the inventory in 2025 and the verification in 2027. The company plans to begin in 2022 Q4 and complete the verification in the 2024 Q2.
- **Carbon pricing mechanism**
It is expected that a carbon fee will be imposed on enterprises in 2024 at the earliest. Although it mainly targets at large emitters with annual emissions of 25,000 tons, we cannot rule out an annual increase of 10% in the future. ELAN will continue to monitor the development of the policy.

Two major opportunities

- **Green construction**
The new Zhubei plant is expected to be completed in 2025, and it is expected to be certified as a smart and green building with low electricity consumption and carbon emissions.
- **Developing low-carbon products and services for the market**
We are committed to developing key components with low energy consumption and high efficiency, and providing the best solutions to fulfill our responsibility of environmental protection, sustainable green industry, and carbon reduction.

The potential impact on the Group's business, strategy and financial planning in different scenarios

- ELAN performed simulations by applying the 1.5° C Scenario (1.5DS) 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

Climate-related risk identification and assessment	The Environmental Management Team under the ESG Committee follows the framework disclosed by TCFD to identify climate-related risks through the following four steps: (1) Identify risk category (2) Determine significant risks (3) Determine major opportunities (4) Develop mitigation or adaptation plans
Climate-related risk management	• 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. • With the existing ISO 9001 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.
Integrating climate-related risk management into the overall risk management	The Environmental Management Team conducts meetings in accordance with the TCFD framework, identifies important items with the ISO 14001, includes climate-related items as part of risk management, and comes up with management strategies and execution plans accordingly.

Indicators and goals

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

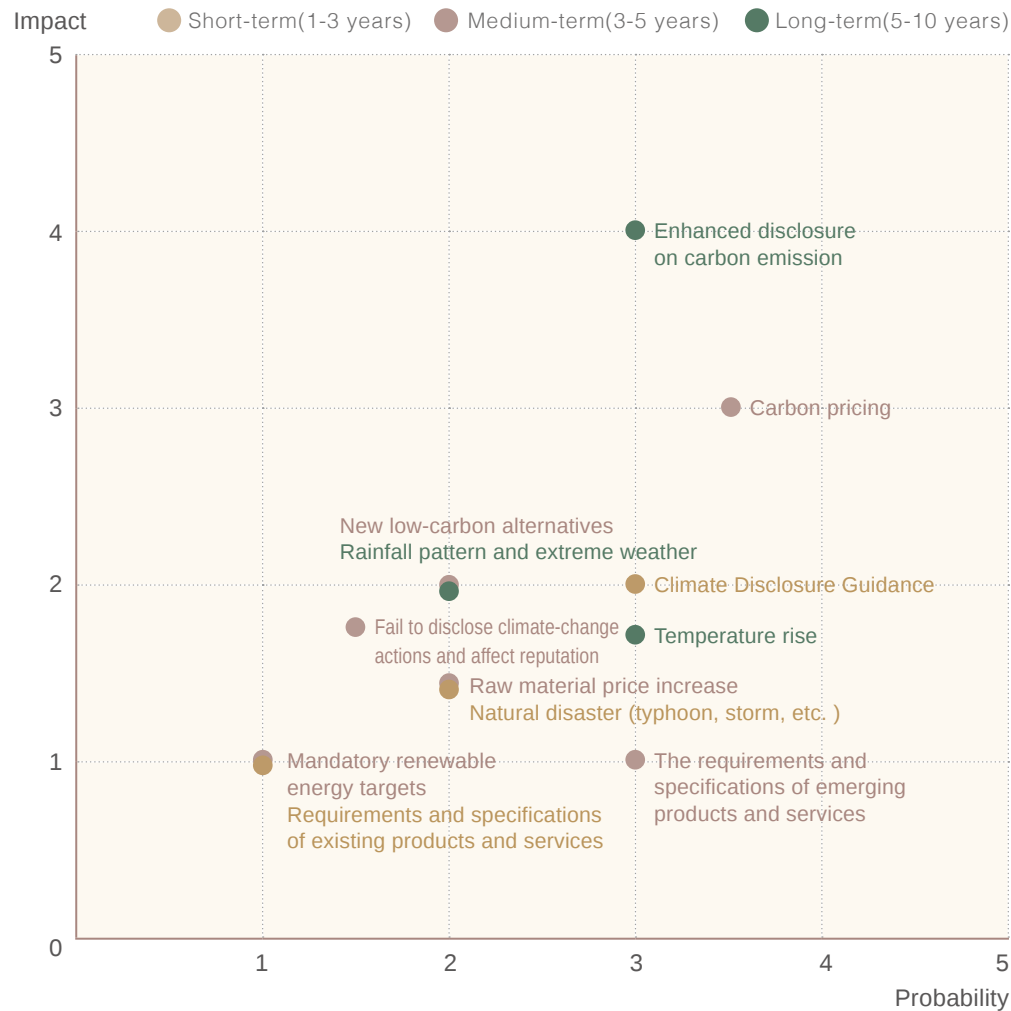
Guiding principles

Specific approach

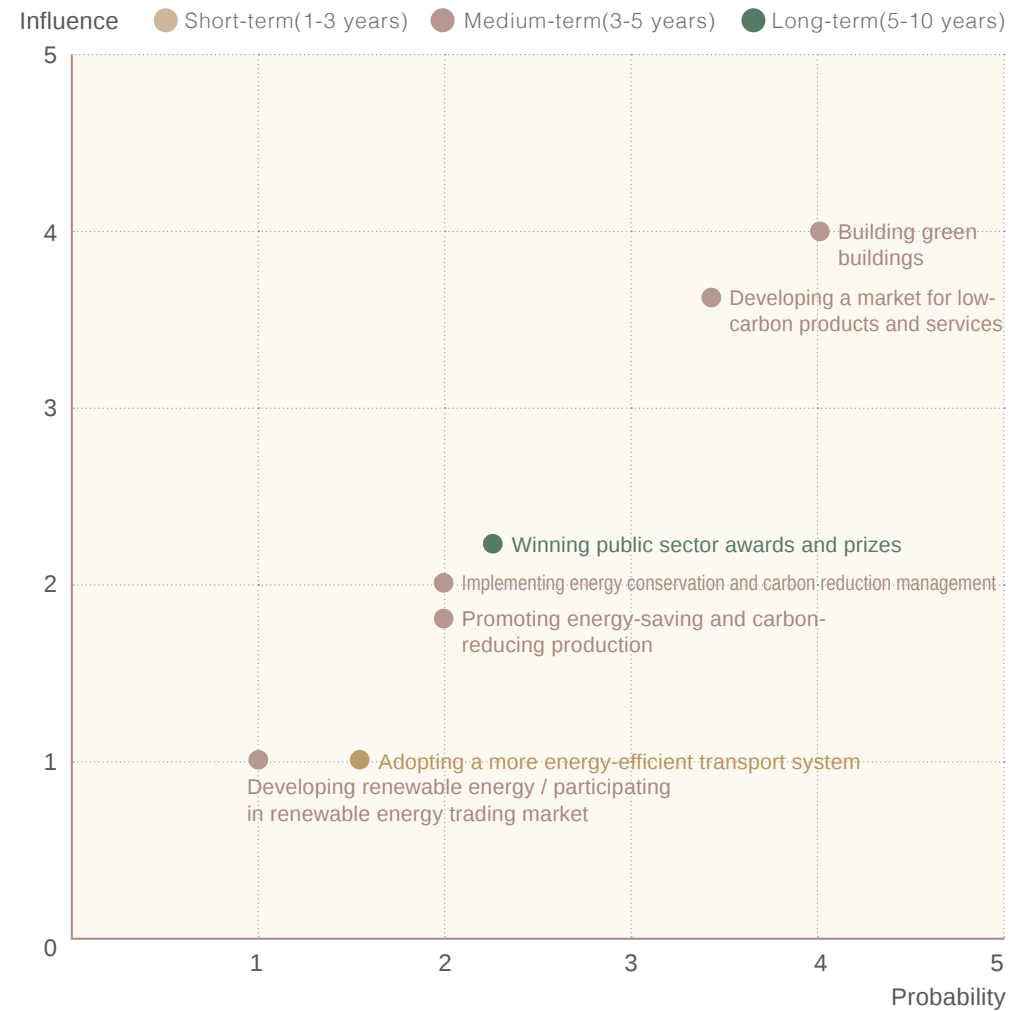
Indicators used by the Group to assess climate-related risks and opportunities	Indicators ELAN used to assess climate risks include electricity usage, greenhouse gas emissions, and days of business interruption.
Disclose Scope 1, Scope 2 and Scope 3 (if applicable) greenhouse gas emissions and related risks	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 generation and disposal. The results are disclosed in the ESG Report Environmental Protection and Social Welfare.
The Group's goals and standards for managing climate-related risks and opportunities	• In 2014, we set the goal of reducing 1% of electricity consumption per capita (Hsinchu) every year. However, the target was not met in 2021 mainly due to the increase in the company's production capacity and the addition of new testing equipment, which led to an increase in overall electricity usage. From 2013 to 2021, the total electricity consumption has reduced by 11.57%. • In 2021, the goal was to reduce 10 metric tons of indirect greenhouse gas emissions (Hsinchu), and the actual reduction was 49.714 metric tons, reaching the target. • Implemented paperless operations successively to reduce paper usage since 2001. From 849 packs in 2011 to 501 packs in 2021, a reduction of 40.99% was made.

* Note: Scope of disclosure includes ELAN but excludes Metanoia, Avisonic, PiXORD, and ELAN (H.K.).

Climate-Change Risk Matrix



Climate-Change Opportunity Matrix





Industrial Relations and Public Safety

- 6.1 Commitment to corporate social responsibility
- 6.2 Employment and dignity of labor
- 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 27 years
- 6.7 Employee training and development
- 6.8 Zero-distance communication with the employee and full-range complaint channels



Hightlight	2019	2020	2021
Female employee ratio (%)	40%	42%	40%
Educational training hours per employee (hour/year)	13.2	9.9	7.1
Employee health checkup participation (person)	905	992	1,034
Employee health checkup participation rate	99%	99%	99%
Number of occupational hazards	0	0	0

6.1 Commitment to corporate social responsibility

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In accordance with international recognized standards, ELAN is committed to upholding human rights of 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 the hiring of potential child labor across all plants and suppliers.

ELAN is aware that:

1. Continuously putting in care and educating employees are essential in identifying and solving workplace safety and hygiene issues.
2. Environmental responsibility is necessary while producing world-class products. We need to minimize the adverse impact on the environment and natural resources, and protect public's health and safety at the same time.
3. To comply with the social responsibility requirements and continue to achieve an increase in the market share, we and our suppliers, outsource manufacturers, and agents must adhere to the highest ethical standards of requirements.

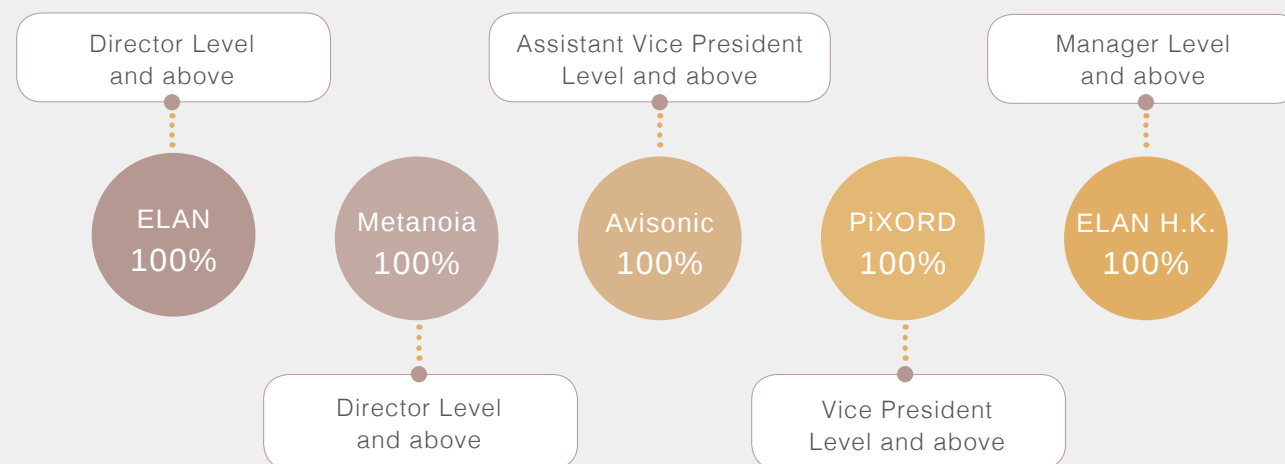
As a good corporate citizen, ELAN fully supports the Electronic Industry Code of Conduct (EICC). We are complying proactively to its recommended guidelines on management system to meet all standard requirements.



6.2 Employment and dignity of labor

While ELAN, Metanoia, and Avisonic are all IC design companies, PiXORD is system integrator. They are all based in Hsinchu, where the core R&D personnel are located. On the other hand, ELAN H. K. is an import export & trading company located in Hong Kong. From 2019 to 2021, 100% of our senior managers were hired locally. **202-2**

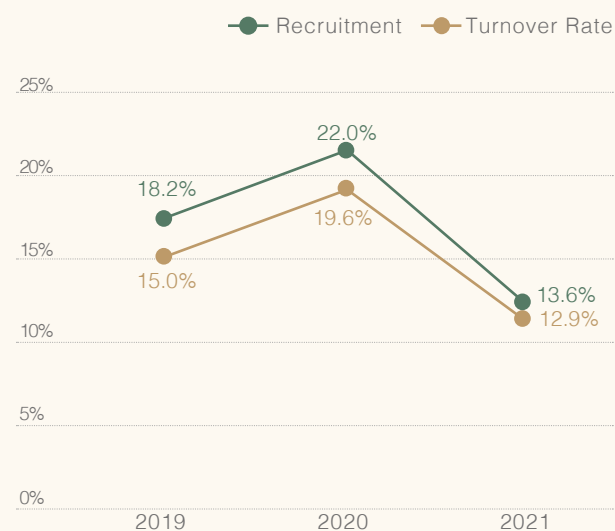
■ Proportion of senior management hired from the local community **202-2**



* Note: "Local" here refers to the Group's setup location, ELAN, Metanoia, Avisonic, PiXORD are in Taiwan; ELAN H.K. is in Hong Kong.

100% of the Group's R&D personnel, which accounted for 49%-73% of the total labor force in 2021, are recruited individually by each company. Companies might bring in additional contract and temporarily workers to assist in testing, soldering work, experimental simulation, product functional testing, ... etc. when there were more projects. Those workers accounted for approximately 1% of the total employment. As for PiXORD and ELAN H.K., no additional workers were brought in because the companies do not consist of R&D personnel.

■ The Group's employee recruitment & turnover rate



* Note 1: The Group's total number of full-time employees as of Dec. 31, 2021 is 1,179 (including 1,062 in ELAN, 60 in Metanoia, 24 in Avisonic, 28 in PiXORD, and 5 in ELAN H.K.)

■ 2021 The Group's new and resigned employee 401-1

	Gender	Age	Taiwan				Hong Kong	Total
			ELAN	Metanoia	Avisonic	PiXORD	ELAN H.K.	
New employee	♂	< 30	67	1	0	1	0	69
		30~50	45	5	0	1	1	52
		> 50	0	0	0	0	0	0
	♀	< 30	16	0	1	2	0	19
		30~50	17	1	0	1	0	19
		> 50	1	0	0	0	0	1
	Recruitment rate (Male)		17.8%	14.3%	0.0%	12.5%	33.3%	17.1%
	Recruitment rate (Female)		7.8%	5.6%	20.0%	25.0%	0.0%	8.3%
	Recruitment rate (< 30)		29.9%	50.0%	100%	50.0%	NA	30.7%
	Recruitment rate (30~50)		9.4%	12.0%	0.0%	11.8%	25.0%	9.4%
Resigned employee	Recruitment rate (>50)		0.8%	0.0%	0.0%	0.0%	0.0%	0.7%
	Total recruitment rate		13.7%	11.7%	4.2%	17.9%	20.0%	13.6%
	♂	< 30	47	0	0	2	0	49
		30~50	40	2	3	0	1	46
		> 50	4	1	0	0	0	5
	♀	< 30	28	0	0	0	0	28
		30~50	23	0	1	0	0	24
		> 50	0	0	0	0	0	0
	Turnover rate (Male)		14.5%	7.1%	15.8%	12.5%	33.3%	14.1%
	Turnover rate (Female)		11.8%	0.0%	20.0%	0.0%	0.0%	11.0%
	Turnover rate (< 30)		27.0%	0.0%	0.0%	33.3%	NA	26.8%
	Turnover rate (30~50)		9.5%	4.0%	18.2%	0.0%	25.0%	9.3%
	Turnover rate (>50)		3.3%	12.5%	0.0%	0.0%	0.0%	3.6%
	Total turnover rate		13.4%	5.0%	16.7%	7.1%	20.0%	12.9%

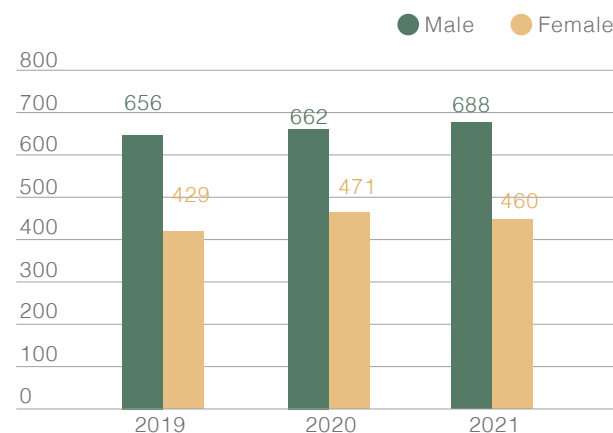
■ The Group's employee 102-8

Company	Gender	Labor contract			Employment type		Location	
		Full-time	Temporary	Other	Full-time	Part-time	Taiwan	Hong Kong
ELAN	Male	609	19	0	628	0	628	0
	Female	427	7	1	434	1	435	0
Metanoia	Male	42	0	0	42	0	42	0
	Female	16	2	0	18	0	18	0
Avisonic	Male	19	0	0	19	0	19	0
	Female	5	0	0	5	0	5	0
PiXORD	Male	15	1	0	16	0	16	0
	Female	10	2	0	12	0	12	0
ELAN H.K.	Male	3	0	0	3	0	0	3
	Female	2	0	0	2	0	0	2
Total		1,148	31	1	1,179	1	1,175	5

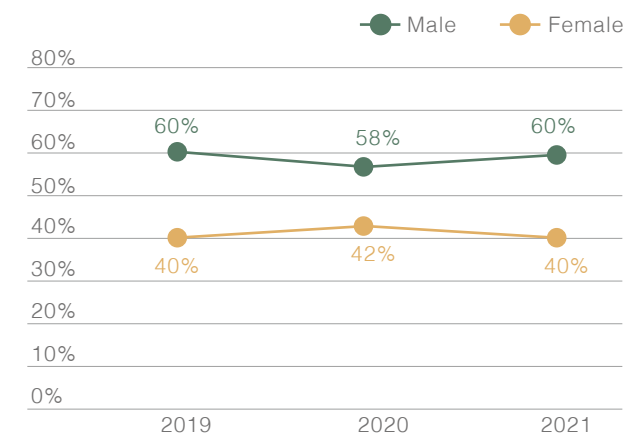
* Notes:

1. Full-time employee: Signed a labor contract for an unlimited period of time.
2. Temporary employee: Signed a labor contract for a limited period of time, Including part-time workers, (summer) interns, contract employees, and advisors.
3. Other: Non-regular employee. Labor/health insurance is not covered by the Group.
4. Full-time employee: Labor/health insurance is covered by the Group.
5. Part-time employee: Did not sign a labor contract. Labor/health insurance is not covered by the Group.

Number of full-time employees



Percentage of full-time employees by gender



Workforce diversity in the Group 405-1

Gender	Age	ELAN	Metanoia	Avisonic	PiXORD	ELAN H.K.
	< 30	115	2	0	2	0
	30~50	434	34	18	10	3
	>50	79	6	1	4	0
	< 30	163	0	1	4	0
	30~50	227	16	4	7	1
	>50	44	2	0	1	1
Total		1,062	60	24	28	5

In 2021, ELAN employed 7 employees with disabilities, fewer than the law required, due to the professional knowledge required by the job openings. Deficiency payment of disabled workers employment allowance is made to the local authority body regularly. The same law does not apply to Metanoia, Avisonic, PiXORD, and ELAN H.K., and there were no disabled employees.

TC-SC-330a.1

ELAN and Metanoia conducted risk evaluation on employing foreigners. Besides handling work permits and entry visas, management platforms are also set up to ensure that each process follows the laws and regulations. Nevertheless, in order to let migrant workers work with peace of mind and adapt to the working environment as soon as possible, we provide comfortable dormitories with dorm supervisors who are proficient in English, Indonesian and Vietnamese to care for and assist them in daily lives. Activities are also organized from time to time to make them feel a sense of belonging. They are also welcome to participate in Company activities.

As for the expatriates, in addition to arranging safe and comfortable accommodations and local life coaching programs, we also take the initiative to care for employees' adaptation to the environment every week and provide timely assistance. Last but not least, both local and migrant workers are required to comply with regulations on information security, trade secrets, intellectual property rights, etc. Awareness campaigns are conducted regularly to remind all employees to pay attention to and comply with relevant regulations to avoid risks.



▲ Migrant workers participated in Company's activities

	Migrant worker	Local worker (expatriate)	Local worker
ELAN	190	13	859
Metanoia	1	0	59
Avisonic	0	0	24
PiXORD	0	0	28
ELAN H.K.	0	0	5
Total	191	13	975
Percentage	16.2%	1.1%	82.7%

* Note: The Group's migrant workers are mainly from Indonesia, Vietnam, Philippines, the UK, etc.

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 recourses. After gaining President's approval, each department will then forward a human recourse request to the HR Department based on its needs. The HR Department will put up job openings through various recruitment channels and begin the interview process. ELAN recruitment procedure follows 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. To thank our employees for their dedication and hard work, ELAN held a Christmas party as our year-end banquet in Dec., 2021. All employees participated and had a great time. Together, we hope to achieve another boost in our revenues.



▲ 2021 ELAN Christmas party and year-end banquet

Ratio of entry level-wage compared to local minimum wage 202-1

The ratio of a junior employee (e.g. operator) standard salary to the local minimum wage

ELAN	1.00
Metanoia	1.21
Avisonic	1.17
PiXORD	1.10
ELAN H.K.	1.61

* 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: 2021 base salary is NTD24,000/month in Taiwan and HKD37.5/hour in Hong Kong.

* Note 4: Ratio of entry-level wage compared to local minimum wage, rounded off decimal.

Parental leave without pay 401-3

In order for employees to achieve work/life, ELAN formulated the Regulation for Unpaid Parental Leave for Raising Children in accordance with the laws to protect employees' right to work and establish a family-friendly workplace environment. Over the years, numbers of employees applied for unpaid parental leave.

The number of reinstated employees after parental leaves is as follows.

Items	ELAN		Metanoia		Avisonic		PiXORD	
Number of employees entitled to parental leave (A) Note 1/Note 2	57	15	3	2	0	0	2	0
Number of employees taken parental leave (B)	0	3	0	0	0	0	0	0
Number of employees reinstated after parental leave (C)	0	3	0	0	0	0	0	0
Number of reinstated employees remain employed after 12 months (D)	1	2	0	0	0	0	0	0
Number of employees reinstated after parental leave during the last reporting period (E)	2	3	0	0	0	0	0	0
Reinstatement rate (C/B)	--	100%	--	--	--	--	--	--
Retention rate (D/E)	50%	67%	--	--	--	--	--	--

* Note 1: Based on the roster of employee group insurance, employees with a dependent child of 3 years old or younger are entitled to parental leave.

* Note 2: As for ELAN H.K., according to laws of Hong Kong, female employees who are employed under a continuous contract for 40 weeks or more (280 days) are eligible for 14 weeks (98 days) of maternity leave with notice of pregnancy. No employees were eligible to apply in 2021.

■ Items included in ELAN's salary and benefits

401-2 403-6 403-3

- Labor insurance, health insurance, group insurance.
- Year-end bonus, performance bonus, incentive bonus.*
- Annual bonus and employee stock option.*
- Marriage cash gifts and funeral grieving money.*
- Patent bonus*
- Annual employee health checkup (Family members may sign up at their own expense) #
- Flexible working hours.
- Paid leave is granted in accordance with the Labor Standards Act. Employees may also request for advanced annual leave.
- Employee Assistance Program (EAP).
- Emergency or disaster relief program for employees and their family members.*
- Subsidy for internal/external trainings. *
- Domestic/international travel subsidy. *
- Hold annual Christmas party, Family Day, year-end banquet and many other company-wide activities.
- Discounts in gift certificate, clubs, etc.

* Notes:

* Benefit contract and dispatched personnel are not entitled to.

Benefit on-site contractor employees are not entitled to.

■ Other premium benefits

ELAN Employee Welfare Committee sets up employee welfare measures, organizes various relaxing activities and clubs 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. Organize all kinds of clubs. Currently, there are 7 existing clubs including badminton, basketball, gaming, swimming, yoga, leisure life, etc. In addition to regular meet-ups, club members often represent the company, participate and win awards in open competitions. In 2021, however, due to the continuous impact of the COVID-19, the company suspended all club activities as one of the epidemic prevention measures.
2. Provide free snacks and drinks to the employees every day after 9 p.m., as company's compassion towards hardworking staff.
3. Provide fixed subsidies for corporate retreats organized by the Welfare Committee or the employee themselves. In 2021, 7 trips were taken. Due to the impact of COVID-19, some of the programs were replaced with gift cards.
4. Provide comprehensive care for employees at Hsinchu headquarters by offering employees with diverse meal choices. The company cafeteria offers breakfast, lunch (vegetarian, none-vegetarian, noodles), organic meals, fruit, salad, etc. Specials are served on Fridays to provide more choices.
 - Checking of food ingredients: Chefs are responsible for the safety checks of all food ingredients, make market purchases in person, purchase the freshest fruit and vegetables daily, and make delicious buffet meal for the employee.
 - In order for employees to eat safe, all melamine utensils were replaced by corning glass ones.
 - Professional nurse: The company hired a professional nurse to provide on-site health counseling and medical assistance to employees.
 - 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 meal providers.
5. 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.



6.4 Occupational safety and health policy

403-1 403-4 403-5 403-8 TC-SC-320a.1

Policies: Comply with laws and regulations | Continue to improve | Reduce risk | Mental health counseling | Employee participation

ELAN Microelectronics obtained the ISO 45001 certification in May, 2019. We regularly follow up on the relevant regulations on occupational health and safety. In order to ensure the quality of employees' work, physical and mental health, and to effectively implement the five major policies, we regularly update relevant safety and health regulations and information. Risk assessments are conducted in each operational environment, and safety and health objectives are set up for gradual and continuous improvements. The scope of the management system includes 93% of the full-time and on-site contractor 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 tests are carried out to ensure the functionalities of all equipment are normal. The rest of the plant is office space.

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

403-3 403-2

To effectively manage employees' physical health and safety, in addition to the annual health checkup, on-spot doctors are also brought in to assist and guide high-risk employees in making necessary physical and mental adjustments. Furthermore, although there is no significant exposure, we still arranged special checkups for 2 of the employees in Zhonghe plant who operate on the XRF ionizing radiation machine and the results came back normal. As for the others, problems associated with overweight and obesity were the most significant. The company regularly carry out activities that encourage weight loss. Other health risks (i.e. ergonomics hazards and abnormal workload-triggered disorders) were conducted through questionnaires. In 2021, 1010 people were evaluated. The ergonomics hazards rate is 21.08% and the abnormal workload-triggered disorders rate is 6.13%.

ELAN has started planning the Maternal Health Protection Policy since the end of 2016. It includes conducting risk assessment of the working environment for maternal labor, arranging medical consultations with on-site doctors, and providing information on maternal health protection and benefits such as authorized parking spaces for pregnant women, comfortable seats, books on parenting, and information on confinement meals, etc. In 2021, 4 employees benefited from this policy. All employees' personal health data are securely stored at the health center. On-site doctor consultations are all one-on-one to protect personal privacy.

Operational environment		Sickness	Prevention measure
Office	Overwork		1. Conduct the annual health checkup 2. Keep track on employees with three "highs" (hypertension, high blood sugar level, high cholesterol level) 3. Provide sports and fitness equipment for stress relief
	Eyestrain, neck and shoulder pain		1. Stretch, take rest 2. Proper sitting posture
Factory facility		Electric shock, falls	1. Take professional trainings 2. Wear protective gears
Warehouse, manufacturing department		Physical hazards (handling process) Repetitive tasks (testing process)	1. Operate all machines correctly 2. Reduce working time
Laboratory	General	Inhalation hazards (lead-free soldering)	1. Evaluate the operating environments regularly 2. Set up partial exhaust equipment 3. Wear masks
	Chemical	Contacting hazards	1. Conduct staff trainings from time to time 2. Conduct operating environment tests regularly 3. Wear laboratory coats and surgical masks

6.5 Health management

403-6

TC-SC-320a.1

Weight loss competition

(Participants: ELAN Hsinchu, Zhonghe, Tainan, and Kaohsiung)

Target: BMI abnormality rate drops to 47%.

Achievement status:

2021 health checkup results show the BMI abnormal rate was 42.9%, reached the target of increasing the average weight loss per person from 2.47 Kg to 3.66 Kg. Due to COVID-19, most of the fitness classes were temporarily suspended and are to be resumed as the pandemic subsides. The abnormal rate dropped more significantly this year because the results from the other plants were also included. The company will adjust the weight loss target for next year.

Prevention and control of COVID-19

100% reimbursement of domestic and overseas travel cancellation fees.

100% arrangement for employees to take turn coming to the office and working from home under Level 3 alert.

Set up the Epidemic Prevention Team and each department is to formulate an emergency response plan, develop complete prevention measures, and build a safe and healthy working environment.

● Epidemic Prevention Team

The Epidemic Prevention Team was recruited by the President in Mar., 2020. Meetings are held from time to time with each unit's contact person to report various epidemic prevention issues, and develop prevention measures in response to government policies to prepare each unit for emergencies. Everything is to ensure that the company's overall operations will not be affected by infectious diseases.

● Preventing COVID-19 at work

1. During Alert Level 3, external personnel will be suspended from entering the plant. Business travels are also suspended. Employees shall take turn coming to the office and working from home. Employees with body temperature exceeds 37.5°C will be given official leaves or allowed to work from home.
2. Ban eating and drinking in the cafeteria and all meeting rooms. Take-out lunch boxes are provided instead of buffet meals. During the period when the pandemic restrictions are eased, checkerboard seating is arranged when dining in the cafeteria.
3. Automatic thermometer and disinfection machines are installed in public areas and at entrances of each floor. A bottle of alcohol disinfectant is also given out to each employee to carry with and it can refill it at the main counter.
4. Since the beginning of the epidemic in 2020, each employee has been given a box of masks every 50 working days.
5. Employee vaccination rate is calculated and reported to the Occupational Safety Management Committee every quarter. As of Dec., 2021, 94.6% of the total workforce received the first dose of vaccine, and 88.7% received the second dose.

● Strengthening epidemic prevention measures for expatriates and business travelers

In addition to providing protective gears, masks, disinfectant sprays, and other epidemic prevention materials to our employees who are on business trips, major travel medical insurances are also covered in case of emergency medical needs during a trip. Additional bonuses are also given to long-term expatriates as the Company's appreciation toward their hard work and perseverance under the pandemic.

Voluntary Disclosure-5 Care for the employee and their families 403-6

Item		2019	2020	2021	
 	Health Examination	Annual health checkup	905 people 99% of participation rate	992 people 99% of participation rate	1,034 people 99% of participation rate
	Health Consultation	On-site doctor consulting	173 people	126 people	103 people
	Health Education	Mental health, weight control seminars, setup of a health station	8 sessions, 850 people	4 sessions, 215 people	4 sessions, 191 people
		Health and Medical Station	23 new themes added	18 new themes added	24 new themes added
	Health Promotion	Blood drive events	138 people, 227 bags in total	146 people, 237 bags in total	151 people, 252 bags in total
		Gynecologic cancer screening	Pap smear: 23 people Colorectal cancer: 19 people	Cancelled due to COVID-19	Cancelled due to COVID-19
		Weight loss competition	340 people signed-up, 264 participated Total weight loss (kg): 653	Cancelled due to COVID-19	324 people signed-up, 188 participated Total weight loss (kg): 684.7
	Good Pregnancy Thoughtful Project	Parking space reserved for pregnant women	3 people	3 people	2 people
		High-back chair	2 people	1 people	3 people
	Group insurance extended to employees' dependents and children		Spouse: 443 Children: 620 Total number of family dependents1,063	Spouse: 445 Children: 638 Total number of family dependents1,083	Spouse: 446 Children: 647 Total number of family dependents1,093

▲ Annual health checkup

▲ Annual health checkup

Future plans

- The 2021 health checkup results reveal the top 10 abnormalities are mostly related to obesity, prostate diseases, osteoporosis, and gynecological problems. Therefore, we will continue to organize weight loss activities, prostate health seminars, osteoporosis prevention seminars, and Pap smear in 2022.
- Target for 2022: The Group's BMI abnormality rate <42%.

6.6 Emphasis on workplace safety, zero occupational hazards in 27 years

Major management policy—friendly working environment

403 Voluntary Disclosure-5 TC-SC-320a.1 TC-SC-320a.2

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 upholding human rights and providing good working environments to our employees as well as our suppliers, outsourcers, agents, and workers.

Resource

Set up the Occupational Safety and Health Committee.

Management strategy

- Hold the Occupational Safety and Health Conference quarterly, conduct an internal audit annually, and bring in third-parties 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 inspect the working environment and maintain fire-fighting equipment, dangerous machinery, drinking water quality testing, environmental disinfection, etc.
- Provide employees with annual health checkup every year.
- Provide a leisure center for employees to relieve stress after work.
- Set up a nursing room, 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 2021

- Zero occupational hazards.
- ISO 45001 (Occupational Health and Safety Management Systems) internal/external audit, RBA internal audit.

- Built and executed prevention and control measures of COVID-19.
- Strengthened driveway safety in the basement parking lot.
- Strengthened kitchen aisle safety.
- Updated machine safety features.
- Promoted COVID-19 vaccinations among staff. 94.6% of the total workforce received the first dose of vaccine, and 88.7% received the second dose.
- Reduced the noises from the hot bar reflow soldering system during manufacturing.

Highlights in 2022

- Zero occupational hazards.
- ISO 45001 internal/external audit, RBA internal audit.
- Starting from 2022, all chemical experiments will be outsourced, eliminating all hazardous chemicals.
- Reorganize the wiring on laboratory floor.
- Night shift safety and health precautions.
- ELAN Zhonghe is to set an area for reusing Tin tailings.



Emphasize Work Safety

403-2 403-9 TC-SC-320a.1 TC-SC-320a.2

According to the guidelines set by the Occupational Safety and Health Administration (OSHA), after excluding commuting injuries, no occupational safety accidents have occurred in the 27 years since the founding of ELAN (including contract/temporarily workers). As for affiliates and on-site employees (exclude contractor employees), no occupational injuries or work-related deaths have occurred in the past three years. In 2021, the Group's total working hours is 2,211,064 hours.

If an occupational accident occurs, the company nurse will first inspect the injuries and decide whether further medical treatment is required. Afterward, the Industrial Safety Office staff will work with the field personnel to investigate the site and the course of the incident, and then arrange a meeting with the labor representatives to discuss the cause of the incident, propose and implement corrective and preventive measures. Meanwhile, continuous care and medical assistants will be provided to the injured employee(s).

From May 2009 till the end of 2021, ELAN's accumulated disaster-free working hour is 12,711,735 hours. With no occupational disease or work safety fine detected, ELAN has successfully accomplished the "zero disaster" target so far.

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 develop a systematic and standardized health and safety management system and mechanism that creates 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 in the working environment, prevent all possibilities that may endanger the safety and health of our employees, contractors, and related third parties.

Occupational safety and health conferences are held on a quarterly basis. According to the Occupational Safety and Health Law, one third 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 as well as the development of the past and the next quarter. In addition to complying with the Occupational Safety and Health Act and relevant requirements, the company also arranged safety and health education, drills, counseling, prevention and risk monitoring and control programs.

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 conducted in the office area to ensure CO₂ concentration does not exceed 1,000ppm.
3. Random checks 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. Random checks on drinking water every quarter to ensure that Escherichia coli in the water do not exceed the statutory standards.
6. Staircases (freight elevator side) on each floor were installed with safety net to prevent falling.
7. Health-related slogans are pasted at the elevator doors on each floor.

Laboratory management

1. Every day, laboratory administrators are to patrol each lab and make sure all soldering irons and instruments are turned off.
2. Implement operating environment tests (e.g. organic solvent, noise, wind speed of the partial air exhaust equipment, etc.) every half year to ensure a safe and healthy working environment.
3. Random laboratory inspections by the Industrial Safety Office.
4. Educational trainings and assessments for new employees to help understand equipment and follow operating precautions.
5. Continue to improve the safety of workplace environment and equipment, and standardize machine operating procedures.

Training and Communication

403-4 403-5

1. Arrange safety and health education and training for new employees.
2. Hold employee safety and health education and training and online courses from time to time.
3. Hold fire drills regularly and educate employees on the exist routes in case of an emergency.
4. Arrange outsourced special occupational safety and health trainings for specific operators employed by the company. A total of 31 people participated in 2021.

5. Post occupational safety-related information on bulletin board systems from time to time.
6. Declare hazards to all workers entering the factory, meet with the on-site contractors from time to time to make improvements to operation process and environment.
7. Complete ISO 45001 internal auditor education and training with 100% achievement rate.
8. The health center will have a new health book lending system.



▲ Evacuation Plan safety and health education and training

Performance

403-7

- Participated in the "Disaster-free working hour" cumulative certification event promoted by the Ministry of Labor.
- ELAN Hsinchu was honored with the 2021-2024 iSports Enterprise Certification by the Sports Administration, Ministry of Education.
- ELAN Hsinchu is certified with Healthy Workplace Promotion by the National Health Administration from 2021 to 2024.
- ELAN Zhonghe is certified with Healthy Workforce by the National Health Administration from 2019 to 2021.
- Promoted COVID-19 vaccinations among staff. As of Dec., 2021, 94.6% of the total workforce received the first dose of vaccine, and 88.7% received the second dose.
- Promoted 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 strictly smoke-free.
- Brought domestic large medical institutions in to the company to conduct the annual health checkup 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 insurances.

6.7 Employee training and development

Major management policy—employee development

404



Policy and commitment

High-quality talents have always been the company's greatest assets and competitiveness. Based on the company's vision, strategies, and goals, the Human Performance Management Department will set training policies and objectives, and announce them to the employees 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.

Resource

- Appoint the Human Performance Management Department as the dedicated department for educational trainings.
- Set up E-learning integration platform.
- Engage in industry-academy collaborations 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 manual and relevant procedures.
- Develop talent expertise inventory & planning and goal setting system to better understand the number and distribution of talents in each specialty and arrange necessary staff trainings.
- Expand and link the annual training goals to KPIs and follow up.
- Develop a talent pool and initiate systematic training of potential management personnel.

Medium and long-term plans

Use organizational development goals as the basis for talent development activities to achieve results; introduce various mechanisms and resources to encourage employees to make breakthroughs; learn from various professional fields, and become integrated talents; through

experience exchange and knowledge sharing, benchmark learning among team members so that every employee can grow rapidly.

Performance in 2021

- Trained 54 AI applications professionals.
- 100% of ELAN technicians obtained technical certification.
- Began key talent management training with 147 enrollments in Leader Campus's online course, and 63 in the MTP (Management Training Program) online course.

Highlights in 2022

Continue to provide key talent management training to strength professional knowledge of R&D process management and control, and to empower relevant management talents.

Employee education and training 404-1

ELAN

Every year, the Human Performance Management Department provides a list of courses to all supervisors as reference, gathers supervisors' requirements and proposes annual training plans to the President for approval (also applicable to ELAN H.K.) At the end of each course, based on the achievement goals set for this course, trainees will be given written, oral or on-the-spot operation tests, as well as a satisfaction survey in order to understand the trainees' learning conditions and evaluate the effectiveness of the training. Based on company business philosophy, mission, vision, and policies, formulating clear training policies and goals will lead the company to the right 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 experience 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

To strength professional knowledge of R&D process management and control, train 40 professional talents.

100% of the cultivated personnel pass technical assessments.

Train 50 management talents.

■ Education and training 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 Performance Management Department will introduce the company environment and explain rules and regulations. The newcomer should participate in online courses and on-site safety and health drill arranged by the Public Recourses Department. Later, 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. When the three-month probationary period is up, 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 as a way to evaluate the effectiveness of the training.

■ Engage in industry-academy collaborations, cultivate R&D talents for forward-looking technology

To nurture semiconductor talents and fulfill our corporate social responsibility, starting from 2021, we reward outstanding students for their dedication to academic research, technological innovation and application by offering the "Rising Dragon Scholarship Program". It provides undergraduates with the opportunity to get to know the industry and ELAN Group in advance as well as to participate in the company's forward-looking technology research and development. These experiences could strengthen their competitiveness in the future and make them potential R&D talents.

■ Build an organizational talent pool, cultivate future key talent

Understanding that talent cultivation is the key to corporate sustainability, in 2020, the Group began to conduct management training for high-potential employees through systematic planning, build an organizational talent pool and knowledge management to ensure that management personnel have sufficient capacity to achieve continuous growth in organizational performance. In addition, together with the China Productivity Center, we started the Management Training Program, which is a systematically planned and learned package that focuses on management attitudes, concepts, and competencies.

Metanoia

Every year, the Human Performance Management Department of Metanoia provides a list of courses to all supervisors as reference, gathers supervisors' requirements and proposes annual training plans to the President for approval. 20 classes in Communication Technology and 11 classes in Administrative Services were opened in 2021.

Avisonic and PiXORD

Each department proposes annual training plans from time to time to the President for approval.

In 2021, Avisonic opened 1 class in Administrative Services class and PiXORD opened 5.

■ The Group's hours of employee training 404-1

The average hours of training per year per employee is 7.1 hours. Male/female average hours of training are 6.8 and 7.5 hours.

Rank	Item	ELAN		Metanoia		Avisonic		PiXORD		ELAN H.K.		Total		Average training hour
Top Executive	Number of trainees	21	4	4	0	2	0	1	0	0	0	28	4	4.8
	Training hours	107.0	37.0	8.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	115.0	37.0	
	Average training hours	5.1	9.3	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.1	9.3	
Indirect Staff	Number of trainees	602	217	38	18	17	5	15	12	3	2	675	254	6.9
	Training hours	4,443.5	1,510.5	189.0	241.5	0.0	12.0	6.0	13.0	9.0	18.0	4,647.5	1,795.0	
	Average training hours	7.4	7.0	5.0	13.4	0.0	2.4	0.4	1.1	3.0	9.0	6.9	7.1	
Direct Staff	Number of trainees	5	213	NA	NA	NA	NA	NA	NA	NA	NA	5	213	7.9
	Training hours	30.5	1,699.5	NA	NA	NA	NA	NA	NA	NA	NA	30.5	1,699.5	
	Average training hours	6.1	8.0	NA	NA	NA	NA	NA	NA	NA	NA	6.1	8.0	

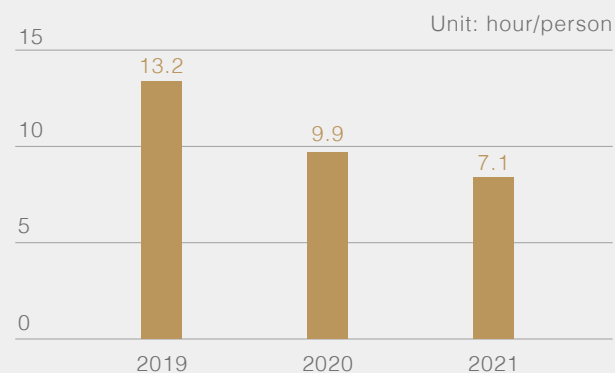
* Note 1: Top executive: Director and above.

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

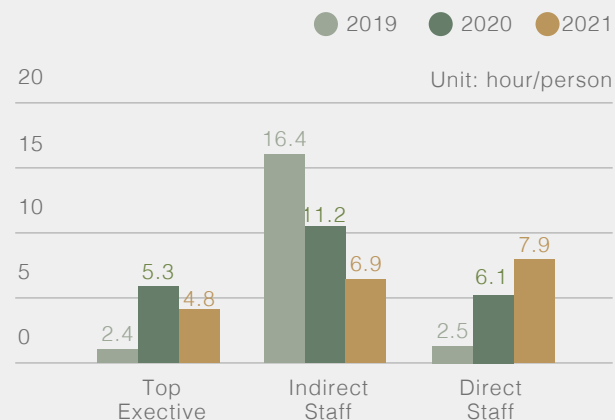
* Note 3: Direct staff: Staff who are directly involved in product production, machinery and equipment operation, products assembly, etc. (e.g., technicians)

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

■ The Group's average hours of training



■ The Group's average hours of training among different ranks



■ The Group full-time employee performance review 404-3

All employees in the Group have accepted the individual performance review. This assessment is applicable to the new employee after a three-month probationary period. For new employees, the new employee evaluation will be used. Performance reviews are conducted 1~2 times throughout the year.

	ELAN		Metanoia		Avisonic		PIXORD		ELAN H.K.	
Top Executive	100%	100%	100%	N/A	100%	N/A	100%	N/A	N/A	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	- Individual ability and KPI assessment - Performance review process		Metanoia Working Rules - Chapter VI Attendance, Assessment, Reward and Promotion		- Ability assessment - Performance review process		Performance review process		- Individual ability and KPI assessment - Performance review process	
Performance review	Every half year		Every year		Every half year		Every half year		Every half year	

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

Major management policy—Harmonious labor-employment relationship

202 401

Policy and commitment

ELAN is committed to building a win-win employment partnership and providing freedom of occupation as well as humane and fair treatment, with no gender, race discrimination, etc.

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

Resource

Schedule labor-management meetings and set up the Employee Welfare Committee.

Management strategy

- Human Performance Management Department formulates Work Rules Handbook based on labor laws and regulations. The handbook, available on the company website, includes information on employees' selection,

employment, education, entry, and retention, welfare measures, and labor relations, etc.

- Hold a labor-management meeting every quarter to inform relevant information and coordinate labor-management issues.
- The 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, review suggestions and make improvement plans.
- Review turnover rate every year, understand the reasons for employee replacement, and conduct analysis and discussion.
- Set up various channels such as employee suggestion boxes, department meetings, performance interviews, etc. that allow employees to communicate with the management at a close distance.
- To maintain operational stability, senior managements of the ELAN Group are all from Taiwan.

Medium and long-term plan

Maintain good labor-employment relationship, follow labor-related laws and regulations, make continuous improvement, provide fair employment opportunities and a harmonious labor-management relationship.

Performance in 2021

- Conducted employee satisfaction surveys, and the head of the Human Performance Management Department reviewed the results and discussed the feasibility of improvement.
- No labor disputes, violations of local human rights, or complaints related to human rights occurred.
- ELAN overall employee satisfaction score is 82.6.

Highlights in 2022

- Zero labor disputes or violations of laws and regulations.
- Continue to conduct employee satisfaction surveys every year.

Zero-distance communication with the employee

406-1

419-1

The Group develops the Employee Grievance Handling Procedure and Anti-discrimination & Sexual Harassment Policy, assigns a unit to help employees solve problems at work as well as in their daily life so as to effectively address and prevent sexual harassment. 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.

In 2021, no labor disputes, violations of laws and regulations, or internal discrimination incidents occurred. Visit company website for more information. In 2021, 142 newcomer training sessions were completed, totaling 426 hours of human rights-related courses.

Furthermore, the Group holds a labor-management meeting every quarter, a monthly employee welfare meeting, and staff meetings from time to time. Employee suggestion box, face-to-face performance review meetings, department meetings are also set up to allow employees to bring up problems, so that problems can be solved immediately and effectively, improving work efficiency.

Percentage of employees covered by collective bargaining agreements

The Group fully complies with the labor laws of Taiwan and Hong Kong and has never prohibited the freedom of assembly and association of its employees. However, there is currently no union within the Group and therefore no employees are covered by collective bargaining agreements.



▲ 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.



Environmental Protection and Social Welfare

7.1 Environmental policy and carbon reduction

7.2 Water and waste

7.3 Product and service-related environmental protection

7.4 Participation in social welfare and charitable event

07



Highlight

ELAN Hsinchu sets a target of reducing 1% of total electricity consumption each year. In 2021, there was a 1.2% of reduction compared to 2020.

The target value for ELAN Hsinchu was 2021 is to reduce indirect gas emissions by 10 metric tons, and the actual reduction was 49.714 metric tons.

Participated in 48 social welfare events.

7.1 Environmental policy and carbon reduction

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

ELAN was certified with the ISO14001:2015 in 2016. Based on ELAN Environmental Management Manual, senior executives are in charge of conducting risk assessment on a regular basis, formulating environmental target plans, holding annual review meetings for gradual and continuous improvements in order to prevent and control pollution. Company-wide, 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. Except for the production line in the ELAN Zhonghe, all other locations are general office buildings with R&D as the main focus. ELAN Zhonghe main operations include sales, R&D, production, operations management, etc. Due to its distinct characteristics of processing and operation, the manufacturing process does not cause wastewater, air pollution or noise problems. Electronic waste is its main waste.

ELAN has always complied with the environmental laws and regulations. Relevant environmental authorities made regular/irregular inspections on the company facilities in 2021. To this date, the company has had no violations or been fined in any way. **307-1**

The company has always been committed to sustainable development and protection of the environment. Green environment and green design are business ideas we have been focusing on. Our products, from concept, design, mass production, to waste conservation, recycling and re-use, this Cradle-to-Cradle production approach gives full play to the modern method of resource recycling and in some ways, protects our environment and resources, achieving energy efficiency effects. Meanwhile, we continue to promote pollution prevention and energy-saving carbon-related activities, fulfill social responsibility as a good corporate.

Greenhouse Gas Inventory

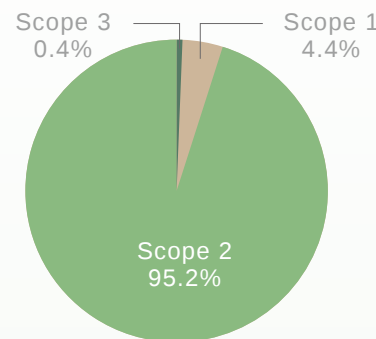
TC-SC-110a.1

In 2021, the group's total greenhouse gas emissions reached 3,010.821 metric tons of CO₂ equivalent, of which 95.2% were from electricity (Scope 2). Therefore, the Group should focus on reducing indirect greenhouse gas emissions. The short-term goal of the Hsinchu headquarters building (covering affiliated companies) is to reduce indirect greenhouse gas emissions by metric tons of CO₂ equivalent per year compared to the previous year through electricity reduction.

Also, the ISO14064-1 International Standard for GHG Emissions Inventories and Verification is expected to be implemented from 2022 onwards. The medium-term goal is to build green buildings and smart buildings first for the future relocation of Hsinchu headquarters, the goal is to be adjusted on a rolling basis later on. The long-term goal is to achieve carbon neutrality by 2050.

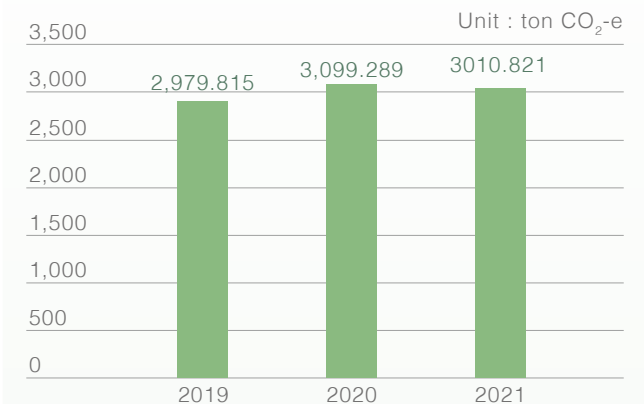
Year : 2021 Unit : ton (CO₂-e)

Scope 1	Scope 2	Scope 3	Total
132.726	2,865.077	13.018	3,010.821



- * Note 1: For the source of greenhouse gas emission coefficient used in Scope 1, refer to the Greenhouse Gas Emission Coefficient Management Table 6.0.4 of the Environmental Protection Agency.
- * Note 2: The GWP coefficient refers to IPCC (2007) as CO₂ : CH₄ : N₂O = 1 : 25 : 298.
- * Note 3: For electricity emission coefficient, refer to the data provided by the Energy Bureau of the Ministry of Economic Affairs in Taiwan in 2020. 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, refer to the product carbon footprint calculation service platform.

Greenhouse gas emissions



- * Note 1: Modified direct GHG emissions in 2020.
- * Note 2: Modified indirect GHG emissions from Zhonghe from 2019 to 2020.

Direct greenhouse gas emissions (Scope 1)

[305-1](#)
[302-1](#)

The main sources of ELAN direct greenhouse gas emissions are gasoline used for company vehicles, diesel fuel used for emergency generators, liquefied petroleum gas used in the kitchen, and personnel septic tank emissions. We expect to begin refrigerant emission inventory and disclosure in 2022.

For the choice of company vehicles, fuel-efficient cars and electric motorcycles were chosen. Maintenance is carried out regularly to reduce greenhouse gas. Company vehicles (Hsinchu, Zhonghe), emergency generators, and cafeteria, produced 44.626 tons of CO₂-e greenhouse gas emissions. As for septic tanks, the total amount of greenhouse gas emissions was 88.100 tons of CO₂-e. The Group's total amount of direct GHG emissions was 132.726 tons of CO₂-e, a 3.96% reduction compared to 2020. The main reason for the reduction is that the dining style was changed from buffet to personal lunchboxes under the impact of COVID-19. Fewer dish variations, less cooking time, hence lower GHG emissions.

The Group's direct greenhouse gas emissions in 2021

	Gasoline used for company vehicles	Diesel fuel used for emergency generators	Liquefied petroleum gas used in the kitchen	Septic tank	Total
Energy consumption _(GJ)	18.599	1.087	35.643	NA	-
Energy usage (Kiloliter)	5.895	0.320	17.024	NA	-
CO ₂ Emission (ton CO ₂ -e)	13.920	0.837	29.869	88.100	132.726

* Note 1: Metanoia, Avisonic and PiXORD are renting some of the facilities in ELAN headquarter in Hsinchu, hence all energy consumption is integrated and calculated altogether.

* Note 2: Gas consumption: Used by the kitchen in Hsinchu Headquarter.

* Note 3: 1 kWh = 3.6*10³GJ

* Note 4: 1 kg of gas = 10,270 Kcal

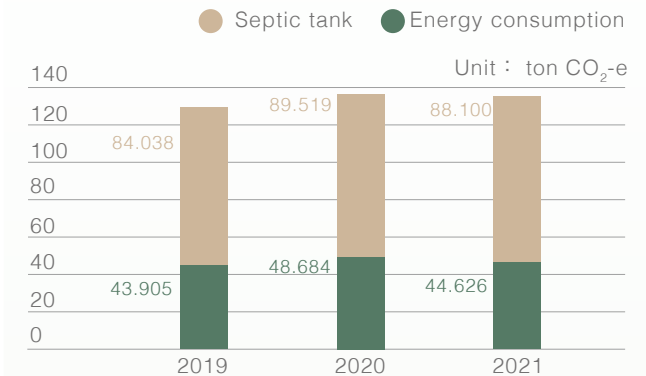
* Note 5: 1 kWh = 8,900 Kcal

* Note 6: 1 liter = 504 kilograms of gas

* Note 7: 1L of motor gasoline = 7,800 Kcal

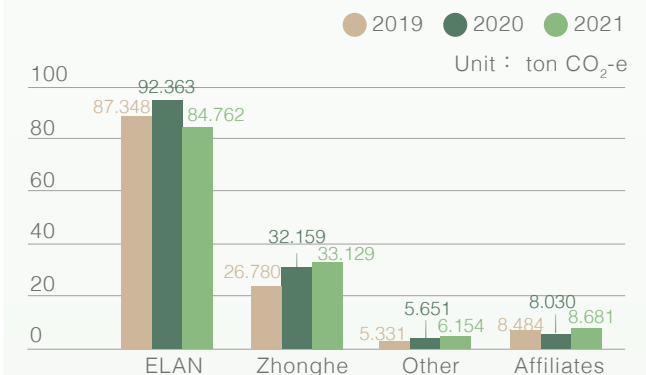
* Note 8: 1L of diesel = 8,400 Kcal

Direct greenhouse gas emissions status



* Note 1: Modified septic tank greenhouse gas emissions in 2020.

The Group's direct greenhouse gas emissions in each location



* Note 1. Other locations include ELAN Tainan, Kaohsiung, and Hong Kong.

* Note 2. Affiliated companies include Metanoia, Avisonic, and PiXORD.

Indirect greenhouse gas emissions (Scope 2)

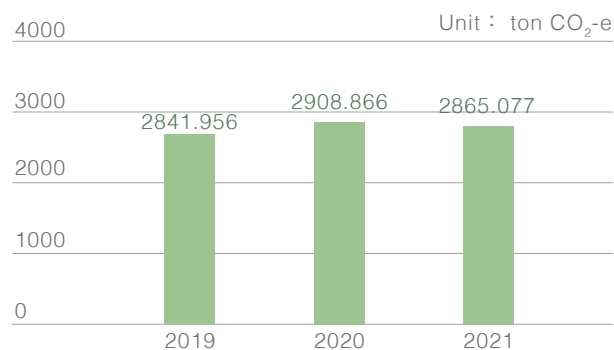
305-2 302-1 TC-SC-130a.1

The Group has not used renewable energy currently. Indirect greenhouse gas emissions are mainly electricity usages. Among them, Hsinchu plant covers ELAN headquarter and its affiliates including Metanoia, Avisonic and PiXORD. The Group's total power consumption rate was 5,704,842, as shown in the table below. ELAN Group's indirect greenhouse gas emissions was 2,865.077 tons of CO₂-e, reduced 1.51% compared to 2020.

ELAN Hsinchu has especially set indirect greenhouse gas emission reduction target of reducing 10 metric tons of CO₂ equivalent each year. In 2021, the indirect greenhouse gas emissions from the Hsinchu plant was 1,889.531 tons of CO₂-e in 2021 compared to 1,939.245 tons of CO₂-e in 2020, a total of 49.714 tons of reduction. The related reduction measures are described in the Energy Consumption Reduction section.

	ELAN Hsinchu	ELAN Zhonghe	ELAN Tainan	ELAN Kaohsiung	ELAN Hong Kong	Total
Electricity consumption (GJ)	13,550.423	6,215.851	547.614	157.579	65.963	20,537.430
Electricity consumption (kWh)	3,764,006	1,726,625	152,115	43,772	18,323	5,704,842
CO ₂ emission (ton CO ₂ -e)	1,889.531	866.766	76.362	21.974	10.444	2,865.077

Indirect gas emissions



* Note 1:
Modified electricity
consumption in
Zhonghe from
2019 to 2020.

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 take routes with the shortest distance between the company and the incineration plant.

The total amount of other indirect greenhouse gas emissions was 13.018 tons of CO₂-e. Relevant data are as follows:

	ELAN Hsinchu	ELAN Zhonghe	Total
Waste disposal			
General waste removal (tkm)	459.513	660.730	-
CO ₂ emission (ton CO ₂ -e)	0.602	0.866	1.468
Waste incineration			
General waste produced (ton)	26.92	14.33	-
CO ₂ emission (ton CO ₂ -e)	7.538	4.012	11.550
Total (ton CO₂-e)	-	-	13.018

- * Note 1: The general waste disposal for Hsinchu plant (single trip): 16.9 tkm (calculated by Google Maps)
- * Note 2: Hazardous industrial waste disposal for Hsinchu plant (single trip): 10.6 tkm (calculated by Google Maps)
- * Note 3: The general waste disposal for Zhonghe plant (single trip): 15.1 tkm (calculated by Google Maps)
- * Note 4: Hazardous industrial waste disposal for Zhonghe plant (single trip): 69.9 tkm (calculated by Google Maps)
- * Note 5: Waste disposal coefficient: 1.31 Kg CO₂-e/tKm (source: Carbon Footprint Calculation Platform)
- * Note 6: Waste incineration coefficient: 280 Kg CO₂-e/ton (source: Carbon Footprint Calculation Platform)

Energy consumption reduction 302-4

ELAN Energy Reduction Policy

- 1 Comply with energy laws and regulations, purchase energy-saving equipment.
- 2 Improve energy efficiency, save energy and reduce carbon with company-wide participation.
- 3 Implement energy management for sustainable business operation.

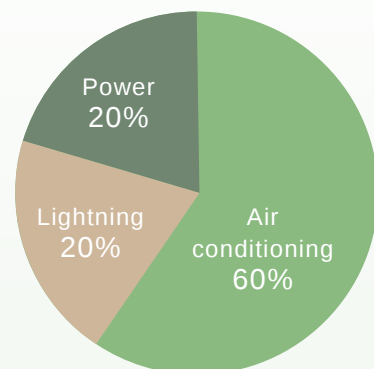
ELAN's electricity consumption is mainly from Hsinchu and Zhonghe plant. In ELAN Hsinchu, electricity is mainly used for air conditioners, lighting, and power. In ELAN Zhonghe, electricity is mainly used in offices, production and other public area.

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 begun to replace all office halogen tube lightings

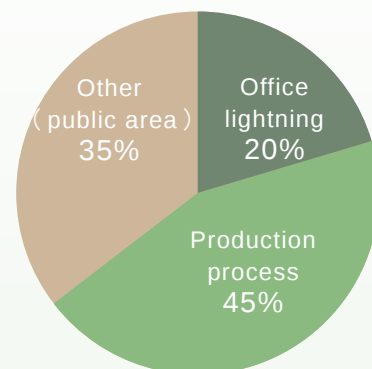
with LED tubes since 2013. To effectively control and save electricity, we adjust the temperature of air conditionings daily according to the weather, set usage restrictions on weekends and perform monthly inspections. The total electricity consumption in Hsinchu in 2021 is 1.2% lower than the previous year, reaching our target. In 2021, ELAN Zhonghe will follow up on the replacement of T5 lamps with LED lamps.

In 2021, ELAN Hsinchu improved the lighting in the mechanical parking area by replacing all lighting in the parking lot lane with energy-saving LED lighting with microwave sensor LED lamps as well as all T8 lamps from B1 to B3 with LED lighting sets. From the perspective of the LED lighting replacement policy, the replacement of traditional lighting fixtures with LED ones since 2014 has saved up 70.4% of energy, which is equivalent to 827,470 kilowatt hours of electricity consumption, and the total electricity consumption has dropped from 15,323.354GJ in 2013 to 13,550.423GJ in 2021, a 11.575 of reduction. Overall, the implementation of this policy has brought significant benefits.

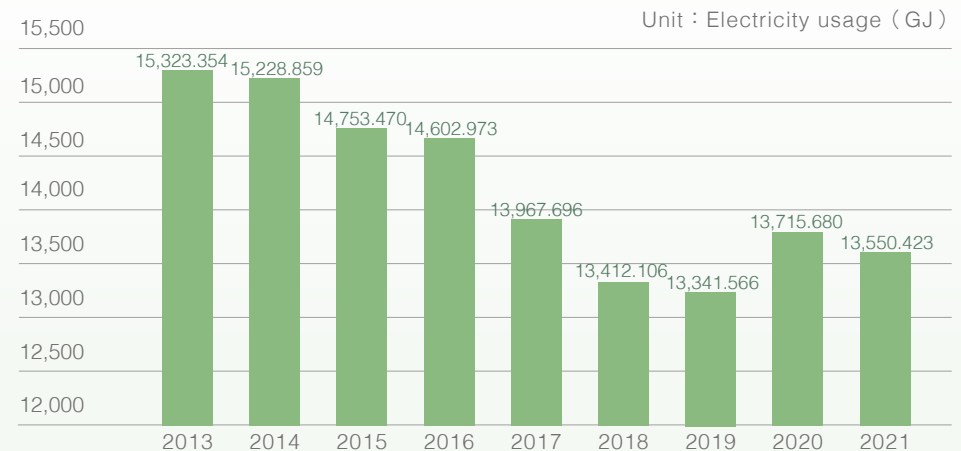
■ Electricity usage in ELAN Hsinchu



■ Electricity usage in ELAN Zhonghe



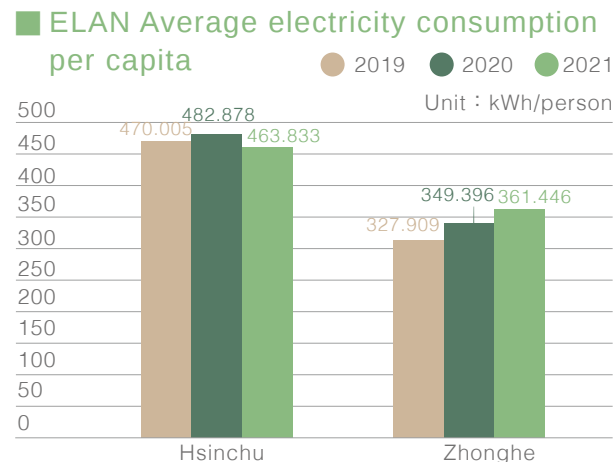
■ Electricity consumption trend from 2013 to 2021



Energy intensity 302-3

Since 2018, ELAN Hsinchu has begun to gradually replace traditional air conditioners with inverter-type air conditioners. In 2020, we replaced all lighting fixtures in the plant with LED lighting fixtures and installed thermal insulation paper on the building glass. In 2021, we replaced cooling tower fans and added inverters. The average electricity consumption per person is 463.833 kWh in 2021, a reduction of 3.94% compared to 2020. In 2022, the outside air of the air conditioning box will be improved. Bringing in outside air will increase the air convection in the company and reduce the use of air conditioning hence achieve power and energy saving.

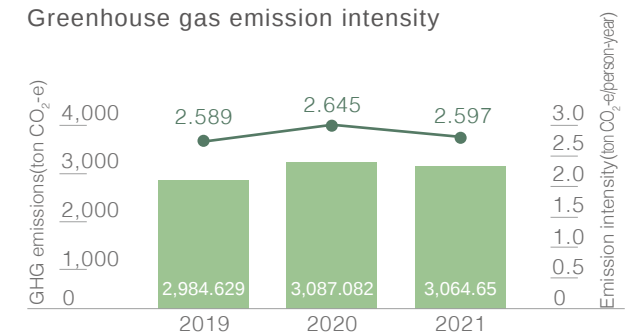
In 2021, the average electricity consumption per capita in ELAN Zhonghe is 361.446 kWh/person, 3.45% higher than last year. The overall power usage has increased due to the increase in production capacity and new testing equipment. In the future, it is expected that T5 lamps will be replaced with LED lamps to enhance the effect of energy-saving.



* Note: Modified ELAN Zhonghe average electricity consumption per capita.

Greenhouse gas emission intensity 305-4

The greenhouse gas emission intensity of the Group is measured by the ratio of the total amount of greenhouse gas emissions from the direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions combined to the total number of employees. This gives the amount of greenhouse gases produced per person per year.

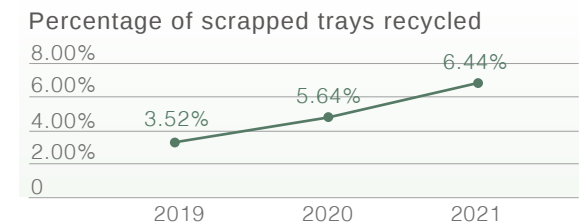


Measures to reduce greenhouse gas emissions and save energy

TC-SC-110a.2

- 1 Since 2021, ELAN Zhonghe has started replacing T5 lamps with LED lamps, the power was reduced from 65W to 40W and 32W, which reduced the total electricity consumption from 161,759kw to 96,584kw, a 65,175kw (40.29%) of reduction.
- 2 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.
- 3 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. In 2018, The Withholding Tax Statement is no longer given out to individuals. To further save paper, a card-swiping function is added onto each printing machine. The change is expected to be completed by 2022. As for the amount of photocopying paper used in the company, the usage dropped from 849 bags of paper in 2011 to 501 in 2021, a 40.99% reduction in total. From Feb. 2020, the company no longer gives out printed pay slips. Electronic ones are sent out instead.

- 4 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 2021, tray accounted for 6.44% 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. 301-3



- 5 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.

7.2 Water and waste

Water

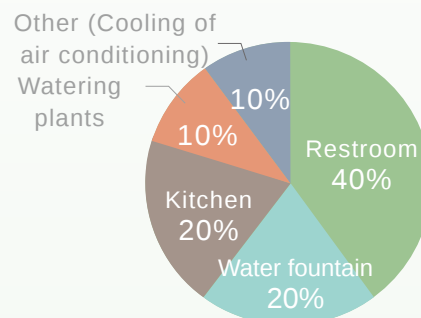
ELAN is a professional IC and module design company. Its wafer and downstream production are entirely outsourced. Hence, aside from household type of effluent, ELAN does not create polluting wastewater, oil (fuel), or other high polluting waste. According to the World Resources Institute (WRI) Aqueduct risk assessment tool and the water resources distribution in Taiwan, the Group is currently located in a low drought risk area. Except for the ELAN Hsinchu, all other locations are renting office buildings, and water is included in the management fee, for which there is no actual data. Therefore, water consumption disclosure focuses mainly on Hsinchu plant through its monthly water bill. Hsinchu plant through its monthly water bill.

ELAN Hsinchu has set the target of maintaining the same amount of water consumption per person each year. For toilets that consume more water, two-stage flushing is installed and the amount of water output is adjusted. As for the greenery, plants that require less water are used. Monthly inspections are also carried out to effectively manage water usage.

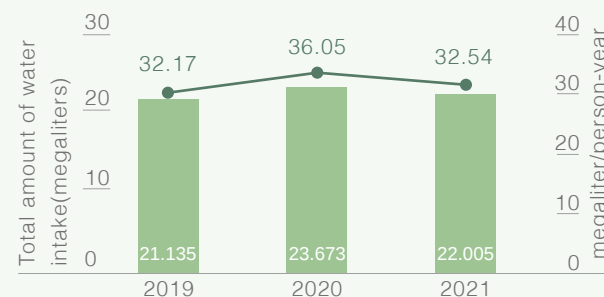
Water withdrawal 303-3 TC-SC-140a.1

Hsinchu plant comes from Baoshan Reservoir, and the total amount of water intake is 22.005 megaliters in 2021, an 7.04% reduction compared to 23.673 megaliters in 2020. Water is used mainly for restrooms, water fountains, kitchens, gardening and others. The water consumption per capita in 2021 was 32.54 Megaliters. In 2021, we installed sensor faucets in all the restrooms to minimize water wastage.

■ Distribution of water usage in ELAN Hsinchu



■ Amount of water intake in ELAN Hsinchu

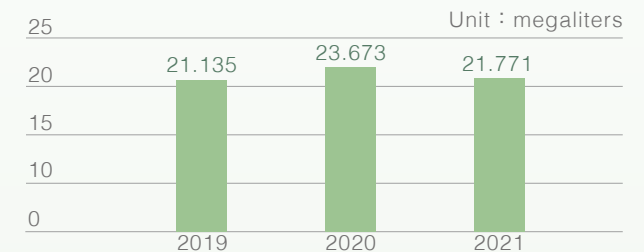


* Note 1: Adjusted the average water consumption per person per year from 2019 to 2020.

Water disposal 303-4 TC-SC-140a.1

In Hsinchu plant (including each affiliated company), after initial handling of effluent that flows from each tenant in the park, the effluent is drained into the sewage handling plant located inside the park integrated treatment and finally the Ke-ya River. In 2021, the total amount of water disposed in Hsinchu is 21.771 megaliters, an 8.03% decrease compared to 2020. As for the water quality of the effluent sewers in the science park, the company conducts annual water quality inspections at the discharge outlets to ensure the effectiveness of the company's primary effluent treatment.

■ Amount of water disposal



* Note 1: Water bills for ELAN Hong Kong, Tainan and Kaohsiung are integrated into their respective monthly administrative fees. Hence no detailed water consumption data is available.

* Note 2: Water bill for ELAN Zhonghe 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: Adjusted the months in water disposal statistic from 2019 to 2020.

* Note 4: The estimated discharge volume is the 80% of the current month's water bill.

Waste

306-2 306-3 TC-SC-150a.1

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 2021, ELAN group's general industrial waste total output volume is 41.25 tons. Of the total, the recycled volume is 9.274 tons and waste considered as hazardous is 6.7876 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.

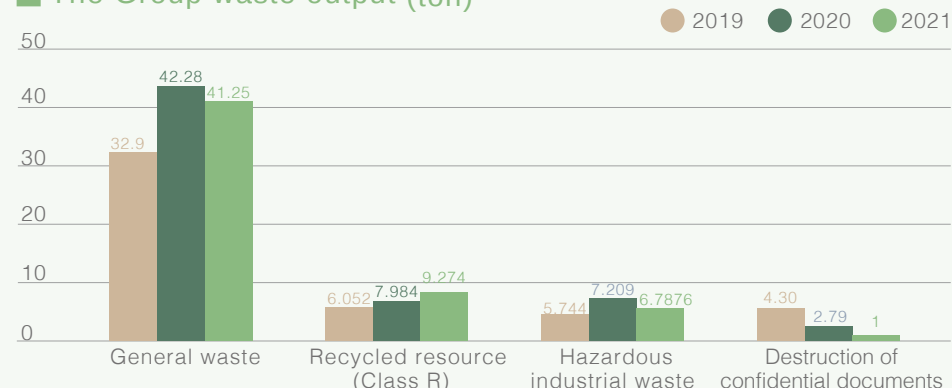
ELAN group, in addition to reporting by the EPD's environmental regulations and implementing industrial waste recycling, asks its contractors to comply with the requirements set under Environmental Protection Law, Occupational Safety and Health Law, and Fire Control Law. Continue to educate and promote recycling, sort general business wastes by types such as non-process, recyclable/non-recyclable, etc. and hand them over to qualified handling vendors. No serious spills have occurred to date.

The company wastes are classified as general waste (Class D), recycle (Class R) and hazardous waste (Codes: 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.

2021 ELAN Group Waste Output

Company	General industrial waste output (ton)	Recycled resource (Class R) (ton)	E-0222 PCB with components attached	Hazardous industrial waste output (ton)			Destruction of confidential documents (ton)
				E-0217 Waste components	C-0202 Waste acid solution with pH $\leq$ 2	Total	
ELAN Hsinchu	23.42	9.274	0	0.0567	0	0.0567	1
ELAN Zhonghe	14.33	0	1.4763	4.8806	0	6.3569	0
Metanoia	3.5	0	0	0.001	0	0.001	0
Avisonic	0	0	0	0.373	0	0.373	0
PiXORD	0	0	0	0	0	0	0
Total	41.25	9.274	1.4763	5.3113	0	6.7876	1

The Group waste output (ton)



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

* Note 2: Metanoia, Avisonic and PiXORD rent facilities from ELAN headquarter in Hsinchu, hence all general industrial waste and recycling outputs are integrated and calculated altogether.

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

* Note 4: The recycles in ELAN Zhonghe are handled by the building's management committee, so there is no actual data.

* Note 5: Waste in Metanoia is declared separately, but recycles are handled/calculated together with the headquarter.

7.3 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 Non-Inclusion of Hazardous Substances Warranty. 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 minimize unnecessary industrial wastes.

■ Product design

In terms of product design, ELAN not only complies with international standards to meet customer requirements, but also aims to develop energy-saving and high-efficiency products to reduce the demand for energy or additional components.

1. In response to customers' demand for low power consumption and high performance, ELAN Touch Panel Solutions is now equipped with AI hardware accelerator, reducing CPU execution time for firmware computing and effectively reducing power consumption. In addition, with ELAN Smart UX Algorithm, users can use and operate the touchpad more precisely and quickly, increasing the processing efficiency by more than 25% compared to the previous generation while maintaining the same power consumption.
2. ELAN Smart-Touchscreen™ Single Chip Solution uses small packaging and simple external components with a circuit board width as small as 6mm, efficiently reduces component usage and metallic (battery) and other material pollution. The new generation chip gives high stability and reduces 30% of power consumption.
3. For the new generation of ELAN Point Stick/Trackpoint Module, we adopt a new production process, adding various power saving modes in the circuit design, effectively reducing power consumption by 50%. At the same time, minimized external components required for module applications by about 70%, making it very competitive for customer applications.
4. ELAN BLDC (Brushless DC) Motor Control Chip 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 750,000 units by the end of 2021. Compare to traditional induction motors, it has already saved about 9,867 million kWh (i.e. 453,169,080 MJ) of electricity.

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

■ 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. Submitting item purchase requisitions, reducing inventory stacking cycle, and minimizing 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 possible.

■ Environmental expenditure and investment

Unit: Thousand NTD

Year	ELAN	Metanoia	Avisonic	PIXORD	ELAN H.K.	Total
2019	9,467	622	180	200	78	10,547
2020	10,589	718	178	201	83	11,769
2021	9,911	637	137	193	23	10,901

* 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).

7.4 Participation in social welfare and charitable events

Voluntary Disclosure 7 - Participation in social welfare and charitable events

ELAN continues 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. 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. By 2021, ELAN has already participated in 48 charity events.

■ Care for the disadvantaged group – Blind children at Huei-Min School for Blind Children

Due to the impact of the COVID-19, the Catholic Social Service Center's annual Love Carnival was cancelled, so instead of participating in the carnival, we sponsored the school for their annual project.

■ Cultivate talents and internship program – College students

As a professional IC design company, the cultivation of talents is the most direct 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. 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 an opportunity to get to know the workplace and the employment environment early, strengthen self-function, and make suitable career choices. By the end of 2021, ELAN has provided a total of 106 internship openings for undergraduate and graduate students.

■ Ecological conservation - Flipped Classroom

ELAN agrees with the foundation's philosophy of focusing on organic food, land education, and hometown recognition. We have participated in the Shennong Project of the Lovely Taiwan Foundation since 2020 and donated 1,000,000 NTD in total. Over the years, we have assisted Chung-Hsing Elementary School and Zhonghe Elementary School in Miaoli in developing cross-domain teaching model and building friendly planting school fields, turning the fields into classrooms so that students can get closer to the land and care for the earth.

► Shennong Project, Lovely Taiwan Foundation



▲ Internship Program



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ELAN MICROELECTRONICS CORP.'S 2021 ESG REPORT FOR 2021

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by ELAN Microelectronics Corp. (hereinafter referred to as ELAN) to conduct an independent assurance of the ESG Report for 2021. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during verification (2022/05/31~2022/06/27). SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all ELAN's Stakeholders.

RESPONSIBILITIES

The information in the ELAN's ESG Report of 2021 and its presentation are the responsibility of the directors or governing body (as applicable) and the management of ELAN. SGS has not been involved in the preparation of any of the material included in the ESG Report

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

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options and Level of Assurance

A.	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B.	AA1000ASv3 Type 2 Moderate Level (AA1000AP Evaluation plus evaluation of Specified Performance Information)

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options

1.	GRI Standards (Core)
2.	AA1000 Accountability Principles (2018)
3.	SASB

- evaluation of content veracity of the sustainability performance information based on the materiality determination at a moderate level of scrutiny for ELAN and moderate level of scrutiny for subsidiaries, joint ventures, and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018); and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with Core Option.
- evaluate of the report against the SASB Disclosures and Metrics included in the Technology & Communications: Semiconductors Sustainability Accounting Standard (VERSION 2018-10) and conducted alongside an evaluation of accuracy assurance at moderate level of scrutiny.

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CS committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant. In response to COVID-19 pandemic situation the assurance process was conducted via Microsoft Teams.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts and Task Force on Climate-related Financial Disclosures (TCFD) has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

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

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

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

ELAN has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, sustainability experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, ELAN may proactively consider participating in more sustainability initiative for more comprehensive involvement of stakeholders during future engagement.

Materiality

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

Responsiveness

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

Impact

ELAN has demonstrated a process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, ELAN's ESG Report of 2021, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to have more descriptions of ELAN's involvement with the sustainability initiative. When reporting on goals and targets for each material topic, the expected results are suggested to be set, if applicable, with more quantitative objectives.

SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

ELAN has referenced with SASB's Standard, TECHNOLOGY & COMMUNICATIONS: SEMICONDUCTORS, VERSION 2018-10 to disclose information of material topics that are vital for enterprise value creation. The reporting boundaries of the disclosed information correspond to the financial data reported in ELAN's ESG Report of 2021. ELAN used SASB accounting and activity metrics to assess and manage the topic-related risks and opportunities, where relevant quantitative information was assessed for its accuracy and completeness to support the comparability of the data reported. Process to identify, assess, and manage topic-related risks and opportunities were integrated into ELAN's overall management process. It is recommended that ELAN expands the data coverage and management system to all its affiliate enterprises for product lifecycle management and materials sourcing to enhance continuous improvement.

Signed:

For and on behalf of SGS Taiwan Ltd.



Stephen Pao
Knowledge Deputy General Manager
Taipei, Taiwan
29 July, 2022
www.sgs.com



GRI Index

102-55

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102-47 Major topic list	3.1 Important stakeholder and material topic identification	23-25
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	2. Corrected the electricity consumption of ELAN Zhonghe, adjusted indirect greenhouse gas emissions and energy intensity.	74,76
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	103-2	The management approach and its components	5.1 Supplier strategy	38
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Customer Privacy GRI 418 2016	414-1	New suppliers that were screened using social criteria	5.1 Supplier strategy 6.1 Commitment to corporate social responsibility	40 50
	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material topic identification	25
	103-2	The management approach and its components	4.6 Customer service and satisfaction	35
	103-3	Evaluation of the management approach	4.6 Customer service and satisfaction	35
Socioeconomic Compliance GRI 419 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.6 Customer service and satisfaction	35
	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material topic identification	25
	103-2	The management approach and its components	2.1 Highest governance body	15
	103-3	Evaluation of the management approach	2.1 Highest governance body	15
	419-1	on-compliance with laws and regulations in the social and economic area	2. Corporate Governance 6.8 Zero-distance communication with the employee and full-range complaint channels	15 69

Specific disclosures	Disclosure item		Chapter	Page
Voluntary Disclosure	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material topic identification	25
	103-2	The management approach and its components	1.3 Operational performance	7
	103-3	Evaluation of the management approach	1.3 Operational performance	7
	Voluntary Disclosure - 1	Customer relationship collaboration	4.1 Customer relationship and collaboration with leading platforms	30
	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material topic identification	25
	103-2	The management approach and its components	1.3 Operational performance	7
	103-3	Evaluation of the management approach	1.3 Operational performance	7
	Voluntary Disclosure -2	New product development	4.2 A sound patent system that encourages employees to innovate new products	31
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	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material topic identification	25
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	Voluntary Disclosure --3	Supplier strategy	5.1 Supplier strategy	39-42
	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material topic identification	25
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	Voluntary Disclosure - 4	Management Key Performance Indicator	5.2 Key Performance Indicator, management process optimization	44
	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material topic identification	25
	103-2	The management approach and its components	6.6 Emphasis on workplace safety, zero occupational hazards in 27 years	61
	103-3	Evaluation of the management approach	6.6 Emphasis on workplace safety, zero occupational hazards in 27 years	61
	Voluntary Disclosure --5	Care for employees and their family	6.5 Health management	60
	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material topic identification	25
	103-2	The management approach and its components	1.3 Operational performance	7
	103-3	Evaluation of the management approach	1.3 Operational performance	7
	Voluntary Disclosure --8	Risk Management	5.3 Risk management and opportunity	45
	103-1	Explanation of the material topic and its Boundaries	3.1 Important stakeholder and material topic identification	25
	103-2	The management approach and its components	1.3 Operational performance	7
	103-3	Evaluation of the management approach	1.3 Operational performance	7
	Voluntary Disclosure -9	Product contribution to world trend	4.4 Product contribution to world trends	33

Specific general topic disclosure (GRI 200 Economic 、GRI 300 Environmental 、GRI 400 Social)

Specific disclosures	Disclosure item		Chapter	Page
Materials GRI 301 2016	301-3	Recycled products and their packaging materials	7.1 Environmental Policy and Carbon Reduction	76
Energy GRI 302 2016	302-1	Energy consumption within the organization	7.1 Environmental Policy and Carbon Reduction	73-74
	302-3	Energy intensity	7.1 Environmental Policy and Carbon Reduction	76
	302-4	Reduction of energy consumption	7.1 Environmental Policy and Carbon Reduction	75
	302-5	Reduction in energy requirements of products and services	7.3 Environmental protection of products and services	79
Water and effluents GRI 303 2018	303-3	Water withdrawal	7.2 Water and waste	77
	303-4	Water discharge	7.2 Water and waste	77
Emissions GRI 305 2016	305-1	Direct (Scope 1) GHG emissions	7.1 Environmental Policy and Carbon Reduction	72-73
	305-2	Energy indirect (Scope 2) GHG emissions	7.1 Environmental Policy and Carbon Reduction	74
	305-3	Other indirect (Scope 3) GHG emissions	7.1 Environmental Policy and Carbon Reduction	74
	305-4	Intensity of greenhouse gas emissions	7.1 Environmental Policy and Carbon Reduction	76
Waste GRI 306 2020	306-2	Management of significant waste-related impacts	7.2 Water and waste	78
	306-3	Waste generation	7.2 Water and waste	78
Non-discrimination GRI 406 2016	406-1	Incidents of discrimination and corrective actions taken	6.8 Zero-distance communication with the employee and full-range complaint channels	69
Forced or Compulsory Labor GRI 409 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	5.1 Supplier strategy 6.1 Commitment to corporate social responsibility	40 50
Customer Health and Safety GRI 416 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	4.5 Product and service labeling	34
Marketing and Labeling GRI 417 2016	417-1	Requirements for product and service information and labeling	4.5 Product and service labeling	34
	417-2	Incidents of non-compliance concerning product and service information and labeling	4.5 Product and service labeling	34
Voluntary Disclosure	Voluntary Disclosure - 6	Industry-Academy collaboration	4.3 Enhancing new product development effectiveness with dashboards	32
	Voluntary Disclosure - 7	Participation in social welfare and charitable events	7.4 Participation in social welfare and charitable events	80
	Voluntary Disclosure - 10	Investor relationship optimization	1.6 Investor relations transparency	13

SASB Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting Metric	Category	Content	Reference Chapter	Page
Greenhouse Gas Emissions TC-SC-110a.1	(1) Gross global Scope 1 emissions and (2) amount of total emissions from perfluorinated compounds	Quantitative	The direct greenhouse gas emissions in 2021 is 132.726 tons CO ₂ -e. Because the company is mainly engaged in IC design and the production is entirely outsourced, there is no PFCs emission.	7.1 Environmental policy and carbon reduction	72-73
Greenhouse Gas Emissions TC-SC-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Qualitative	Because the company is mainly engaged in IC design, greenhouse gas emissions in Scope 2 accounted for 95.2%, so the company's reduction target is focusing on Scope 2. The short-term goal of the Hsinchu headquarters building (covering affiliated companies) is to reduce indirect greenhouse gas emissions by 10 tons of CO ₂ -e equivalent per year compared to the previous year through electricity reduction. The medium-term goal is to build green buildings and smart buildings first for the future relocation of Hsinchu headquarters, the goal is to be adjusted on a rolling basis later on.	7.1 Environmental policy and carbon reduction	76
Energy Management in Manufacturing TC-SC-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	(1) A total of 20,537.430 GJ of electricity is used in the plant in 2021. (2) 100% of the electricity used is purchased from external sources. (3) No renewable energy is currently used.	7.1 Environmental policy and carbon reduction	74
Water Management TC-SC-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	(1) Currently, ELAN Group is located in a low drought risk area. In 2021, the total water intake of the Group is 38.397 Megaliters. Note: Since only the Hsinchu plant has actual water consumption, the total water intake of the Group is estimated based on the total annual water intake per person in Hsinchu in 2021 * the number of people in 2021. (2) Total water consumption: 7.6794 Megaliters Note: The discharge volume of the Hsinchu plant is 80% of the withdrawal volume, so the water consumption accounts for 20% of the withdrawal volume, which is used to estimate the total water consumption of the Group.	7.2 Water and Waste	77
Waste Management TC-SC-150a.1	Amount of hazardous waste from manufacturing, percentage recycled	Quantitative	In 2021, the total amount of hazardous waste generated in the plant is 6.7876 tons, and the percentage of hazardous waste recycling is 18%.	7.2 Water and Waste	78

Topic	Accounting Metric	Category	Content	Reference Chapter	Page
Employee Health & Safety TC-SC-320a.1	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards	Qualitative	ELAN: Implement the Occupational Safety and Health Management System to evaluate workplaces through regular risk assessments, health inspections, and work environment measurements, and conduct health promotion activities, education and training, etc., and report regularly to the Occupational Safety and Health Committee for continuous improvement.	6.4 Occupational safety and health policy	58
			Metanoia/Avisonic/PiXORD: In accordance with occupational safety and health regulations, perform indoor workplace inspections every six months, hold regular safety and health in-service education and training and occupational safety education and training for new employees, and disinfect the environment from time to time. In order to prevent employees from being exposed to human health hazards, health checkups are held every two years, questionnaires are sent to employees to assess their health conditions, and follow-ups are arranged with doctors.	6.5 Health management	59-60
				6.6 Emphasis on workplace safety, zero occupational hazards in 27 years	61-62
Employee Health & Safety TC-SC-320a.2	Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations	Quantitative	No occupational diseases or fines occurred in 2021.	6.6 Emphasis on workplace safety, zero occupational hazards in 27 years	61-62
Recruiting & Managing a Global & Skilled Workforce TC-SC-330a.1	Percentage of employees that are (1) foreign nationals and (2) located offshore	Quantitative	(1)16.2% ° (2)1.1% °	6.2 Employment and dignity of labor	54
Product Lifecycle Management TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	ELAN, Avisonic, PiXORD: 0% of the products is using IEC 62474 material declaration list substances.	4.5 Product and labeling	34
Product Lifecycle Management TC-SC-410a.2	Processor energy efficiency at a system-level for: (1) servers, (2) desktops, and (3) laptops	Quantitative	The products sold by ELAN are critical components, not end products, hence N/A.	NA	
Materials Sourcing TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	Qualitative	ELAN: Use tantalum, tungsten and cobalt in the key raw materials. Fill out the mineral survey from time to time to reveal the current situation and carry out relevant risk management.	5.1 Supplier strategy	41-42
Intellectual Property Protection & Competitive Behavior TC-SC-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Quantitative	No violations of anti-competitive conduct regulations occurred in 2021.	4.2 A sound patent system that encourages employees to innovate new products	31
Activity Metrics TC-SC-000.A	Total production	Quantitative	The production quantity is about 843,380 (thousand pieces).	NA	
Activity Metrics TC-SC-001.B	Percentage of production from owned facilities	Quantitative	1.94% °	NA	

* Note 1: Product Lifecycle Management TC-SC-410a.1: Metanoia's suppliers have not finished responding to the survey.

Materials Sourcing TC-SC-440a.1: Metanoia, Avisonic, and PiXORD have not yet conducted relevant surveys on suppliers and therefore not disclosed.



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