



ELAN MICROELECTRONICS CORP.

2022 Sustainability Report

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About this report

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Reporting period and frequency ⁽²⁻³⁾

Welcome to ELAN's 9th Sustainability Report (ESG Report). The report discloses the data covering business operations related to the environmental, social, and governance aspects and highlights the progress made in meeting our management, environmental, and social participation objectives for fiscal year 2022 (1 January to 31 December). This annual report, published in English, traditional, and simplified Chinese, is also available on the company website: <https://www.emc.com.tw/emc/tw/csr/report> (last release: August 2022)

ELAN Group ⁽²⁻²⁾

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.

Reporting standards and verification ⁽²⁻⁵⁾

The content of this report is prepared in accordance with several guidelines and standards including the Global Reporting Initiative (GRI Standards), UN Sustainable Development Goals (SDGs), Responsible Business Alliance (RBA), Financial Supervisory Commission (FSC): Corporate Governance 3.0 - Sustainable Development Roadmap, Sustainability Accounting Standards Board (SASB): Sustainability Accounting Standard, and Task Force on Climate-related Financial Disclosures, TCFD. The disclosure of the information in this report is also aligned with international standards such as the United Nations Sustainable Development Goals (SDGs), the Responsible Business Alliance (RBA) Code of Conduct, and the United Nations Global Compact. Nonetheless, the report is assured by SGS Taiwan Ltd., an independent third-party, based on AA1000AS v3 Type 2 Moderate Level on 15 June 2023. Refer to Page 101 for the Independent Assurance Statement.

Major changes in 2022 ⁽²⁻⁶⁾

ELAN

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

Metanoia

- Increased capital and issued 36,000,000 new shares.
- Changed company address.
- Changed business scope.

Avisonic

No major changes.

PiXORD

Reduced capital to make up for losses of 7,875,000, increased capital and issued 4,000,000 new shares.

ELAN H.K.

No major changes.

Message from Chairman (2-22)

The global laptop computer market in 2022 was significantly affected by external factors such as inflationary pressures, the Russia-Ukraine war, lockdowns in mainland China, and substantial interest rate increases. Overall market demand noticeably decreased, with an estimated double-digit percentage drop to 194 million unit. Our company's focus on the laptop market was also significantly impacted, resulting in a 28.9% decrease in revenue and lower profit after tax compared to 2021. Despite the reduction in product shipments in 2022 compared to the previous year, our company continues to be the industry leader in three laptop accessories: touchpad modules, touchscreen chips, and pointing devices, with the largest market share.

Despite the challenging global economic environment and the intense external market competition, our company is making continuous efforts to strengthen chip design technology and engineering, effectively reduce costs and optimize our products. In 2022, our revenue reached 13.03 billion NTD, while maintaining a high gross profit margin of 45.9%. Our operating net profit margin also reached 21.4%, resulting in a pre-tax profit of 2.7 billion NTD.

ELAN Microelectronics has maintained in the top 6-20% in the 2022 Corporate Governance Evaluation for two consecutive years. Additionally, the company was honored with the Gold Award of the Disaster-Free Working Hour Event in 2022 by the Industrial Safety & Healthy Association (ISHA) of the ROC, and won the Top 5000 Taiwanese Large Enterprise Ranking in 2022 - 10th in IC Design Industry by CRIF (China Credit Information Service Ltd). These recognitions affirm ELAN's efforts in corporate governance and our social commitment. Last but not least, ELAN has officially launched ISO 14064-1 greenhouse gas accounting and plans to implement the ISO 50001 energy management system by 2024. The company has pledged to achieve net-zero carbon emissions and utilize 100% renewable energy by 2050. Through proactive emission reduction measures and sustainable actions, ELAN aims to achieve a harmonious coexistence between corporate growth and ecological environment, ultimately realizing the goal of sustainability.

Looking ahead, ELAN will continue to pursue steady and prudent business strategies firmly rooted in the principles of sustainable development. The company will uphold its commitment to corporate social responsibility, striking a balance between business and societal value in order to exert greater economic, environmental and social influences, and create higher value for all stakeholders.

I-Hau Yeh,
Chairman and President



01

Company Overview

- 1.1 Organizational profile
- 1.2 Milestones
- 1.3 Operational performance
- 1.4 Financial assistance received from government



Highlight

2020

>

2021

>

2022

Operating revenue
(thousand NTD)

15,099,690

18,327,973

13,030,484

EPS (NTD)

11.14

17.64

7.56

R&D expenditures
(thousand NTD)

1,858,343

2,315,472

2,165,151

R&D expenditures
accounted in
operating revenue (%)

12%

13%

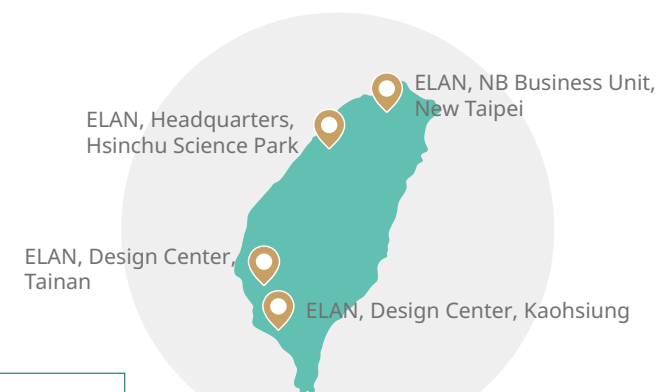
17%

1.1 Organizational profile (2-1) (2-6) (2-7)

Date founded	May 1994
Capital	NT\$ 3.039 billion
Main products	The Group is engaged in the development, production, manufacture and sale of products including 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 headquarters located in Hsinchu Science Park, Taiwan. In response to the competitive global electronics industry and to strengthen global layout, ELAN has currently set up a module manufacturing factory in Zhonghe, 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. Founded in Taiwan, ELAN creates new job opportunities each

year and the number continues to grow with Company's rapid growth in sales performance. By the end of 2022, the number of full-time employees has reached 1,143. ELAN sales markets include Taiwan, China, Hong Kong, the United States and Japan.



ELAN, Shanghai

ELAN, Shenzhen (SuZhou)

ELAN, Shenzhen (ChongQing)

ELAN, Shenzhen

ELAN Information Technology Group, CA, USA

ELAN, Hong Kong

1.2 Milestones

2020

- Included in the TWSE Corporate Governance 100 Index.
- Selected as the top 6-20% in the 2020 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 won 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.

2022

- Selected as the top 6-20% in the 2022 Corporate Governance Evaluation.
- Won the Top 5000 Taiwanese Large Enterprise Ranking in 2022-10th in IC Design Industry by CRIF (China Credit Information Service Ltd).
- Honored with the Gold Award of the Disaster-Free Working Hour Event in 2022 by the Industrial Safety & Healthy Association (ISHA) of the ROC.
- ELAN's project on AI Surrounding-Sensing ADAS and Smart Cockpit System Development Plan has been granted with the A+ Industrial Innovative R&D Program subsidy by the Ministry of Economic Affairs (MOEA).
- Included in the TWSE Corporate Governance 100 Index.

1.3 Operational performance

Material topic management - Financial performance (2-23) (3-3) (201) (405) Voluntary Disclosure Topic-1, 2, 5, 7, 8

Explanation

- Continuous innovation in products and technology serves as the driving force behind the company's sustainable revenue growth.
- By actively engaging with leading brand manufacturers, incorporating specifications into new products ahead of time, and ensuring ongoing technological leadership, we can secure a competitive edge over our rivals.

Policies or commitments

- ELAN Board of Directors and management team are committed to achieving operational goals and integrating the Group's core technologies. Focusing on the convenient, safe and healthy Smart Life industry, we hope to create product advantages with competitive technology thresholds while committing to sustainability.
- Adhering to corporate governance procedures and principles, we operate with integrity, comply with laws, and align with standards and initiatives such as Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, SASB, and TCFD.
- As pioneers in smart life, we remain steadfast as innovators in the field of human-machine interaction.

Impacts

- The economic value generated from our organizational operations impact's shareholder equity and economic development, creating value for all stakeholders.
- In response to intensifying market competition, failure to establish competitive barriers through product functionality or eliminate obstacles could result in pressure on product development.

Management approach

- The board of directors supervises organizational operational strategies, plans, and performance, continuously enhancing corporate governance through internal audits and external verification mechanisms.
- At the end of each year, the Group will set operational objectives for the upcoming year and keep track of the progress in monthly performance meetings. If performance falls short of expectations, improvement measures are to be provided and practiced to ensure all objectives can be achieved, and that the market share can be secured or increased. These improvement measures will also be put into considerations when amending the 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.
- The primary strategy revolves around the high integration of core group technologies, focusing on creating convenient, safe, and healthy smart life products. Establishing differentiated product advantages and competitive technological thresholds is key.
- Simultaneous progress with brands, ODMs, and relevant supply chains: Strengthening collaboration schemes with brand clients and leveraging customer resources within the ODM sector, as well as across the upstream, midstream, and downstream supply chain, to enhance operational performance.
- Collaborating on industry-academia projects with professors from universities and academic research institutions.

Material topic management - Financial performance (2-23) (3-3) (201) (405) Voluntary Disclosure Topic-1, 2, 5, 7, 8

Evaluation of the management approach

- Ranking in the Corporate Governance Evaluation
- Annual revenue/profit
- Number of new products
- Market share
- Number of patents
- Industry-academia collaborations

Medium and long-term plan

- Collaborate with like-minded upstream and downstream industries to create win-win partnerships.
- Continue to collaborate with well-known platforms and specification-setting companies from the US, Mainland China, Japan, and others. Introduce products that cater to the latest market specifications, effectively driving improvements in both quantity and price.
- Actively collaborate with affiliated companies involved in reinvestment and those working with Internet of Things (IoT) technologies. Jointly develop AI technology application platforms and trend products like Mini LED/Micro LED, investing in diverse fields such as automotive electronics, smart homes, intelligent transportation, wearable products, and more.
- Focus on competitive products and widen their applications, emphasizing on differentiated competitive strategies. Effectively utilizing self-developed microcontroller and digital signal processor technologies of various bit depths, in combination with external advanced development techniques, licenses, or cooperative methods to launch high-integration chips and modular products and application platforms that are competitively priced and of high quality. In addition, strategically collaborate with leading companies in various fields to create win-win situations, expand our operational scale, and enhance business presence.
- Continuously innovate in products and technology, expanding the scope of existing technology applications to sustain the momentum of company revenue growth.

Specific actions in 2022

- Ranked within the top 6-20% in the 2022 Corporate Governance Evaluation.
- Consolidated revenue reached 13.03 billion NTD, net profit after tax was 2.03 billion NTD, and the earnings per share were 7.56 NTD.
- Three products, namely touchpad modules, touch screen chips, and pointing devices, are leading in the global market.
- The company obtained 25 patents in 2022, accumulating a total of 1,057 patents granted from 2000 to 2022.
- A total of 283 new product solutions.
- Participated in 13 industry-academia collaboration projects.

Goals and targets for 2023

- Maintain in the top 6-20% in the 2022 Corporate Governance Evaluation.
- Maintain the market share of existing products.
- Continue to collaborate with schools and research institutions on industry-academia collaboration projects.

Direct economic value generated and distributed (consolidated basis) (2-6) (201-1)

Unit: thousand NTD

Item	2020	2021	2022
Operating Revenue	15,099,690	18,327,973	13,030,484
Gross Profit	7,054,196	9,116,400	5,987,244
Net Operating Income	4,217,199	5,665,225	2,784,461
Non-operating Income and Expense	Note 2 (323,507)	395,924	Note 3 (81,489)
Pre-Tax Income	3,893,692	6,061,149	2,702,972
Income Tax Expense	700,654	1,033,611	669,559
Net Income	3,193,038	5,027,538	2,033,413
Total Assets	14,452,190	16,933,008	13,324,830
Total Liabilities	5,179,134	5,959,140	3,702,608
Total Stockholders' Equity	9,273,056	10,973,868	9,622,222
Earnings Per Share (dollar)	11.14	17.64	7.56

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

Note 2: Large non-operating Income and Expenses in 2020: (-308,507) financial asset loss and (-134,164) foreign currency exchange loss.

Note 3: Large non-operating Income and Expenses in 2022: (-416,264) financial asset loss and (+223,363) foreign currency exchange loss.

Sales Volume

Unit: thousand pieces

Main product	2020	2021	2022
Consumer Touch IC	364,657	297,266	161,850
NB Input Device Module	153,220	163,625	102,457
Network Communication IC	167	185	200
Others	73,356	105,215	70,228
Total	591,400	566,291	334,736

Note: The data is derived from the Consolidated Financial Statement in ELAN Annual Report 2020 - 2022.

2022 Distribution of Profits (individual)

Unit: thousand NTD

	Revenue	Operating cost	Employee salary and benefit	Interest payment and dividend	Account payable to the government	Donation
ELAN	12,435,555	7,228,670	2,022,110	4,102,385	646,812	1,020
Metanoia	111,142	115,204	94,553	0	0	0
Avisonic	36,086	32,113	34,986	599	0	0
PiXORD	9,036	16,906	30,725	0	0	0
ELAN H.K.	687,626	541,215	11,125	0	0	0
Total	13,279,445	7,934,108	2,193,499	4,102,984	646,812	1,020

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. 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.

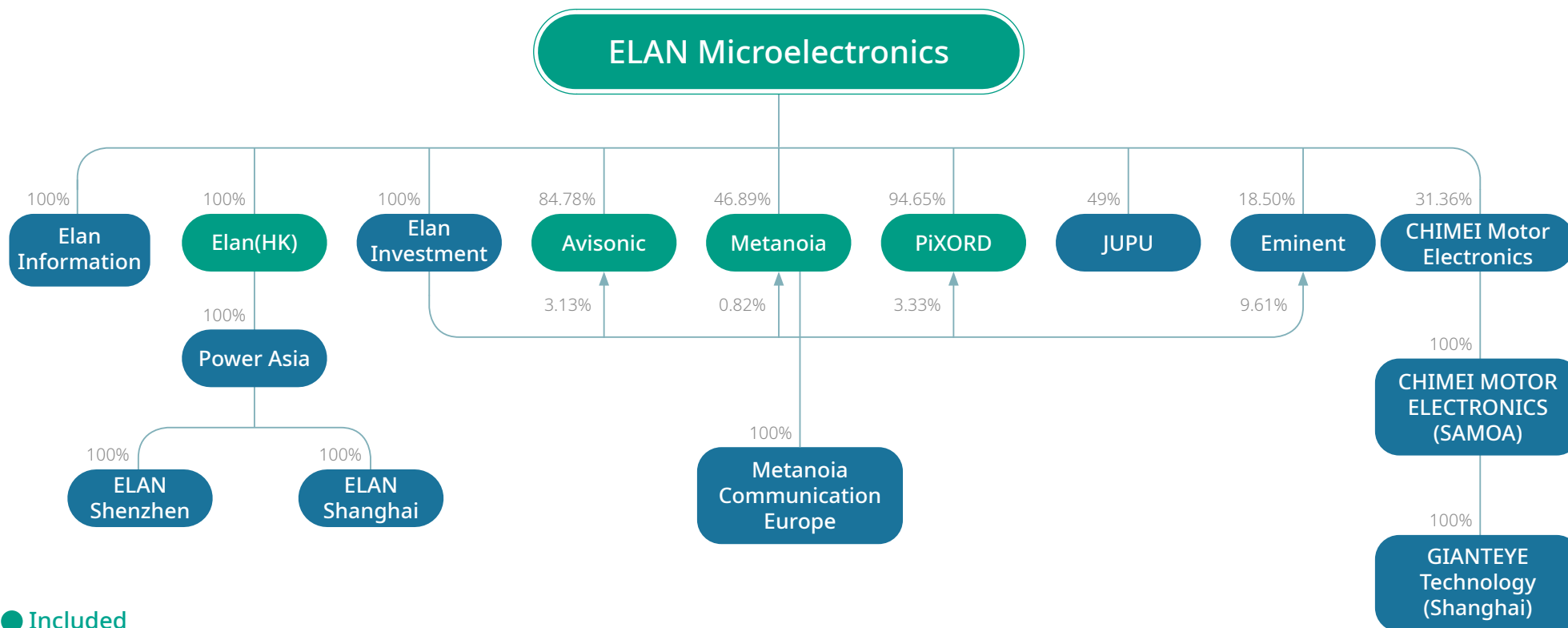
Note 4: Interest payments and dividend: Dividends are given out as 2021 cash dividend.

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

Note 6: Donation: Donations to charities, non-governmental organizations, and research institutes (exclude business R&D or campus recruitments).

Defined entities within the organization ⁽²⁻²⁾

In addition to ELAN parent company, this report also covers the consolidated financial statements of other entities within the organization. Entities were selected for disclosure based on criteria such as shareholding percentage, higher consolidated revenue, larger employee count, and whether they are located at the Hsinchu headquarters. The ones disclosed are as follows:



● Included

ELAN Microelectronics, Avisonic Technology, Metanoia Communications, PiXORD, and ELAN (H.K.)

● Excluded

Elan Information, Power Asia, ELAN Shenzhen, ELAN Shanghai, ELAN Investment, Metanoia Communication Europe, JUPU Electron, Eminent Electronic Technology, CHIMEI Motor Electronics, CHIMEI Motor Electronics (Samoa), GIANTEYE Technology (Shanghai)

Note: CHIMEI Motor Electronics, CHIMEI Motor Electronics (Samoa), and GIANTEYE Technology (Shanghai) were incorporated into the consolidated entity on 1 March, 2023.

1.4 Financial assistance received from government

(201-4)

Financial assistance received from government

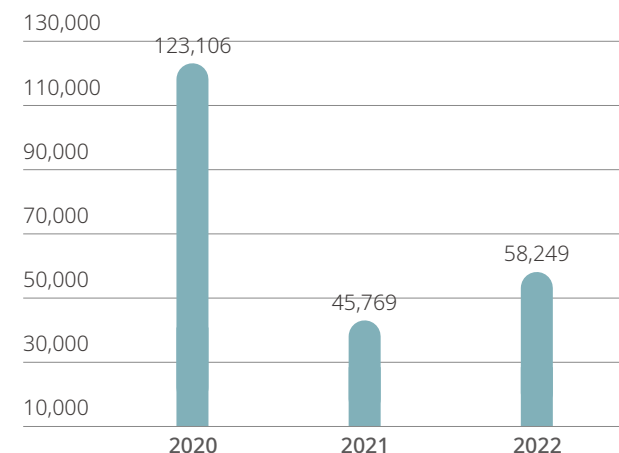
Unit: thousand NTD

	Type	Government organization	Item	Amount	Remark
ELAN	R&D subsidy	Industrial Development Bureau, Ministry of Economic Affairs	Subsidies for Smart Supply Chain Program	5,000	Accountant verified
	Waived	National Taxation Bureau, Ministry of Finance	Tax relief and tax credits	53,249	Accountant verified
Metanoia	NA	NA	NA	0	
Avisonic	NA	NA	NA	0	
PIXORD	NA	NA	NA	0	
Total				58,249	

Note: ELAN (H.K.) did not receive financial assistance from government.

Financial assistance received from government

Unit: thousand NTD



Proportion of financial assistance

Company	Government fund	Proportion (%)
ELAN	Labor Pension Fund (New Scheme)	3.72%
	Employment Insurance Fund	0.90%
	National Pension Insurance Fund	0.64%
	Labor Retirement Reserve Fund (Old system)	0.48%
Metanoia	National Development Fund, Executive Yuan	15.73%

Note: Avisonic and PIXORD did not receive financial assistance from government.

02

Corporate Governance

- 2.1 Highest governance body
- 2.2 Ethics and integrity
- 2.3 Risk assessment and opportunity
- 2.4 Task force on climate-related financial disclosures (TCFD)

Photo source: National Industrial Innovation Award
Winning Album, Ministry of Economic Affairs



Highlight

Percentage of independent directors (%)

Number of corruptions

Committing to Net Zero and RE100 by 2050

2020

>

2021

>

2022

42.9

44.4

44.4

0

0

0

2.1 Highest governance body

Governance structure and composition [\(2-9\)](#) [\(2-16\)](#)

On 8 November 2018, the 9th-term board of director agreed to establish the Corporate Governance Principles, which includes a diversity policy in Chapter 3 Enhancing the Functions of the Board of Directors. The nomination and selection of board members in the company are carried out using the candidate nomination system stipulated in the Articles of Incorporation. The Corporate Governance Best Practice Principles specified that the composition of the board members should be diverse, taking into consideration the company's operation, business model, and development needs. This diversification policy includes standards based on fundamental qualifications and values, as well as professional knowledge and skills, among other criteria, to ensure the diversity and independence of board members.

To enhance diversity, 1 director and 1 independent director were added to the board in July 2021. Article 20 of the Corporate Governance Principles outlines the policy for board member diversity, emphasizing that directors should possess the necessary knowledge, skills, and qualities required for their roles. To achieve ideal corporate governance, the board as a whole should possess capabilities and skills include: operational judgment, accounting and financial analysis, management, crisis handling, industry knowledge, international market perspective, leadership, and decision-making. The company's future goal is to include at least 1 female director to achieve gender diversity.

The current board of directors of the company consists of 5 directors and 4 independent directors. Director I-Hau Yeh, Kwoh-Long Yan, Te-Cheng Chiu, and Chi-Lin Wei are skilled in leadership, operational judgment, management, crisis handling, industry knowledge, and international markets. Director Te-Cheng Chiu has years of venture capital fund management experience, contributing rich industry expertise. Director Chi-Lin Wei worked in government agencies and as a university professor and currently serves as a director of a ticketing company, bringing a wealth of experience from both public and private sectors. Director Tsung-Ying Yeh maintains continuous interaction with foreign electronic giants, fostering good relationships for the company's overseas business expansion.

As for independent directors, Director Hsien-Ming Lin is a prominent chairman of a domestic electronics giant, providing valuable practical operational advice. Director Chuan-Yi Tang is a university principal and Director Ming-Fu Hsiao is an associate professor of economics. They offer academic perspectives relevant to the company. Director Fang-Cheng Lu holds a Ph.D. in computer science and has operational experience.

The ratio of directors with employee status is 22%, while independent directors account for 44%. Among the independent directors, 3 have been serving for less than 2 years, and 1 has been serving for 6 years. In terms of age distribution, 11% of the board members are between 30-50 years old and 89% are over 50 years old.

The board of directors convenes at least once per quarter to review business performance, discuss important ESG strategy issues, and address key significant events. This encompasses economic, environmental, and social impacts, risks, and opportunities. During these meetings, the responsible units for subsequent actions are identified, and progress is reported in the following meeting. In 2022, the board of directors convened a total of 7 meetings, with a member attendance rate of 97%. The resolutions made by the board can be found on Page 49-50 of the 2022 Annual Report.

Note 1: For a list of ELAN Board of Directors and members' backgrounds, please refer to the company's website at <https://www.emc.com.tw/emc/tw/csr/directors>

Note 2: Metanoia, Avisonic, and PiXORD are private companies. Information regarding their boards of directors can be inquired through the website of the Department of Commerce, MOEA. Independent directors are not appointed for these companies.

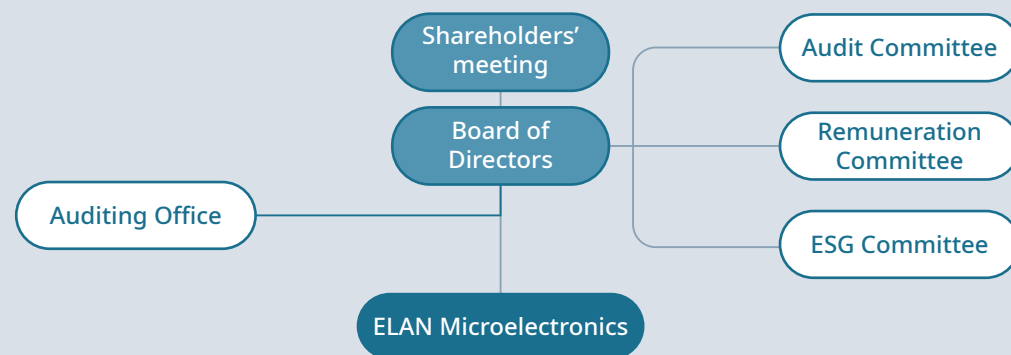
Chair of the highest governance body ⁽²⁻⁹⁾ ⁽²⁻¹⁰⁾ ⁽²⁻¹¹⁾ ⁽⁴⁰⁵⁻¹⁾

The Board of Directors serves as the highest governance body of ELAN Microelectronics. The tenth term of the Board of Directors consists 5 directors and 4 independent directors, whom were appointed by the broad of shareholders in July 2021, to hold office from 2 July 2021 to 1 July 2024. A total of 7 meetings were held in 2022, with a member attendance rate of 97%. Within the board of director, 2 members (i.e., Chairman I-Hau Yeh and Director Kwoh-Long Yan) are part of the management team. The Board of Directors also authorized the chairman to decide Company's future direction and operating plans based on board resolutions. The chairman then communicates relevant matters to senior executives during management meetings, who subsequently execute and inform employees.

The chairman of the board serves as the head of the highest governing body, while the general manager holds a high-level management position within the company. This decision of making the general manager serve as the chairman of the board is to enhance operational efficiency and reduce management layers. To prevent and mitigate conflicts of interest, more than half of the board members do not concurrently serve as employees or managers, surpassing the requirement of at least 3 independent directors mandated by the Securities and Exchange Act.

Functional committees ⁽²⁻⁹⁾ ⁽²⁻¹⁶⁾

As per regulatory requirements, functional committees such as the Audit Committee, Remuneration Committee, and ESG Committee are established under the board of directors. These committees collectively hold decision-making responsibilities for issues related to Economic, Environmental, and Social impacts. They thoroughly review and verify significant matters before they are presented to the board, assisting the board in fulfilling its supervisory responsibilities and ensuring effective corporate governance.



ELAN Audit Committee

Consisting of 4 independent directors, the Audit Committee was set up in June 2015. In 2 July 2021, ELAN re-elected the third term of the Audit Committee for the period of 2 July 2021 to 1 July 2024. All 4 members director attended in a total of 6 meetings in 2022. Refer to 2022 ELAN Annual Report Page 21-23 for the actual operation.

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

ELAN Remuneration Committee

The Remuneration Committee was set up in December 2010. In July 2021, ELAN re-elected the fourth term of the Remuneration Committee for the period of 2 July 2021 to 1 July 2024. A total of 4 meetings were convened in 2022. Refer to 2022 ELAN Annual Report Page 34 for the actual operation.

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

ELAN ESG Committee

[\(2-9\)](#)
[\(2-12\)](#)
[\(2-13\)](#)
[\(2-14\)](#)
[\(2-22\)](#)
[\(2-23\)](#)
[\(2-24\)](#)

ELAN ESG Committee was set up in March, serving as the highest-level decision-making center for sustainability within the company. The committee is composed of 2 independent directors, the general manager, and the vice general manager, with one independent director acting as the convener. Together, they review the company's core operational capabilities and formulate medium to long-term sustainability plans. This strengthens the overall implementation of environmental sustainability, social responsibility, and corporate governance.

The committee has a secretariat, managed by the Industry Performance Management Dept., to drive sustainable development. It serves as a cross-departmental communication platform for integration and coordination between different levels of the organization. Through unscheduled meetings and task forces established for specific issues, the committee identifies sustainability topics that are relevant to both the company's operations and stakeholders, develops corresponding strategies and action plans, allocates budgets related to sustainability across various departments, plans and executes annual programs, and tracks

execution results. This ensures that sustainability strategies are effectively integrated into the company's daily operations.

In 2022, the ESG Committee held a total of 2 meetings with a total of 10 agenda items including topics such as annual key focus areas and execution results, sustainability reporting, TCFD information disclosure framework, greenhouse gas inventory planning, etc. These matters are regularly reported to the board of directors. The company's board of directors receives updates from the ESG Committee every six months. These updates encompass various issues such as quarterly greenhouse gas inventory planning, TCFD information disclosure framework, annual corporate governance report, and progress in executing the sustainability report. Through regular reviews by the board of directors, the company continually assesses its sustainability progress and can prompt adjustments as needed. For detailed operational information, please refer to ELAN's official website.



Note: The Secretariat provides annual stakeholder information for consolidation in the Corporate Governance Report each year.

Director independence and conflicts of interest (2-15)

The Regulations Governing Procedure for the Board of Directors Meetings of ELAN Microelectronics stipulates that all board members shall uphold a high degree of self-discipline and avoid conflicts of interest. When the board of directors convenes a meeting and a director's personal interests could potentially harm the company's interests, the director should exercise self-discipline and abstain from voting, and they should not act as a proxy for other directors in voting. Directors or executives engaging in activities within the company's scope of business for themselves or others must obtain approval from the shareholders' meeting in advance in accordance with legal requirements. Detailed information regarding the service of directors and independent directors on other boards is disclosed in Page 9-10 of the 2022 Annual Report. That directors and independent directors abstain from voting on matters involving conflicts of interest is also explained in Page 19 and 23 of the 2022 Annual Report.

Collective knowledge of the highest governance body (2-17)

In 2022, each director on average received 8.11 hours of training in corporate governance and sustainable development, surpassing the regulatory recommendation of 6 hours. For details, please refer to Page 29-32 of the 2022 Annual Report. The company's board of directors reviews proposals (e.g. quarterly greenhouse gas inventory plans, TCFD disclosure frameworks, annual corporate governance reports, etc.) presented by the ESG Committee every six months. This also enhances the collective intelligence of the board members regarding sustainable development. The company conducts education and awareness programs at least once a year for current directors, managers, and employees regarding preventing insider trading, Internal Operating Procedures for Major Information Processing, and relevant regulations. In 2022, amendments were made to the Corporate Governance Principles and Internal Operating Procedures for Major Information Processing including provisions for notifying directors through correspondence in accordance with relevant regulations. For more details, please refer to Page 47 of the 2022 Annual Report.

Evaluation of the performance of the highest governance body and each functional Committee (2-18)

The company has established the Board Performance Evaluation Method, Regulations Governing the Exercise of Powers by Audit Committee, Organizational Procedures of Remuneration Committee, and Measures for the Establishment of the Sustainable

Development Committee, Directors engage in regular self-performance assessments of the Board of Directors, individual director members, and functional committees. The performance evaluation results for the 2022 were all positive, and they were presented in a report to the Board of Directors. These outcomes are also disclosed in Page 20 of the company's 2022 Annual Report, and on the company's website at:

<https://www.emc.com.tw/emc/tw/csr/directorsOperating>

Remuneration policies (2-19) (2-20)

Remuneration policies for members of the highest governance body

- In accordance with the Guidelines on Executive and Director Remuneration of the company, independent directors receive a fixed pay of NT\$50,000 per month, regardless of the company's profits or losses. However, independent directors do not partake in the director remuneration allocated from annual profit distribution. For directors who leave office due to reasons such as reelection or resignation within their term, remuneration is calculated based on the proportion of their actual tenure to the full year.
- Except for the fixed pay and attendance pays, the company's independent directors receive no other compensation. The remuneration for directors and executives is governed by the company's Articles of Incorporation, whose Article 29 stipulates that if the company earns a profit during the year, no less than 10% should be allocated for employees' remuneration and less than 2% for directors' remuneration. The remuneration for directors and executives is reviewed by the Remuneration Committee based on their level of involvement in company operations, contribution, and achievement of financial indicators (revenue and after-tax net profit). It is then presented to the Board of Directors for approval, taking into consideration of industry pay standards.

Remuneration policies for members of the senior executives

The compensation for senior executives is determined annually based on the company's profitability, industry standards, individual performance, and other factors. It is established through evaluations and decision-making by the Remuneration Committee and approval by the Board of Directors. The individual performance evaluation for executives goes beyond the assessment of long, medium, and short-term operational results. It also includes corporate governance and environmental factors, contributing to the cultivation of a sustainable culture.

2.2 Ethics and integrity

Management of material topics - Anti-corruption and ethical management 3-3 205

Explanation

Grounded in integrity and a commitment to ethical business practices, ELAN has formulated policies that are built on honesty. These policies demand the collective adherence of all employees, enabling the company to sustain its operations.

Policies or commitments

Following the Ethical Corporate Management of ELAN Microelectronics, we are shaping a culture of ethical management that integrates integrity governance into various aspects of company operations. This ensures the company's ability to engage in sustainable business practices in the long term.

Impacts

Creating a culture of high-quality ethical business conduct and compliance with laws, we aim to safeguard the long-term interests of all stakeholders.

Management approach

- Adhering to Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies - Ethical Corporate Management Best Practice Principles, as well as the Responsible Business Alliance (RBA) Code of Conduct, establishing effective governance frameworks and related ethical standards to strengthen corporate governance. The General Manager's Office is the dedicated management unit, with Human Performance Management as the executing unit. We have established mechanisms such as the "Whistleblower Hotline", "Employee Complaint Procedures" and a "Whistleblowing System" to facilitate reporting by employees and external parties and to provide relevant responses.
- New employee education and training programs include online courses covering various legal requirements. These programs communicate the organization's commitment to integrity values, contributing to shaping the overall organizational culture.

Evaluation of the management approach

- The Audit Department submits regular reports to the Board of Directors at the end of each year on the implementation status of ethical business practices.
- Results of compliance assessments adherence to legal requirements.

Medium and long-term plan

Promoting the concept of ethical business conduct is an international trend. As part of this effort, it's essential to extend anti-corruption training to both directors and employees of affiliated companies. This approach strengthens the anti-corruption mindset among employees, customers, and suppliers, effectively implementing the company's anti-corruption policies, and eradicating any occurrence of illicit business practices.

Specific actions in 2022

- All directors of ELAN have completed the relevant anti-corruption training. Additionally, a total of 136 new employees have completed the online courses, with a 100% passing rate on the assessments.
- The Group has not experienced any incidents that violate ethical management practices.

Goals and targets for 2023

- 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.
- The Group has not been involved in any cases of corruption, violations of business ethics, or breaches of integrity.
- We are actively promoting annual anti-corruption training for the Group's directors and all employees, followed by online assessments. Successful completion requires answering all questions correctly. This training is to be scheduled regularly each year.

Ethics and integrity

(2-23) (2-24) (2-25) (2-26) (205-2)

In 2014, ELAN Microelectronics Board of Directors passed the Integrity Operating Procedures and Code of Conduct, Ethical Corporate Management, Codes of Ethical Conduct, and Personal Data Protection Management Regulations. The company also established a communication inbox on its external website and provided online courses for new employees covering various legal regulations, business ethics, and anti-corruption topics. The company will continue to digitize these courses and proactively prevent dishonest behavior. During routine audit operations, the Audit Department proactively reports to the Board of Directors if any dishonest behavior is discovered. As for 2021, no cases of corruption, violations of business ethics, or breaches of integrity were found. This was reported to the Board of Directors on 22 December 2022, as indicated in Page 45 of the 2022 Annual Report.

Guided by principles of honesty, trustworthiness, and transparency, ELAN has established a Whistleblowing System. Whistleblowers can report through the following channels:

Mailing address: 12, Innovation 1st Rd., Hsinchu Science Park.

Communication inbox: csr@emc.com.tw

Whistleblower hotline: Call 03-5639977 and ask for the Human Performance Management supervisor.

The individuals handling the reported matters are required to maintain the confidentiality of the whistleblower's identity and the content of the report. The company also guarantees the protection of whistleblowers from any improper treatment due to their reports.

Membership associations (2-28)

Company	Name	Membership	Participate in projects or committees
ELAN	The Allied Association for Science Park Industries		
	Friends of the Police Association		
	Chinese Professional Management Association of Hsinchu		
	SINOCON Industrial Standards Foundation		
	Taipei Computer Association		
	NTU System-on-Chip Center (SOC)		
	Taipei Tech Elite Union		
	NYCU Consortium of ESD Protection Technology for Circuits and Systems		
	MIPI Alliance		
	USB Implementers Forum		
	Taiwan Advanced Automotive Technology Development Association (TADA)		
	SEMI		
	Responsible Business Alliance on-line		
	International Industry-Academia Alliance of NTUT		
	FIDO Alliance		
Metanoia	The Allied Association for Science Park Industries		
	EECS Industrial Affiliates Program		
Avisonic	The Allied Association for Science Park Industries		
	Taiwan Telematics Industry Association (TTIA)		
PiXORD	The Allied Association for Science Park Industries		
	Taiwan Telematics Industry Association (TTIA)		

Note: ELAN H.K. serves as a shipping and customer service center, hence do not apply.

The Group's response to external initiatives

ELAN Microelectronics provides customers with professional IC design service and has no direct contact with the end-product consumers. While the economic scale of ELAN might not be significant enough to participate in a dominant position, however, in response to customers' requests, ELAN has aligned with customer requirements by signing and supporting externally formulated economic, environmental, and social regulations, principles, initiatives, and relevant management standards verified by accredited third-party verification organizations. This commitment includes adherence to frameworks such as RBA (Responsible Business Alliance), ISO 14001 (Environmental Management System), ISO 45001 (Occupational Health and Safety Management System), ISO 14064-1 (Greenhouse Gas Inventory Standard), ISO 50001 (Energy Management System), the United Nations Sustainable Development Goals, the Universal Declaration of Human Rights, the United Nations Global Compact, and internationally recognized fundamental human rights as outlined by the United Nations International Labour Organization conventions.

Alignment with United Nations Sustainable Development Goals (SDGs)

SDGs	Performance in 2022	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, 179 people participated As a health risk assessment for the prevention of excessive workload and human-related hazards, a questionnaire was conducted in 2022 involving a total of 989 individuals. The abnormal workload incidence rate was 7.48%, and the human-related hazard incidence rate was 15.98%. For high-risk colleagues, on-site medical consultations were arranged with company doctors, and adjustments were made based on the physician's assessment results. - COVID-19 vaccination rate among all employees (statistics until December 2022): 97.3% received 1 dose, 95.1% received 2 doses, and 86.6% received 3 doses.	6.4 Occupational health and safety policy 6.5 Worker health management
SDG4 Quality Education	Value the quality of education Donated 1 million NTD to primary schools in remote areas.	7.4 Participation in public welfare activities
SDG5 Gender Equality	Value gender equality - Percentage of female employees: 38% - The retention rate of women/men employees that returned to work after parental leave ended that were still employed 12 months after their return to work: 100% - The salary standard, adjustment, evaluation indicators are all consistent in every job position regardless of gender. - Set up a breastfeeding room, and provide exclusive parking spaces and maternity chairs for pregnant female employees. In 2022, 2 dedicated parking spaces and 1 maternity chair were offered.	6.3 Employee compensation and benefits 6.8 Zero-distance employee communication and comprehensive grievance channels
SDG6 Clean Water and Sanitation	Water resource management exceeding national standards None of ELAN's factories discharge industrial wastewater hence there are no concerns about sewage leakage affecting the surrounding environment. Domestic sewage is collected through sewers and directed to sewage treatment plants for processing.	7.2 Water and waste
SDG8 Decent Work and Economic Growth	Promote a safe working environment - Injury rate (IR), occupational disease rate (ODR), number of deaths due to work, and lost days rate (LDR): 0 - The results of the company's operating environment analysis are in line with all national laws and regulations. - Consolidated revenue in 2022 reached 13.03 billion NTD, net profit after tax was 2.03 billion NTD, and the EPS were 7.56 NTD.	6.6 Emphasize on workplace safety, zero accidents for 28 years 1.3 Operational performance

SDGs	Performance in 2022	Chapter(s)
SDG9 Industry, Innovation and Infrastructure	Encourage innovation and continue to increase R&D funding - Invest more than 12% of the revenue each year in R&D expenditures. Protect intellectual property (IP) right for technical inventions - Obtained a total of 1,057 patents from 2000 to 2022.	1.3 Operational performance 4.2 Robust intellectual property system that encourages innovation
SDG10 Reduced Inequalities	Value gender equality, equal pay for equal work - Employed 6 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 basic salary ratio of female and male employees of the same position and grade: 1:1 - The policy of not charging any fees to foreign migrant workers during their recruitment aligns with the requirements of the Responsible Business Alliance (RBA) Code of Conduct.	6.2 Employment and dignity of labor
SDG12 Responsible Consumption and Production	Green product management system - Obtained 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). - Got ISO 14001 environmental system certified, ensuring all production process and the selection of raw materials are harmless to the environment and humans. Conduct conflict mineral investigations 100% of suppliers for all product lines have submitted the conflict mineral report.	4.5 Product and service information and labeling 5.1 Sustainable supply chain
SDG13 Climate Action	Greenhouse gas emission inventory and management - Indirect greenhouse gas inventory in 2022: 2,913.467 tons of CO₂-e, a total increase of 1% compared to 2021 - Set short to medium-term goals for energy conservation, aiming for a cumulative energy savings rate of 5.5% from the baseline year of 2019 to 2022, and a cumulative energy savings rate of 10% by 2025. The current cumulative energy savings rate as of 2022 is 6.01%. - Starting from 2023 Q2, report greenhouse gas management progress to the board of directors on a quarterly basis. - ELAN plans to implement comprehensive greenhouse gas accounting according to ISO 14064-1 standards from 2023 onwards, bring in ISO 50001 energy management system in 2024. The new plant in Zhubei will follow green building guidelines, and continuous efforts will be made to promote carbon reduction initiatives, with the aim of achieving net-zero carbon emissions and RE100 targets by 2050.	7.1 Environmental policy and carbon reduction
SDG16 Peace, Justice and Strong Institutions	Defend peace and justice - No cases of complaints/violations of ethics and integrity or engagements in illegal activities were reported. - Set ELAN human rights policy, employee complaint procedures, Whistleblowing System, CSR mailbox, and the Whistleblower Hotline. So far, no complaints or cases regarding human rights were filed. Visit https://www.emc.com.tw/emc/tw/csr/policy for detailed implementation.	2.2 Ethics and integrity 6.8 Zero-distance employee communication and comprehensive grievance channels
SDG17 Partnerships for the Goals	Promote industrial sustainability 100% of our key suppliers signed the ELAN Microelectronics Supplier Social Responsibility Code of Conduct. 35 key suppliers completed the quality/RBA audits.	5.1 Sustainable supply chain



Compliance with laws and regulations (2-27) (402)

ELAN is committed to supporting and complying with legal and regulatory requirements, economic, environmental, and social regulations, principles, and other initiatives established by external organizations (e.g., government agencies, customers). The company achieves this by regularly confirming the applicability of laws through internal assessments to mitigate operational risks.

Risk assessments, controls, and improvements are conducted every year on areas including information security, finance, operations, quality, environment, occupational health and safety, and climate change.

The company uses risk assessments, social responsibility, environmental health and safety regulatory, and other systems to periodically confirm the applicability of laws and regulations. This ensures ongoing compliance with corporate governance, environmental standards, social responsibilities, and product regulations, as well as necessary reporting.

In the case of significant operational changes, the Group should provide advance notice to employees and their representatives in accordance with local regulations.

Labor-management meetings are held quarterly to facilitate communication and coordination between labor and management, disseminate information about regulations and rules, and reach a consensus.

Annual green product education and training programs are conducted to understand international trends in green product laws and communicate customer requirements.

During the process of new product (service) proposal, the quality assurance unit verifies customer green product requirements case-by-case.

The Audit Department conducts regular internal audits each year and reports the compliance status to the Board of Directors at the end of the year.

ELAN Group did not experience any major violations in 2022. The Group will continue to monitor relevant regulations regularly, assess applicability, and ensure adherence to governance, environmental, social, and product regulations to prevent violations.

Note: Major violations refer to fines exceeding NT\$100,000 or more.

2.3 Risk assessment and opportunity

Management of material topics - Risk Management [2-23](#) [3-3](#) [403-2](#) [Voluntary Disclosure Topic 7 - Risk Management](#)

Explanation

Effective risk management creates a secure and stable operational environment for businesses, ensuring sustainable operations. To mitigate the negative impacts and losses caused by significant risk events, safeguard stakeholders' interests, and uphold a positive market presence, the company has formulated risk management policy. By emphasizing proactive crisis prevention and simulation exercises, we aim to respond promptly and appropriately to potential crisis, ensuring the continuity of business operations and maintaining a positive market presence.

Policies and commitments

The Risk Management Committee operates under the Sustainability Development Committee (a.k.a. the ESG Committee). The highest authority for ELAN's risk management resides with the Board of Directors. The Board is responsible for integrating and managing various potential risks that could impact operations and profitability, including strategies, operations, finances, and more. Furthermore, the Board actively communicates with stakeholders involved in risk events to reduce the potential impacts on the company's operations when risk events occur.

Impacts

The potential impact of global trends and environmental risks on a company's profitability and even survival is noteworthy.

Management approach

- Risk Assessment Management System: Evaluate the frequency of occurrence and severity of risk events using a risk matrix. Define the priority and risk levels for risk control, and implement corresponding risk management strategies based on the risk levels.
- Responsible investigation of conflict minerals.
- Stakeholder questionnaire

Evaluation of the management approach

- Annual Risk Assessment results
- Annual Corporate Governance Report
- Internal audits and third-party verifications of Quality System, Environmental System, and Occupational Health and Safety System.
- The Audit Department conducts regular assessments of the effectiveness and implementation of the internal control - production cycle system, including Quality System, Environmental System, and Occupational Health and Safety System.

Medium and long-term plan

Each department continue to anticipate, assess, and respond to risks related to the medium and long-term internal and external operational changes, ensuring adequate preparation and effective responses before future risks emerge.

Specific actions in 2022

- The annual risk assessment identified 1 high-risk item which pertains to the potential fire hazard caused by the lack of cleaning of the exhaust hood in the corporate cafeteria. Improvements have been carried out and exhaust hood cleaning is to be conducted annually to mitigate this risk in the future. The remaining medium/low-risk items will continue to be monitored. As for opportunities, a total of 22 have been assessed.
- For COVID-19 prevention measures, refer to 6.5 Worker Health Management.

Goals and targets for 2023

Continue to conduct annual risk assessment on the Quality System, Environmental System, Occupational Health and Safety System, and RBA System. In the future, new risk items will be incorporated to address new emerging risks associated with global operations.

ELAN adheres to its corporate vision and upholds long-term sustainability responsibilities towards the industry and society, establishes an enterprise risk management mechanism that integrates and manages various potential sustainability risks that could impact operations and profitability. These risks include strategies, operations, information security, finance, and hazards related to climate change, earthquakes, fires, chemical leaks, infectious diseases, and conflict minerals. ELAN Risk Management Team utilizes a management framework that includes risk identification, assessment, control, response, monitoring, and reporting. Each year, this framework defines the priority and risk level for risk control in management, environmental health and safety systems, and climate change issues. Corresponding risk management measures are taken, and the implementation results are reported to the board of directors periodically.

Risk Management Framework



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. In December 2020, 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.

Each year, internal control measures are implemented according to the certification system. These measures include departmental risk item assessments, external supplier audits, customer audits, internal audits, and management reviews. Additionally, third-party external audits are conducted annually. These practices ensure the sustainability, effectiveness, and verifiability of the certification system, complementing the risk assessment mechanism. The risk assessment results for 2022 are as follows:

Risk level	Environmental	Social	Corporate governance
High	0	1	0
Medium	8	574	19
Low	230	256	215

The annual risk assessment yielded 1 high-risk item: the lack of regular cleaning of exhaust hood in the corporate cafeteria, posing a potential fire hazard. To address this, the exhaust hood is scheduled to be thoroughly cleaned once a year from now on. For items categorized as medium or low risk, continuous monitoring is in place. As for the opportunity, a total of 22 items were assessed.

2.4 Task Force on Climate-related Financial Disclosures (TCFD) (2-23) (2-24) (3-3) (201-2)

Governance > The organization's governance around climate-related risks and opportunities

Recommended Disclosures

Specific approach

The Board's oversight of 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's role in assessing and managing 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.

Board-proposed resolution on climate issues in 2022

Adjusted the objectives for climate-related risks and opportunities management.

Replacing the objective of a 1% decrease in total electricity consumption with an accumulated energy savings rate.

Plans for purchasing green energy and renewable resources.

Plans are expected to be proposed by the ESG Committee in February 2023.

Plans to pass GHG inventories

The greenhouse gas inventory plan was submitted in Q2 of 2022, and the execution progress of the GHG inventory plan is reported quarterly.

Strategy



The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Recommended Disclosures

Specific approach

Climate-related risks and opportunities the organization has identified over the short, medium, and long term	• 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. • In 2023, Implement ISO14064-1 Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals. In 2024, implement ISO 50001 Energy Management System to promote carbon reduction initiatives. Our long-term goal is to achieve net-zero carbon emissions and RE100 targets by 2050.
The impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Through the climate related risk identification process, material risks and opportunities were identified as follows. Two significant climate-related risks • Enhanced emissions-reporting obligations: According to the Sustainable Development Guidemap for TWSE- and TPEX-Listed Companies launched by the SEC in March 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. • Increased pricing of GHG emissions: In January 2023, Taiwan passed the Climate Change Response Act, which sets the long-term greenhouse gas reduction target for the country to achieve net-zero emissions by 2050. This law strengthens climate governance, establishes a dedicated fund for greenhouse gas management, and outlines the procedures for carbon fee collection, payment, and accounting. It is projected that in 2024, carbon fees will be levied on 287 major carbon emitters, and those who achieve self-set carbon reduction targets will be eligible for preferential rates. Although ELAN is not subject to the fee collection, the company will continue to monitor the development and trends of related policies closely. Two significant climate-related opportunities • Green building:The new plant in Zhubei is projected to be completed in 2026, transitioning to a highly rated energy-efficient buildings. It is anticipated that the facility will attain certifications for green building and smart building standards, enhance energy efficiency, reduce electricity consumption, and reduce carbon emissions. • Developing low-emission products and services for the market:We are dedicated to researching and developing energy-efficient, high-performance key components, offering optimal solutions, and fulfilling our responsibility of environmental protection, sustainable green industry, and carbon reduction.
The resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	• 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

> The processes used by the company to identify, assess, and manage climate-related risks

Recommended Disclosures

Specific approach

The organization's processes for identifying and assessing climate-related risks	The Environmental Management Team under the ESG Committee follows the framework disclosed by TCFD to identify climate-related risks through the following 4 steps: 1. Identify risk category: Members of the Environmental Management team assess the period, likelihood, and impact of potential risks or opportunities within their respective business areas based on the opportunities and risk factors outlined by TCFD in relation to the organization's current status. 2. Determine material risks: Perform the financial impact assessment on risk factors with a likelihood of occurrence ≥ 3.5 and an impact level ≥ 4. 3. Determine material opportunities: Perform the financial impact assessment on Opportunity factors with a likelihood of occurrence ≥ 4 and an impact level ≥ 4. 4. Develop mitigation or adaptation plans: Provide relevant strategies for identified risk/opportunity issues.
The organization's processes for managing Climate-related risks	• 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.
How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	The Environmental Management Team conducts meetings in accordance with the TCFD framework, identifies key topics with the ISO 14001, includes climate-related items as part of risk management, and comes up with management strategies and execution plans accordingly.

Material Financial impacts of climate-related risks

Type	Climate-Related Risk	Climate-Related Scenarios	Time Frames	Likelihood	Degree of Impact	Potential Financial Impacts	Strategic Planning / Risk Management
Policy and Legal	Enhanced emissions-reporting obligations	- In response to the Corporate Governance 3.0 blueprint, obligations for reporting GHG emissions by listed companies have been established. However, this also introduces the risk of not achieving committed emission targets, which could potentially impact our corporate image and reputation - Large electricity consumers (5000KW and above) are required to achieve 10% renewable energy installation by 2025	Short term	Frequently	Medium to Medium-High	- Currently, as a non-large electricity consumer, if the company were to adopt the 10% renewable energy installation target set for high electricity consumers by 2025, the operating costs would increase by 1.394 million NTD - Implement GHG Inventory Management in 2022 Q4, the projected costs are as follows: - Complete the inventory in 2023 Q4: 400,000 NTD - Obtain verifications from 2024 Q3 to 2028 Q3: 300,000 NTD	- Implement the ISO 14064-1 GHG Inventory System in the 2022 Q4, and subsequently obtained third-party verifications on an annual basis - The company is committed to achieving the goal of net-zero and RE100 by 2050 - Invest in low-emission equipment. Use of lower-emission sources of energy and promote energy-saving and carbon reduction schemes to enhance energy efficiency - Set green energy procurement strategy to fulfill carbon reduction commitments - Participate in the customer Carbon Disclosure Project (CDP)
Policy and Legal	Carbon Pricing	In accordance with the Climate Change Response Act, the approach for levying charges in 2024 is as follows: - Phased collection, starting with larger entities before smaller ones - The initial phase will target 287 major emitters with annual emissions exceeding 25,000 metric tons of CO₂ equivalent	Long term	Very likely	Medium to Medium-High	Using GHG emissions Scope 1 and 2 at 3,000 tons of CO₂-e, and domestic/US/EU carbon trading costs ranging from 300 to 3,000 NTD per metric ton, simulation were performed. The annual indirect operating costs is estimated to increase by approximately 9 to 90 million NTD	ELAN is not among the initial group that is required to comply, but it is still essential to monitor the overall policy development and formulate appropriate response measures

Material Financial impacts of climate-related opportunities

Type	Climate-Related Opportunity	Climate-Related Scenarios	Time Frames	Likelihood	Degree of Impact	Potential Financial Impacts	Strategic Planning / Risk Management
Resource Efficiency	Transition to highly rated energy-efficient buildings	To be completed in 2026, the new plant in Zhubei will incorporate features of Silver-Level green building, Platinum-Level smart building, elevators with electricity recycling system, and solar energy. These initiatives will contribute significantly to the reduction of the organization's GHG emissions.	Medium term	Frequently	High	The cost for achieving Silver-Level green building and Platinum-Level smart building features is 6.5 billion NTD	The new plant is expected to obtain green building and smart building certifications, contributing to an environmentally friendly operation, reducing carbon emissions, and enhancing the company's corporate image
Products and Services	Development and/or expansion of low emission goods and services	Customers continue to demand key component products to meet specifications such as low power consumption, high interference resistance, waterproofing, high/low-temperature durability, and compliance with industry standards.	Long term	Very likely	Medium-High	- Increased in research and development (R&D) expenditures - Evaluate/develop the adoption of advanced processes, requiring R&D investment in material characteristics research	- The Marketing Planning and Sales units hold regular meetings with customers to understand their new requirements - New customer requirements are relayed to the R&D unit, initiating evaluations to find solutions that align with market trends and meet customer needs

Financial impacts of climate-related risks

Physical Risks					
Pattern	Climate-Related Risk	Time Frame	Climate-Related Scenarios	Potential Financial Impacts	Strategic Planning / Risk Management
Acute	Increased intensity and frequency of extreme weather events	Short term	- Taiwan is frequently affected by typhoons and heavy rainfall, which can lead to flooding. However, in recent years, typhoons have not caused significant disruptions to transportation or posed risks to colleagues' safety at work. Work stoppages due to typhoon-related factors are also infrequent. - Transportation disruptions or adverse weather conditions affecting colleagues' work safety. - Taiwan generally experiences fewer drought situations, but prolonged periods without rain can still lead to water shortages.	- Reduced revenue due to damage to company assets and supply chain disruption, affecting product quality and shipment - Interruptions in production or shipment from suppliers - Employee safety, sales' business trips	- Activate the emergency event handling mechanism: Preemptively notify colleagues about the contingency plans for various daily operations - Initiate the ongoing second supplier backup plan - Utilize online meetings for business visits and interactions
Acute	Increased possibility and intensity of wildfires	Long term	Wildfires are relatively infrequent in Taiwan.	A halt in company operations	Monitor climate change and review response measures periodically
Chronic	Changes in precipitation patterns	Long term	Long-term changes in rainfall patterns led to disparities between concentrated rainfall and water shortages.	Extreme rainfall and prolonged water shortages leading to the failure of adaptation measures	Monitor climate change and review response measures periodically
Chronic	Rising mean temperatures	Short term	- The current upward trend in monthly average temperatures in Taiwan has led to an increase in electricity consumption, resulting in elevated operating costs and higher carbon emissions. - During heatwaves in mainland China, production lines may be off, causing disruptions in product development and delivery schedules on the customer-end. To address this, production units may coordinate with alternate suppliers to fulfill orders.	Increased electricity costs and operating costs	- Adjust air conditioning operating hours - Replace outdoor lighting fixtures with solar-powered ones - Install timers on water dispensers - Implement motion-sensor lighting - Review electricity usage in various areas and adjust lighting accordingly - Continuously monitor energy-efficient products - Consider moving the production to more efficient buildings
Chronic	Rising sea levels	Long term	In the future, rising sea levels could lead to flooding, resulting in potential losses for ELAN's various operational sites in Taiwan or supplier facilities due to inundation.	Increased capital costs (e.g., damage to company assets and supply chain disruption)	- For locations potentially at risk from rising sea levels, assess the level of risk and adjust the storage location of inventory accordingly. Additionally, during construction, consider raising the facility's elevation to mitigate the possibility of flooding - In the event of extreme heavy rainfall, it might be necessary to further enhance flood protection measures, such as adding flood gates or additional drainage equipment - Initiate the ongoing second supplier backup plan

Transition Risks

Type	Climate-Related Risk	Time Frame	Climate-Related Scenarios	Potential Financial Impacts	Strategic Planning / Risk Management
Market	Changing customer behavior	Medium term	Currently, ELAN holds the top market share for three products, and there have been no instances of customers transferring to other competitors	- Reduced demand for goods and services due to shift in consumer preferences - Increased in research and development (R&D) expenditures	- The Marketing Planning and Sales units hold regular meetings with customers to understand their new requirements - New customer requirements are relayed to the R&D unit, initiating evaluations to find solutions that align with market trends and meet customer needs
Market	Increased cost of raw materials	Medium term	- Increased production costs due to rising electricity price - Present a renewable energy procurement plan in response to government emission reduction requirements as early as possible. - The cost of green energy is typically higher than that of conventional electricity	- Increased indirect operational costs due to electricity and purchases of renewable energy - Need to seek a reliable renewable energy supplier	- Enhance energy usage efficiency - Seek multiple sources for renewable energy providers - Initiate assessment on green energy procurement
Policy and Legal	Product and service requirements and specifications	Short term	Complied to all existing product and service requirements and regulations (RoHS, REACH, etc.)	Non-compliance with regulations may result in inability to ship and increased costs	- Engage in international and customer regulatory communication to make regulatory projects reasonable and feasible - Stay informed about regulatory updates - Participate in customer-developed low-carbon solutions to reduce default risks
Policy and Legal	Enhanced renewable energy obligations	Medium term	Large electricity consumers (5000KW and above) are required to achieve 10% renewable energy installation by 2025. ELAN is currently not a high electricity consumer, hence not subject to mandatory requirements	Increased costs and damage to the corporate image	After the completion of the ISO 14064-1 inventory, and as regulations mandate, the company will present a proactive plan for green energy procurement, seeking collaborations with renewable energy providers
Policy and Legal	Exposure to litigation	Short term	Currently, there have been neither instances of inaccurate carbon emission disclosures that do not comply with regulations or customer expectations nor lawsuits, increased costs, and damage to the corporate image	Reduced earnings due to litigation costs	Require collaborating factories to adhere to regulatory requirements and sign contractual agreements, ensuring that company products comply with regulations and customer demands before proceeding

Transition Risks

Type	Climate-Related Risk	Time Frame	Climate-Related Scenarios	Potential Financial Impacts	Strategic Planning / Risk Management
Reputation	Increased stakeholder concern or negative stakeholder feedback	Short term	In line with the Company Governance 3.0 blueprint, customer ESG requirements, and international standards, the company provides relevant feedback, ensuring that no negative impression arises among stakeholders	Failure to adhere to relevant regulations and lack of proactive improvement measures could lead to customer dissatisfaction. In severe cases, it may result in reduced revenue from decreased demand for goods/services and damage to the company's image	Regularly responding and adapting to requirements from the government, customers, and international standards by providing feedback and implementing appropriate measures
Reputation	Poor performance in international advocacy evaluation	Short term	Typical ESG rating agencies incorporate TCFD issues into their scoring criteria. If our company's ESG report lacks statements on implementing climate-change response and preventive measures, it may hinder the improvement of our sustainability ratings. The company is actively engaged in implementing TCFD assessments for climate change risks and opportunities	• Impact investment institutions' willingness to invest, making fundraising/capital acquisition difficult • hostile takeovers	• Appoint a dedicated individual to oversee the related rating operations • Disclose implementation results through the company website, annual reports, and sustainability reports to stakeholders
Reputation	Stigmatization of sector	Medium term	If the semiconductor industry fails to actively devise climate-change response and preventive measures to mitigate climate risks, it could lead to reduced investor confidence in the industry, negative feedback from the government, investors, and customers. The company is actively implementing TCFD climate-change risk and opportunity assessments to address these concerns	• Reduced in revenue and profit scale • Impact investment institutions' willingness to invest, making fundraising/capital acquisition difficult, and increasing the risk of hostile takeovers	• The company continues to implement TCFD climate-related risk and opportunity assessments • Hire consultants to provide assistance
Technology	Substitution of existing products and services with lower emissions options	Medium term	Currently, ELAN holds the top market share in three product categories. We are closely monitoring the demand for low-power consumption solutions and engaging in early-stage technical development to avoid the challenges of failing to successfully develop low-carbon services	• Increased research and development (R&D) expenditures in new and alternative technologies • Reduced revenue from decreased demand for goods/services • Goods/services: Developing low-power consumption key components requires collaborative design with system manufacturers and customers	In response to market trends and demand, conduct research and development of key components with even lower power consumption
Technology	Unsuccessful investment in new technologies	Medium term	There have been no occurrences so far	Investment failure resulting in losses	Assigning dedicated personnel to collect relevant information and conduct assessment tasks

Financial impacts of climate-related opportunities

Type	Climate-Related Opportunity	Climate-Related Scenarios	Climate-Related Scenarios	Potential Financial Impacts	Strategic Planning / Risk Management
Market	Use of public-sector incentives	Short term	Collaborate with multiple suppliers to apply for the subsidies for low-carbon and smart upgrading transformation of the manufacturing industry introduced by the IDB of the Ministry of Economic Affairs in the recent announcement	Received government subsidies	Coordinate with relevant departments to assist in preliminary assessments, communicate with senior executives, and select suitable suppliers to join
Market	Access to new markets	Medium term	Utilize new technologies (e.g., third-generation semiconductors) to develop new products and successfully enter the new and emerging market of high-efficiency, low-power consumption (e.g., gaming laptop power supply market)	- Increased R&D investments - Increased revenues through access to new and emerging markets	- The Marketing Planning and Sales units continues to gather market trends, customer requests, and competitor roadmaps - Hold regular technology development meetings to prioritize the development of new products with senior management and R&D units - Actively seeking suitable chips/packaging suppliers
Energy Source	Use of lower-emission sources of energy	Medium term	- Actively promote energy-saving and carbon-reduction initiatives to enhance energy efficiency - Enhance energy management measures to improve resource efficiency	Increased reputational benefits capital availability	- Initiate assessment on green energy procurement in 2023 Q1 - Implement the ISO 50001 Energy Management System in 2024
Energy Source	Participation in carbon market	Short term	- There is currently no carbon trading market in Taiwan. A carbon market is will be established in July 2023 - considering that certificates are only valid for the current year, the implementation of the GHG Inventory System will also include an assessment of adopting renewable energy solutions	- Reduced indirect operational costs - Enhance positive market presence	- Initiate the implementation of the GHG Inventory System in 2022 Q4 - Aim to complete the inventory and verification by 2023 Q4 - Assessment on green energy procurement in 2023 Q1
Resilience	Reduce paper consumption	Short term	Increased operating costs in short-term but enhanced service efficiency can contribute to reducing operating costs in the long-term	- Reduced indirect (operational) costs - Adjusted service processes (paperless)	Utilize system resources, minimize paper usage. Quotations, orders, invoices, shipping documents, product inspection sheets, product analysis reports, etc., are all provided in electronic format

Scenario Analysis

Climate-Related Scenarios

Scenario 1

RE100 (100% renewable energy)

Scenario 2

▷ Short term

Based on the daily precipitation data from the Central Weather Bureau for various regions in 2022, the annual 24-hour maximum rainfall, and the NCDR (National Science and Technology Center for Disaster Reduction) Disaster Potential Assessment to assess the risk of flooding in the New Taipei, Hsinchu, Tainan, and Kaohsiung.

▷ Long term

Simulations are conducted based on the 'RCP8.5' scenario in the NCDR's Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP). This scenario assumes a time range from 2021 to 2040, with an environmental condition of an average annual temperature increase of 1.5°C.

How the result of situational analysis impact business goals and strategies?

The company has developed strategies in line with Taiwan's National Determined Contributions (NDCs) aiming for "Net Zero Emissions by 2050." These strategies include:

- Introducing ISO 14064-1 verification in 2023 to enhance credibility.
- Assessing and planning the path for purchasing renewable energy in 2023.
- Implementing ISO 50001 energy inventory in 2024 to enhance resource efficiency.

In 2022, the Group's Scope 2 greenhouse gas emissions accounted for 94.94% of the total emissions (Scope 1 + Scope 2), primarily due to electricity consumption. To address this, the company plans to reduce GHG emissions through ongoing energy conservation and green energy procurement. If emissions reduction becomes unattainable, carbon credits will be purchased for offsetting, thereby achieving the "Net Zero Emissions by 2050" goal.

As the cost of green energy continue to rise, using ELAN total electricity consumption IN 2022 as a baseline to simulate under the RE50 scenario, the cost of green energy increases from 6 NTD/kWh to 8 NTD/kWh, the green energy cost is projected to rise by 5.61 million NTD.

▷ Short term

Evaluated the risk of flooding in the Zhonghe plant with torrential rain, which is 350 mm or more of accumulated precipitation within 24 hours. After a torrential rain, the Zhonghe facility experienced minor flooding issues in certain nearby road sections, with water depth not exceeding 1 meter, not affecting employee commuting and product shipments.

Facilities in Hsinchu, Tainan, and Kaohsiung were also evaluated after "200mm of rain within 24 hours," and no significant impacts were shown.

▷ Long term

Based on TCCIP, simulation results for "RCP8.5" indicate an average temperature increase of 1.5°C in that year. Except for the Hsinchu facility, all other facilities are identified as high risk of flooding.

Metrics and targets > Key metrics and targets used to assess and manage relevant climate-related risks and opportunities

Recommended Disclosures	Specific approach
Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	ELAN employs climate-related risk indicators for assessment, including metrics such as electricity consumption, greenhouse gas emissions, and operational downtime duration.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	• Since 2014, the company has conducted annual voluntary greenhouse gas emission inventories for Scopes 1, 2, and 3 in accordance with the ISO 14064-1:2006 standard. In Scope 3, the inventory focuses on waste generation and transportation, with the addition of raw material calculations in 2022. The verified results of these inventories have been disclosed in the company's sustainability report Environmental Protection and Social Welfare. • In 2023, the company transitioned to the ISO 14064-1:2018 standard with the assistance of external consultants. The inventory was adjusted to categories 1 through 6, and material topics were selected for disclosure. The verification process is expected to be completed by the end of 2023.
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	• The goal is to achieve net-zero carbon emissions and 100% use of renewable energy by 2050 • Implement Energy Management System in 2024 • Energy conservation rate and indirect greenhouse gas reduction have been set as Key Performance Indicators (KPIs) for the Environmental Management Group • The target for indirect greenhouse gas reduction is set at 10 tons of CO₂-e per year. • ELAN has set short and medium-term goals, aiming for a cumulative energy conservation rate of 5.5% from the baseline year (2019) to 2022, and a cumulative energy conservation rate of 10% by 2025. With adjustments to air conditioning operating hours in the Hsinchu plant and the installation of LED lights in the Zhonghe plant in 2022, the cumulative energy conservation rate as of 2022 has reached 6.01%, meeting the target.

Note 1: Disclosure Scope: Include ELAN Microelectronics, exclude PiXORD, Avisonic, Metanoia, and ELAN H.K.

Note 2: For the calculation of energy conservation rate, refer to 7.1 Environmental Policy and Carbon Reduction

03

Stakeholders Management and Engagement

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



Stakeholders Management
and Engagement

3.1 Important stakeholder and material topic identification

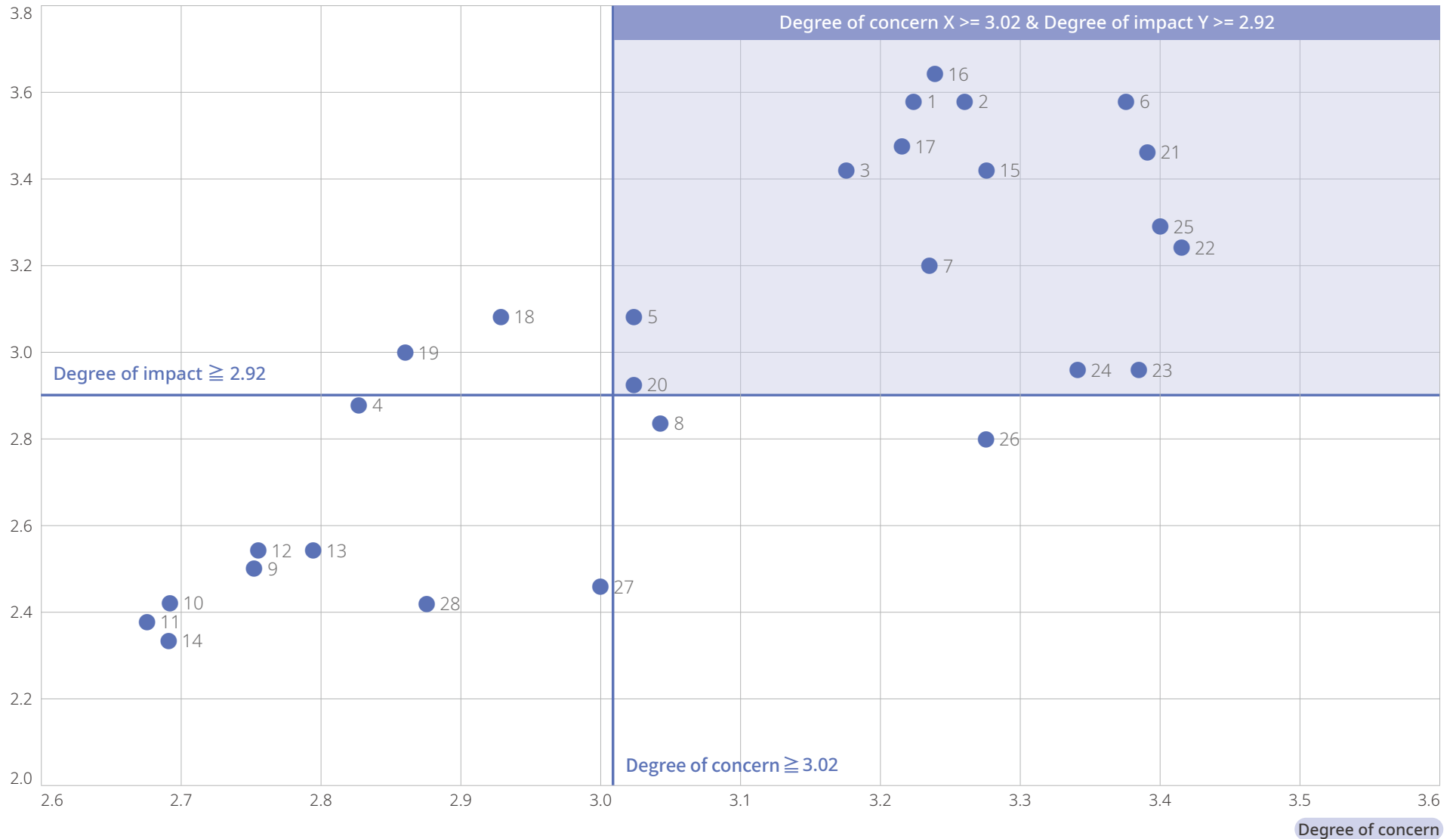
Process to identify material topics [\(2-29\)](#) [\(3-1\)](#) [\(3-2\)](#) [\(3-3\)](#)

ELAN closely monitored global trends, gathered sustainable issues of concern to stakeholders, and identified, prioritized, determined, and assessed the topics for sustainability reporting based on their sustainabilities, significance, completeness, compadibility.

Process	Description	
1 Understand the organization's context	40 topics	Focus on both domestic and international sustainable development trends and issues, while referencing relevant disclosure frameworks and regulatory requirements such as GRI, SDGs, TCFD, and SASB. In addition, incorporate specific issues relevant to the company's industry. The collected issues were then categorized according to the 31 topics outlined in the GRI Standards. Taking into consideration the unique characteristics of the company, an additional 9 topics have been incorporated, totaling 40 topics for assessment.
2 Identify primary stakeholders	6 categories of stakeholders	Taking guidance from the AA1000 fundamental principles, and considering the business operations regularly engaged by each department, the reporting editorial team identified key stakeholders and categorized them into six groups: employees, shareholders and investors, affiliates, customers, agents, and suppliers, in order to better understand their expectations and requests for ELAN.
3 The survey assesses both the level of stakeholder concern and the level of impact on the company	A total of 508 questionnaires	Following discussions within the editorial team and considering the aforementioned factors, company relevance, and the degree of impact, 31 topics have been assessed and refined into a questionnaire consisting of 28 questions. A total of 508 stakeholder concern questionnaires were distributed, accompanied by the involvement of senior executives from the company to assist in the completion of the questionnaires.
4 Determine material topics	Degree of concern ≥ 3.02 Degree of impact ≥ 2.92 18 material topics	The IPM Department compiled the scores from the questionnaires. After communicating with the Secretariat of the ESG Committee, it has been confirmed that topics with a score of 3.02 or higher are considered of high concern, and topics with a score of 2.92 or higher are considered of high impact. Out of the 28 questions, 15 have been classified as high concern/high impact, corresponding to a total of 18 material topics: 12 of GRI Standards and 6 voluntary disclosure indicators.
5 Assess the significance of the impacts	3 key indicators	The editorial team members have conducted assessments on the 18 material topics with regard to their impact intensity (severity) and likelihood on the three major dimensions: economic, environmental, and human rights. Additionally, the team has evaluated the impact boundaries and levels of involvement (scale and scope) of these topics within the value chain. Through collaborative meetings and discussions, the editorial team has deliberated and confirmed the scoring of the impacts.
6 Prioritize the most significant impacts for reporting	18 material topics, 31 disclosure item	The editorial team has prioritized the significant topics based on their impact intensity and provided corresponding response strategies and outcomes as required by reporting guidelines in this report. These 18 material topics correspond to a total of 31 disclosure items.

List of material topics ⁽³⁻²⁾

Degree of impact



Material	Questions on the questionnaire	Corresponding GRI standards/ voluntary disclosures
	1. Organizational strategy	202 Market Presence
	2. Corporate governance	405 Diversity and Equal Opportunity
	3. Risk management	Voluntary Disclosure Topic 7 – Risk Management
	6. Operational performance	201 Economic Performance
	7. Ethical Integrity	205 Anti-corruption
	15. Maintaining good relationships with customers (including leading brands)	Voluntary Disclosure Topic 1 - Customer Engagement
	16. New product development/ patent	Voluntary Disclosure Topic 2 - New Product Development Voluntary Disclosure Topic 8 - Product Contribution to World Trends
	17. Customer satisfaction	418 Customer Privacy
	20. Supplier Sustainability Management	204 Procurement Practices 308 Supplier Environmental Assessment 414 Supplier Social Assessment Voluntary Disclosure Topic 3 - Supplier Strategy
	21. Labor/Management Relations	402 Labor/Management Relations
	22. Occupational health and safety	403 Occupational Health and Safety
	23. Work environment	Voluntary Disclosure Topic 4 - Care for Employees and Their Families
	24. Employee Career Development and Education Training	404 Training and Education
	25. Employee salary and benefits	401 Employment

Note 1: Question 5 “Regulation Compliance” corresponds to GRI 2-27.

Note 2: Changes in the list of material topics compared to the previous reporting period: Consolidated 307 Environmental Regulation Compliance, 419 Socioeconomic Regulation Compliance into GRI 2-27 Regulation Compliance; merged “Voluntary Disclosure Topic - Business Performance Indicators” into “Risk Management”.

General	Questions on the questionnaire	Corresponding GRI standards/ voluntary disclosures
	4. Tax management	207 Tax
	8. investor relations transparency	Voluntary Disclosure Topic 9 - Investor Relations Transparency
	9. Energy management	302 Energy
	10. Water and Effluents Management	303 Water and Effluents
	11. Greenhouse gas emissions	305 Emissions
	12. Waste Management and Recycling	306 Waste
	13. Environmental protection policy	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 Grievances	406 Non-discrimination 409 Forced or Compulsory Labor
	27. Social Care and Public Welfare Activities	Voluntary Disclosure Topic 6 - Participation in public welfare activities
	28. Industry-academia collaboration	Voluntary Disclosure Topic 5 - Industry-Academia Collaboration Project

Disclosure of material topics ⁽³⁻³⁾

☒ Disclosed
 ☐ To be disclosed in the future

Material topics / stakeholders		ELAN	Affiliates			
			Metanoia	Avisonic	PiXORD	ELAN H.K.
Economic	201 Economic Performance	☒	☒	☒	☒	☒
	202 Market Presence	☒	☒	☒	☒	☒
	204 Procurement Practices	☒	☒	☒	☒	☒
	205 Anti-corruption	☒	☐	☐	☐	
Environmental	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	☒	☒	☒	☒	
Voluntary Disclosure Topic	1 Customer Engagement	☒	☐	☐	☐	
	2 New Product Development	☒	☐	☐	☐	
	3 Supplier Strategy	☒	☐	☐	☐	
	4 Care for Employees and Their Families	☒	☐	☐	☐	
	7 Risk Management	☒	☐	☐	☐	
	8 Product Contribution to World Trends	☒	☐	☐	☐	

Impact on the value chain ⁽³⁻¹⁾

☒ Actual positive impact
 ☐ Potential positive impact
☒ Actual negative impact
 ☐ Potential negative impact

Material topics		Suppliers	Agents	Customers
Economic	201 Economic Performance	☒	☐	☐
	202 Market Presence	☐	☐	☐
	204 Procurement Practices	☒	☐	☐
	205 Anti-corruption	☐	☐	☐
Environmental	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	☐	☒	☒
Voluntary Disclosure Topic	Voluntary Disclosure Topic1 - Customer Engagement		☒	☒
	Voluntary Disclosure Topic 2 - New Product Development	☐	☒	☒
	Voluntary Disclosure Topic 3 - Supplier Strategy	☒		
	Voluntary Disclosure Topic 4 - Care for Employees and Their Families			
	Voluntary Disclosure Topic 7 - Risk Management	☐	☐	☐
	Voluntary Disclosure Topic 8 - Product Contribution to World Trends	☐	☒	☒

Significance of the impact assessment ⁽³⁻¹⁾

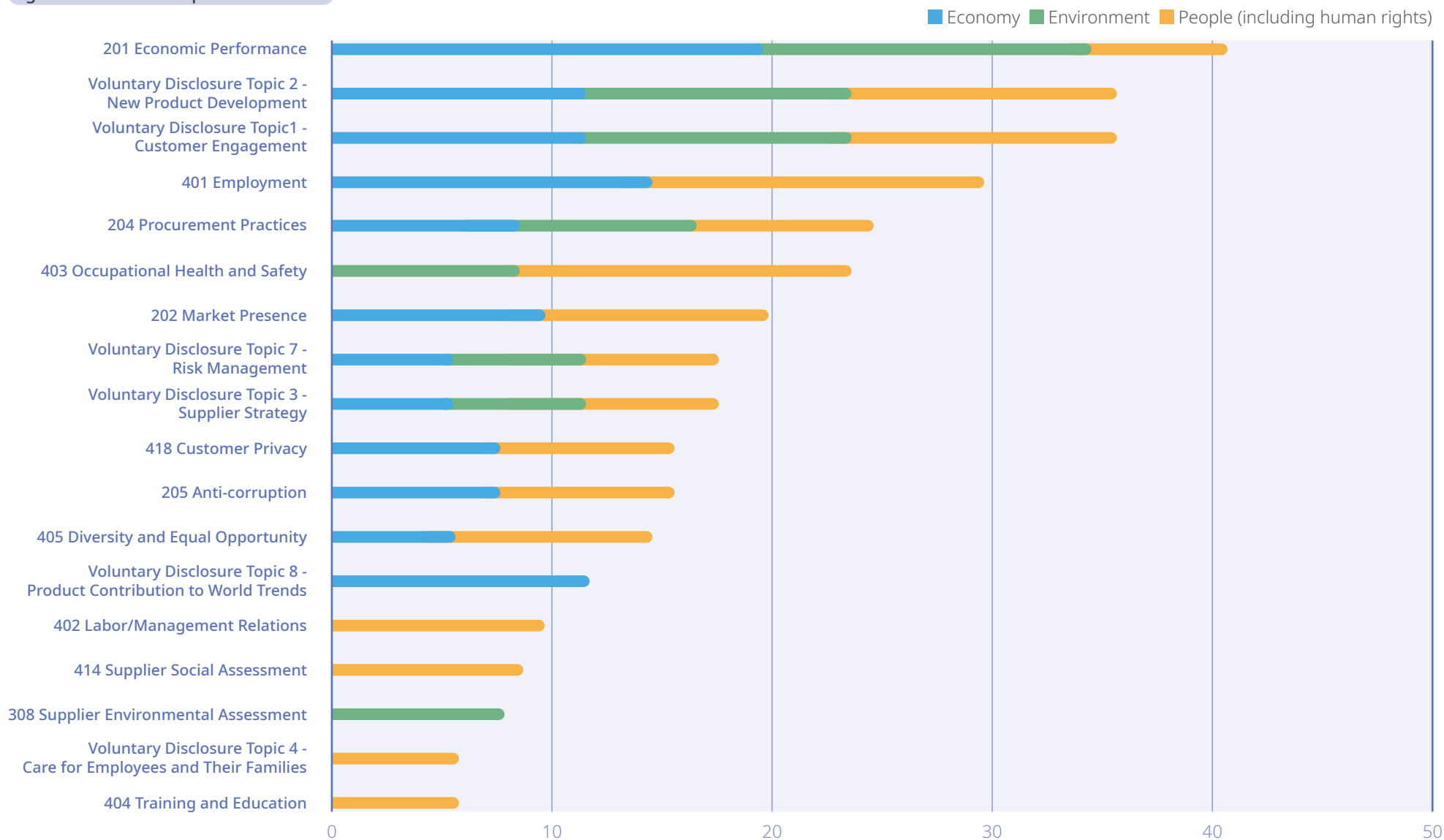
The Sustainability Reporting Editing Team conducted a comprehensive assessment of the impacts of the 18 material topics on economy, environment, and human (including human rights) of the value chain. This assessment involved evaluating the degree of positive/negative severity and likelihood of the impacts. The preliminary consolidated results were then presented to the Secretariat of the ESG Committee for further discussion. Finally, the level of impact of ELAN's material topics in 2022 was confirmed.

Quantitative assessment on impacts

The impacts of material topics on the economy, environment, and human (including human rights) were individually rated on a scale of 1 to 5 by the Sustainability Reporting Editing Team and relevant departments. The Secretariat compiled the ratings, and the recalculated scores for severity and likelihood of the impacts were presented in the following.

Material topics	Severity		Likelihood		Severity		Likelihood		Severity		Likelihood	
	Positive (1-5 points)	Negative (1-5 points)	Positive (1-5 points)	Negative (1-5 points)	Positive (1-5 points)	Negative (1-5 points)	Positive (1-5 points)	Negative (1-5 points)	Positive (1-5 points)	Negative (1-5 points)	Positive (1-5 points)	Negative (1-5 points)
201 Economic Performance	5		4			5		3	3		2	
202 Market Presence	5		2						5		2	
204 Procurement Practices	3		3		4		2		4		2	
205 Anti-corruption	4		2							4		2
308 Supplier Environmental Assessment					4		2					
401 Employment	5		3						5		3	
402 Labor/Management Relations									5		2	
403 Occupational Health and Safety					3		3		5		3	
404 Training and Education									2		3	
405 Diversity and Equal Opportunity	3		2						3		3	
414 Supplier Social Assessment									3		3	
418 Customer Privacy	4		2						4		2	
Voluntary Disclosure Topic 1 - Customer Engagement	4		3		4		3		4		3	
Voluntary Disclosure Topic 2 - New Product Development	3		4		3		4		3		4	
Voluntary Disclosure Topic 3 - Supplier Strategy	3		2		3		2		3		2	
Voluntary Disclosure Topic 4 - Care for Employees and Their Families									2		3	
Voluntary Disclosure Topic 7 - Risk Management	3		2		3		2		3		2	
Voluntary Disclosure Topic 8 - Product Contribution to World Trends	3		4									

Significance of the impact assessment



3.2 Stakeholder engagement ⁽²⁻²⁶⁾ ⁽²⁻²⁹⁾ ⁽³⁻²⁾

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 questionnaires are provided on Company's website as an effort to stay in touch with the stakeholders, identify strategies and actions that address their concerns, and respond timely to their needs.

Stakeholders	Concerned topics	Communication channels	Frequencies	Responsible unit(s)
	Social-Employment Social-Labor/Management Relations Social-Occupational Health and Safety Voluntary Disclosure Topic4-Care for Employees and Their Families Social-Training and Education	Employee Satisfaction Survey	Annually	Human Performance Management ESG Committee
		Operational & Labor/Management Meeting	Monthly	
		Employee suggestion box	Anytime	
		Stakeholder questionnaire	Annually	
		New employee/on-job trainings and education	Monthly/ Non-scheduled	
		Performance review	Semiannually	
		Departmental meeting	Non-scheduled	
		Director Li, Human Performance Management (Email: pmlms@emc.com.tw)		
	Economic-Economic Performance Voluntary Disclosure Topic1-Customer Engagement Economic-Anti-corruption Voluntary Disclosure Topic9-Investor Relations Transparency Voluntary Disclosure Topic2-New Product Development Voluntary Disclosure Topic8-Product Contribution to World Trends	Annual Shareholders Meeting	Annually	Investor Relations
		Investor Conference	Quarterly	
		Domestic/International Institutional Investor Conference	Non-scheduled	
		Face-to-face meeting, video conferencing, phone call	Non-scheduled	
		Annual Report, Annual Sustainability Report	Annually	
		Income Statement	Monthly	
		Quarterly Operations Report	Quarterly	
		Major announcement/press release	Non-scheduled	
		Company website	Non-scheduled	
		Stakeholder questionnaire	Annually	
		Spokesperson	Non-scheduled	
		Director Liu, Investor Relations (Email: dennis_liu@emc.com.tw)		

Stakeholders	Concerned topics	Communication channels	Frequencies	Responsible unit(s)
	Economic-Economic Performance	Phone/E-mail	Anytime	Marketing & Sales Center ESG Committee
	Voluntary Disclosure Topic2-New Product Development	Stakeholder questionnaire	Annually	
	Voluntary Disclosure Topic8-Product Contribution to World Trends	Director Li, Human Performance Management (Email: pmlms@emc.com.tw)		
	Social-Employment			
	Voluntary Disclosure Topic2-New Product Development Voluntary Disclosure Topic8-Product Contribution to World Trends Voluntary Disclosure Topic1-Customer Engagement Social-Customer Privacy Economic-Anti-corruption	Company website	Anytime	Product Sales Quality Reliability Assurance ESG Committee
		Phone/E-mail	Anytime	
		Satisfaction Survey	Semiannually	
		Stakeholder questionnaire	Annually	
		External mailbox	Anytime	
		Questionnaire	Non-scheduled	
		Director Zhong, Notebook Marketing & Sales Center (Email: ian.chung@emc.com.tw)		
	Voluntary Disclosure Topic1-Customer Engagement Social-Customer Privacy Voluntary Disclosure Topic2-New Product Development Voluntary Disclosure Topic8-Product Contribution to World Trends	Company website	Anytime	Product Sales Quality Reliability Assurance ESG Committee
		Phone/E-mail	Anytime	
		Satisfaction Survey	Semiannually	
		Stakeholder questionnaire	Annually	
		External mailbox	Anytime	
		Director Zhong, Notebook Marketing & Sales Center (Email: ian.chung@emc.com.tw)		
	Voluntary Disclosure Topic1-Customer Engagement Social-Labor/Management Relations Voluntary Disclosure Topic7-Risk Management Economic-Economic Performance Social-Customer Privacy	Company website	Anytime	Quality Reliability Assurance Production Planning Control ESG Committee
		Phone/E-mail	Anytime	
		Outsourcing meeting	Monthly	
		Supplier audit	Anytime	
		Supplier conference	Periodically	
		Stakeholder questionnaire	Annually	
		External mailbox	Anytime	
		Director Li, Production Planning Control (Email: pmlms@emc.com.tw)		

Engage and build honest and strong relationships with investors (Voluntary Disclosure Topic 9 - 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 revenue report, quarterly, semi-annual, and annual reports.
 - Investment column: Stock price information, dividend distribution over the years, shareholders meeting, investor conference, newsletter and contact information.
2. Published 19 related news on the company website.
3. Issued a total of 34 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 Annual Shareholders Meeting on 6 June 2022.
6. Held quarterly Investor Conference. The conferences were recorded and uploaded to both Stock Exchange Wipro platform and the company website.
7. Held 72 domestic/International Institutional Investor Conferences.
8. Ongoing Communication Topics with Investors:
 - The company's operational objectives and strategies
 - Short-term focus: increase market share output value of existing products, and grasp the area with growth in penetration rate
 - Medium and long-term plans and foresight in each market
 - 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 value chain
 - Company's business philosophy: Balancing profitability and future development
 - Supply chain dynamics and partnership
 - Adopt a high dividend policy, returning profits to shareholders

Note: Metanoia, Avisonic, and PiXORD are private entities.
Held an Annual Shareholders Meeting on 10 June 2022.

04

Product Design and Consumer Rights & Interests

- 4.1 Customer relations and collaboration with leading platforms
- 4.2 Robust intellectual property system that encourages innovation
- 4.3 Dashboards that enhance new product development efficiency
- 4.4 Product contribution to world trends
- 4.5 Product and service information and labeling
- 4.6 Customer service and satisfaction

Product Design and
Customer Rights & Interests

Highlight

Number of Microsoft Windows certificates obtained

(121 were Pen Digitizer Certifications)

444

Number of patents obtained

25

Fines imposed for violations of health and safety regulations regarding products and services

0

Incidents of non-compliance with product and service information and labeling regulations

0

Complaints related to privacy infringement or customer data loss

0

Market leader in three products: touchpad modules, touchscreen chips, and pointing devices, with the largest market share

Market leader

Percentage of ELAN products that comply with RoHS, Sony GP, REACH, and halogen-free requirements.

100%

4.1 Customer relations and collaboration with leading platforms

(2-6) (Voluntary Disclosure Topic 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's and Google's leading platforms. In 2022, 283 pieces of new product solutions were mass-produced.

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 444 Touch Logo Certifications (121 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's gained customer trust.

Based on previous successful collaborations with Google, when the new generation of Chromebook was designed, ELAN participated in the Google specification discussion right away, and collaborated with first-tier NB manufacturers. ELAN's 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 our practical experiences with mass production, products are able to be synchronously released, grasping market opportunities. These successfully made ELAN Chromebook Solution become a Google's strategic partner.



4.2 Robust intellectual property system that encourages innovation

(Voluntary Disclosure Topic2-New Product Development) (TC-SC-520a.1)

To encourage innovation, ELAN set up Intellectual Property Right & Legal Department, a unit dedicated to set generous bonus system for employees 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 Intellectual Property Management Policy and Implementation, 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 robust intellectual property system effectively provides employees with a sense of achievement, making this energy of creativity flows endlessly. In 2022, ELAN obtained 22 patent certificates and Avisonic obtained 3. A total of 1,057 patents were granted to the Group from 2000 to 2022.

To protect the company's freedom of operation, strengthen industry leadership and maintain advanced technological achievements, the company has expanded patent protection. We spent 1,771,863 NTD on 1 lawsuit in 2022. 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.

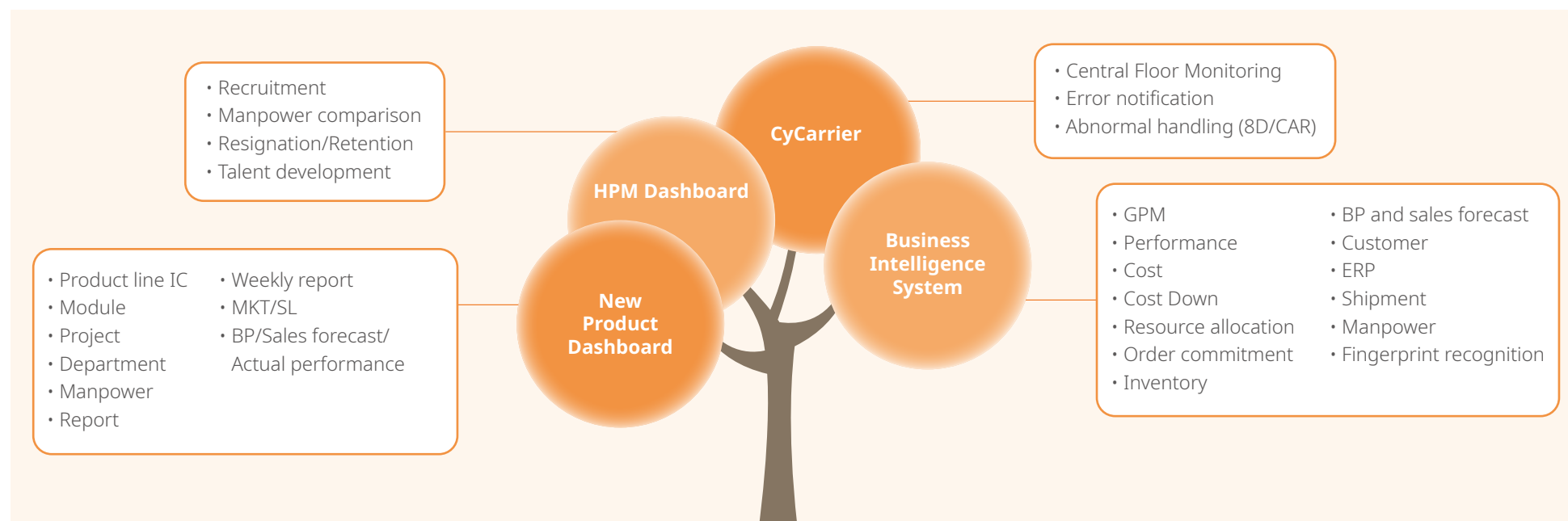
4.3 Dashboards that enhance new product development efficiency

Voluntary Disclosure Topic2-New Product Development

Dashboard systems

Product Dashboard System: Enhancing the efficiency of new product development through key performance indicators and statistical analysis.

R&D and innovation are the cornerstones of the company's continuous growth. In 2017, we began to build Product 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 have been a total of 59,981 logins per person. Online system reviews are conducted in the monthly operational management meetings.

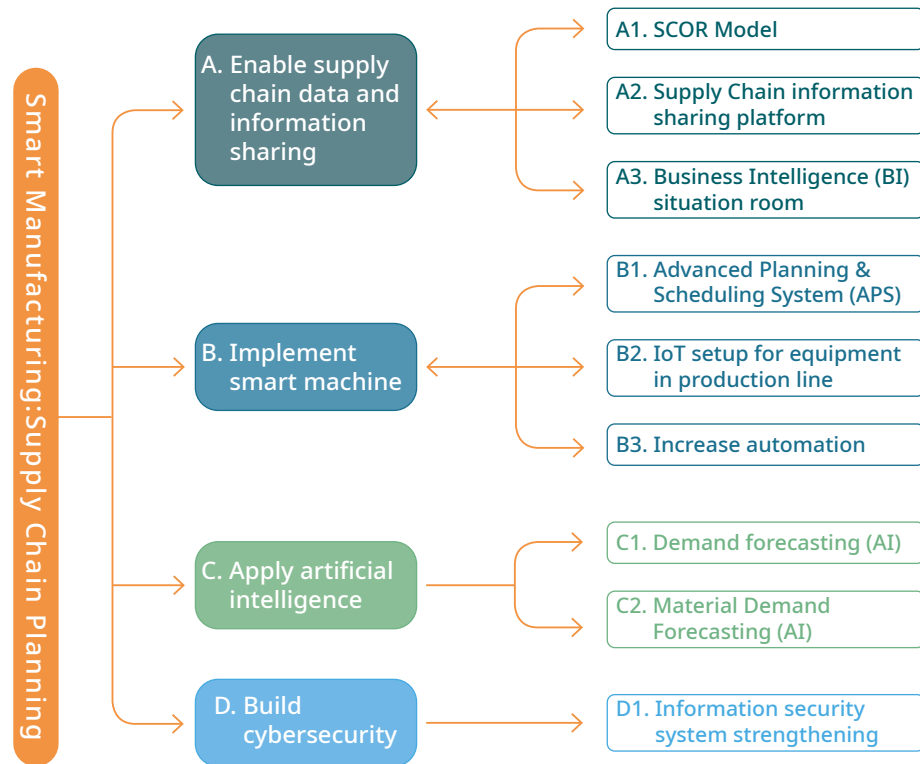


In the process of new product development, different product lines have their own benefit standards. In cases where a proposal or a technical development project does not meet the benefits standard, the IPM Department will conduct a feasibility assessment and generate a feasibility report. This report includes extensive dashboard data such as SL performance achievement rate, costs, inventory, manpower, etc. This information serves as a reference for the General Manager to determine the investment worthiness of the project.

Smart Manufacturing Platform implementation

Real-time Integration of supplier production information for Supply Chain Management.

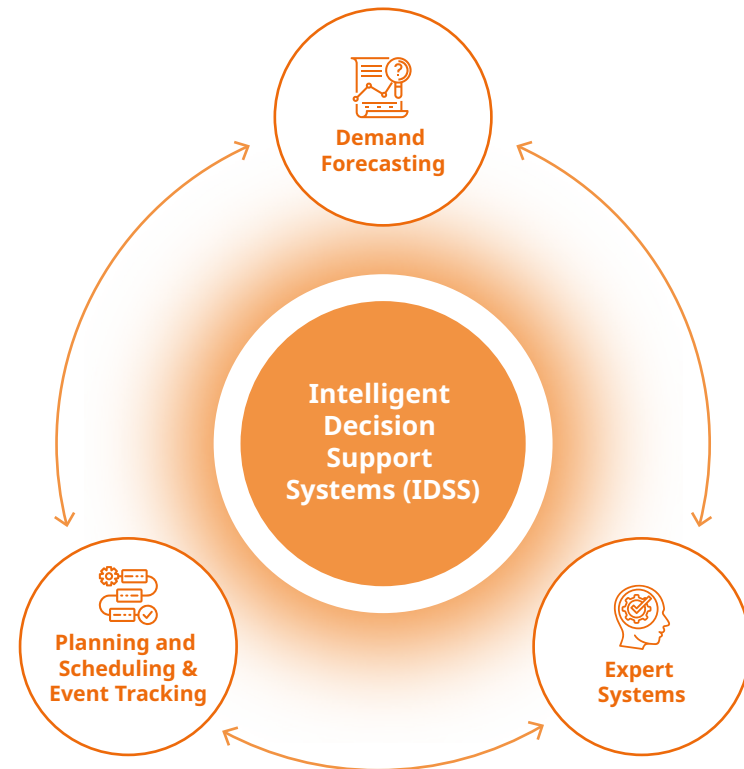
In terms of production and supply chain, inaccurate customer demand forecasting and poor due date performance are two major problems the Company is now facing. Through employing Smart Manufacturing (SM), AI, information security, Internet-connected machinery, and information sharing in supply chains,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



Smart Scheduling Platform - Sara implementation

Optimization of manufacturing resources, strengthening enterprise flexibility in scheduling.

For outsourced production scheduling, the company implemented Sara, an AI 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.



4.4 Product contribution to world trends Voluntary Disclosure Topic 8 -Product Contribution to World Trends

ELAN is a comprehensive IC design company that offers integrated solutions. With a strong research and development team, the company allocates over 12% of the annual revenue to research and development. The quality of our products is recognized, with more than half of our revenue coming from top-tier global manufacturers. Product-wise, ELAN's touch panel module, touch screen chip, and pointing device are leading the global industry

In terms of revenue, fingerprint recognition products have become our next focus. We expect to make them our fourth world's top NB component in the next two to three years. Although the performance of fingerprint revenue in 2022 fell short of expectations, we expect the penetration rate will continue to increase in view of the relatively low penetration rate of fingerprint recognition in the NB market, and that major brands have shown great interests in implementing fingerprint identification onto their notebook products for information security reasons and as Windows 11 strongly recommended. Taiwan IC design output value was approximately 1.237 trillion NTD (i.e., 41.3 billion USD), for which ELAN accounts 1.05%.

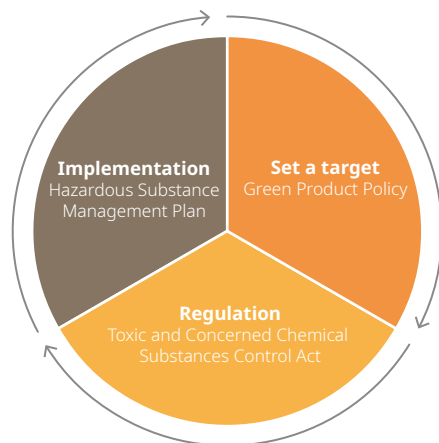
ELAN World-Leading Smart Input Solution in NB Application



4.5 Product and service information and labeling ⁽⁴¹⁷⁻¹⁾

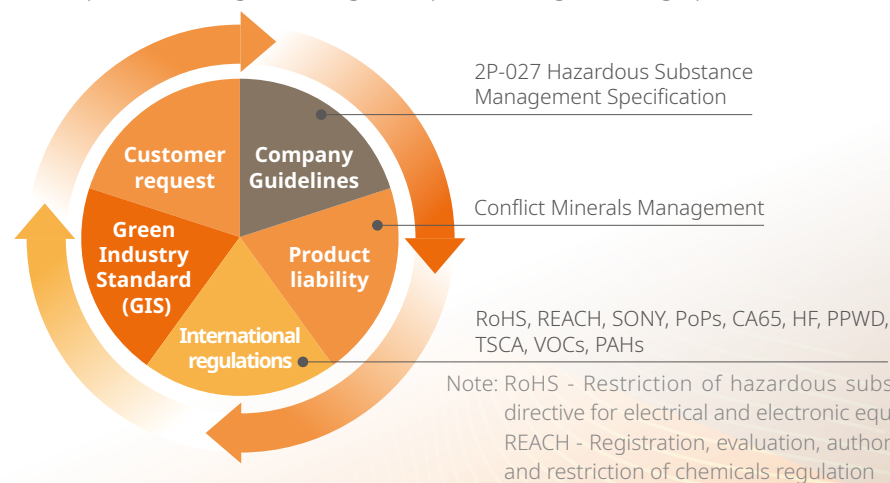
Green Product Policy

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



Green Product System

ELAN adheres to international, industry, and customer-specific hazardous substance prohibition/restriction requirements as the foundation for establishing a green product framework. The company has developed Hazardous Substance Management Procedure to effectively implement hazardous substance management, serving as a standard for chemical substance management among suppliers. Through regular reviews and updates, the company ensures the effective operation of the hazardous substance management system. Additionally, in line with environmentally friendly and ecologically sustainable concepts, green materials are incorporated into product development to mitigate ecological impacts during the design process.



Green Product Management

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
100% of raw materials complied with regulations	100% of raw materials complied with regulations	100% of final products complied with regulations	Complied with customer requests and international regulations

Product lifecycle management (PLM) ^(TC-SC-410a.1)

The percentage of ELAN's products by revenue that contain IEC 62474-declarable substances was 0%, complying with the international regulations.

There were no incidents of non-compliance concerning the health and safety impacts of products and services in 2022. ⁽²⁻²⁷⁾ ⁽⁴¹⁶⁻²⁾

There were no incidents of non-compliance concerning product and service information and labeling in 2022. ⁽²⁻²⁷⁾ ⁽⁴¹⁷⁻²⁾

4.6 Customer service and satisfaction

Management of material topics - customer satisfaction (3-3) (418)

Explanation

Putting the customer first and implementing information security risk management are essential for cultivating strong customer relationships and ensuring the long-term sustainability of the business.

Policies or commitments

- Ensuring customer satisfaction and meeting customer expectations are integral to the Group's sustainable business strategy. Through annual or biennial satisfaction surveys, we gain insights into customer needs, enhance service quality, and earn customer trust.
- In accordance with the provisions of the Personal Data Protection Act, internal data protection guidelines and procedures are formulated.

Impacts

Failure to effectively manage customer privacy may lead to penalties, damage to reputation, and customer attrition.

Management approach

- General manager's instructions, signing Confidentiality Agreements, promoting ethical corporate management, establishing a 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.
- Sales, Quality Assurance, and Customer Service departments collaborate to handle customer service and address customer complaints.
- Set customer service and customer satisfaction survey page on the company's website.
- Annual Quality System Management Review Meeting.

Evaluation of the management approach

Customer Satisfaction Survey Results

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.

Specific actions in 2022

- No complaints relating to customer privacy infringement or loss of customer information.
- Customer satisfaction responses and ratings are consistently positive.
- Followed up on the implementation status in the ISO9001 management review meeting.

Goals and targets for 2023

- Continuously monitor and prioritize customer satisfaction scores and response rates.
- Ensure no complaints regarding Customer Privacy infringement or loss of customer data.
- Follow up on the implementation in the ISO9001 management review meeting.



Value customer service and protect customer privacy ⁽²⁻²⁷⁾ ⁽⁴¹⁸⁻¹⁾

With the company's effective operational procedures and the commitment of all employees throughout the organization, no complaints related to the infringement of customer privacy or loss of customer data have occurred from 2014 to 2022.

General manager's instructions

Instruct employees to make an all-out effort to protect customer confidentiality to gain customer trust.

Confidentiality Agreements

According to the collaboration mechanism and trade secret, implement management and execution.

Ethical corporate management, 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 designated 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.

Note: Prototype Management Mechanism and Prototype Management Mechanism are practices of ELAN and do not apply to Metanoia, Avisonic, or PIXORD.

Customer Satisfaction Survey

The Group has always regarded customer feedback and opinions as an important basis for improving customer relationship development. Therefore, whether it's in product development, design support, product promotion, sales, or mass production support, annual customer satisfaction surveys are conducted for key customers 1-2 times a year.

ELAN

ELAN - Hsinchu

In 2022, a total of 134 surveys were sent out, and the response rate was 92.5%. ELAN received good feedback in both sales and technical services. Overall, the statistical scores for the 2022 customer satisfaction questionnaire were all above 80 points.

ELAN - Zhonghe

ELAN Zhonghe sent out 32 surveys in 2022, with a response rate of 90.6%. Through coordination and cooperation among the Sales Department, Quality Assurance Department, and various units, customers have given ELAN positive feedback. Furthermore, compared to the previous two years, there has been a consistent upward trend. We will continue to uphold dedicated customer service, pursuing excellence and innovative products and services.

Metanoia

Metanoia conducts annual e-Customer Satisfaction Surveys for transactional customers. In 2022, the overall average score was 8.5, precisely meeting the KPI target. However, in specific aspects such as "R&D Speed", "Technical Support", and "Product Quality", the average scores fell slightly behind the KPI. This overall customer satisfaction score is slightly lower compared to the 8.6 average score in 2021, and it lags behind in comparison to other aspects. To address this, the R&D Department has been tasked with regularly monitoring customer product development projects and providing corresponding assistance and enhancements. The Sales Department has been actively coordinating internally to improve the speed of customer complaint handling, aiming for better service quality and product satisfaction. On a positive note, scores have increased in "Product Technical Support" and "Sales Expertise and Service Attitude". Overall, customers have provided a positive affirmation.

Avisonic

In 2022, Avisonic conducted an e-survey on customer satisfaction for transactional customers. The survey covered various aspects including Sales, R&D, Technical Support, Production Management Quality, Complaint Handling, Product Quality, and Overall Service Quality. A total of 10 customer satisfaction survey forms were distributed, and all forms were collected within two weeks, achieving a 100% response rate. The results of 2022 customer satisfaction survey showed a slight decrease across various items. The results were submitted to the relevant departments for review. However, the average scores for 2020, 2021, and 2022 are all above 8.8 points (out of 10), indicating that the overall customer feedback stays positive.

PiXORD

PiXORD conducts an annual e-survey on customer satisfaction for its top 5 revenue-generating customers. The survey covers aspects such as Sales, Design, Technical Support, Quality, and Overall Service. The survey results are then submitted to the relevant departments for review. In 2022, the customer satisfaction survey achieved a 100% response rate. Compared to 2021, there was a slight decrease in three aspects: "Assembly Quality", "Packaging Method", and "Delivery Time". This is mainly due to the introduction of a new product line, the Large Vehicle Blind Spot Detection System, which requires operational adjustments and the accumulation of integration experience. However, other aspects have remained steady or improved. Overall, PiXORD is capable of providing comprehensive on-site planning solutions for its customers.

05

Supplier Management

5.1 Sustainable supply chain

5.2 Responsible minerals management

Highlight

The Group sources 66% of its suppliers from Taiwan.

Conducted quality audits on 35 key suppliers.

Conducted RBA audits on 35 key suppliers.

100% of ELAN's suppliers signed the Supplier Corporate Social Responsibility Commitment letter.



5.1 Sustainable supply chain

Management of material topics - Sustainable supply chain [\(2-23\)](#) [\(2-24\)](#) [\(3-3\)](#) [\(204\)](#) [\(308\)](#) [\(414\)](#) [\(Voluntary Disclosure Topic 3 - Supplier Strategy\)](#)

Explanation

- Suppliers are crucial partners, and establishing effective communication in supply chain management, creating win-win.
- Besides meeting customer demands, continuously assessing compliance with social and environmental requirements is not only a vital aspect of management but also the foundation for a company's sustainable development.

Policies or commitments

Suppliers are vital partners in our operations. ELAN adheres to the Responsible Business Alliance Code of Conduct as a policy for environmental and human rights management. We are committed to promoting corporate social responsibility and, in addition to considering overall quality and delivery, we have been progressively emphasizing human rights, environmental protection, and health and safety. This strengthens sustainable supplier management and contributes to the formation of a sustainable supply chain in line with our commitment to sustainable development.

Impacts

ELAN conducts annual audits on key suppliers' practices in labor rights, environment, and occupational health and safety. This process begins with raising awareness and progresses to ensuring that suppliers fully adhere to the required standards and guidelines.

Management approach

- Annual quality/RBA audits for key suppliers
- Supplier conferences
- Monthly outsourcing meetings
- Stakeholder surveys

Evaluation of the management approach

- 100% achievement rate in quality audits for key suppliers
- 100% achievement rate in RBA audits for key suppliers
- 100% signing rate of Supplier Corporate Social Responsibility Commitment letter for key suppliers

Medium and long-term plan

In supplier management, ELAN not only emphasizes product quality, delivery, and pricing but also adheres to the Responsible Business Alliance (RBA) Code of Conduct and formulated the Corporate Social Responsibility Management System and Promotion Plan, requiring suppliers to address ethical, labor rights, environmental, health and safety, and management system aspects. By collectively fulfilling corporate social responsibility, we strive for a sustainable supply chain.

Specific actions in 2022

- The Group conducts annual quality audits for key suppliers each year. All audits were conducted in 2022.
- ELAN RBA team performed RBA audits for 35 key suppliers, out of which 14 have achieved RBA VAP status.

Goals and targets for 2023

- Continuously monitor and review stakeholder concerns regarding ISO 9001 internal and external organizational context.
- Meet all hazardous substance control requirements of important customers.
- Enhance the effectiveness of the green product system management.
- Actively engage with customer ESG (Environmental, Social, Governance) requirements. This includes not only applying these requirements internally but also requiring key suppliers to assist in meeting them through participation in customer interactions (e.g., supplier conferences, training, etc.).
- Continue to promote RBA audits for key suppliers.

Supply chain ⁽²⁻⁶⁾

Since ELAN is a professional IC and module design company, wafer production and post-production are all outsourced. When the production capacity is tight, it is crucial to maintain partnerships with domestic and foreign wafer manufacturers, as well as upstream and downstream packaging and testing manufacturers. Meanwhile, we collaborate closely with other supply chain vendors such as touch panel, LCD panel, NB assembly factories, etc., to ensure smooth product shipments. In 2022, the proportion of the Group's local procurement was 66%.



Proportion of spending on local suppliers ⁽²⁰⁴⁻¹⁾

Company		ELAN		Metanoia		Avisonic		PiXORD		ELAN H.K.	
Supplier		Number of suppliers	Proportion of spending	Number of suppliers	Proportion of spending	Number of suppliers	Proportion of spending	Number of suppliers	Proportion of spending	Number of suppliers	Proportion of spending
IC - raw materials	Local	39	84.3%	5	100.0%	12	100.0%	0	0.0%	NA	NA
	Imported	23	15.7%	0	0.0%	0	0.0%	0	0.0%	NA	NA
Module - raw materials	Local	87	39.2%	1	100.0%	2	100.0%	28	100.0%	NA	NA
	Imported	50	60.8%	0	0.0%	0	0.0%	0	0.0%	NA	NA
Other services		653		157		88		59		30	

Note 1: "IC - raw materials" include cutting, mask, packaging, wafer and testing suppliers.

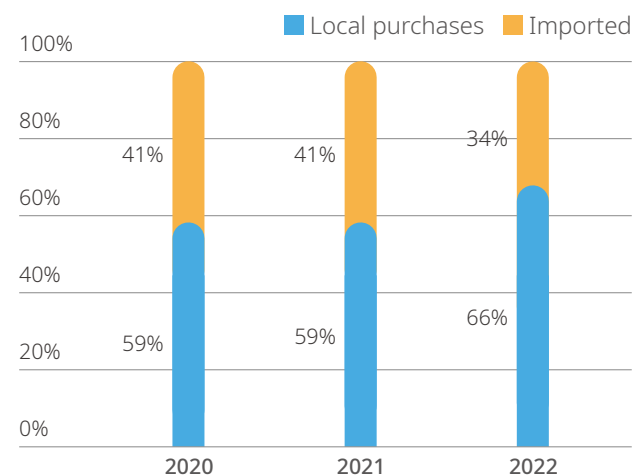
Note 2: "Module - raw materials" include PCB, SMT and commodity suppliers.

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

Note 4: "Local" here refer to the location of the Group. ELAN, Metanoia, Avisonic, PiXORD are located in Taiwan, and ELAN H.K. is in Hong Kong.

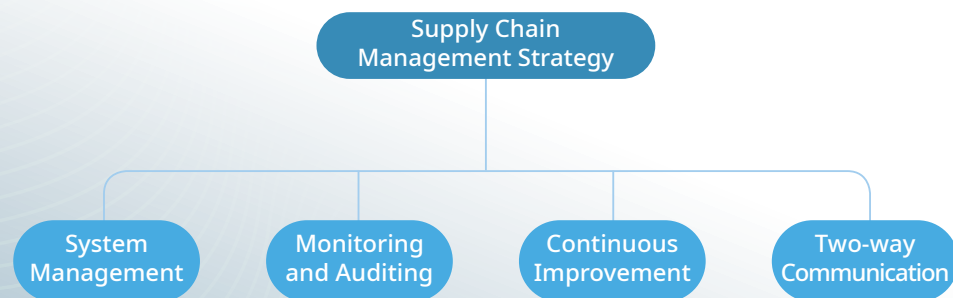
Note 5: ELAN H.K. is a shipping and customer service center. Therefore, most of the related data was NA.

Percentage of IC/module raw materials purchased locally



Supplier strategy (Voluntary Disclosure Topic 3 - Supplier Strategy)

ELAN is dedicated to fostering a mutually beneficial cycle of development in IC design and supply chain manufacturing. We strive to establish long-term cooperative relationships with our suppliers, aiming for coexistence and mutual prosperity. In addition to managing supplier lead times and prices, we collaboratively produce high-quality products. We also emphasize the sustainable development of the supply chain and environmentally-friendly practices. ELAN employs 5 key strategies: System Management (ISO), Monitoring and Auditing (annual supplier audits), Continuous Improvement (regular monthly outsourcing meetings to discuss production status and audit-related improvements, assisting outsourced suppliers in continuous enhancement and growth), and Two-Way Communication (supplier conferences, stakeholder surveys). These strategies are actively implemented to construct feasible and concrete approaches, demanding that the supply chain uphold social responsibility and work towards sustainable development.



Supplier quality audit

ELAN

In addition to conducting on-site audits to ensure the stability of the supply chain's products, the qualified supplier management in Hsinchu also encompasses the management and evaluation of environmentally-friendly products, with the primary goal of complying with international regulations and meeting ELAN customer requirements. A total of 26 suppliers were audited at the Hsinchu facility, and the overall results of the audit items met the standards for both qualified supplier audits' quality and Green system scores (above 80 points).

At the Zhonghe facility, a total of 17 suppliers were audited, with 1 supplier not meeting the standards. The main reason for this discrepancy was a higher turnover of personnel at that supplier earlier in the year, resulting in delivery delays. However, no suppliers were deemed disqualified. Through quarterly audits and quality improvement meetings, continuous efforts are made to request improvements from suppliers, emphasizing on items with lower scores.

Metanoia

Metanoia audited a total of 6 suppliers and they all received scores above 80. No suppliers were disqualified.

Avisonic

Avisonic's suppliers had no record of returns, and all of them met the supplier standards.

The audit results indicate that all 7 suppliers received A (scores above 90). No suppliers were disqualified.

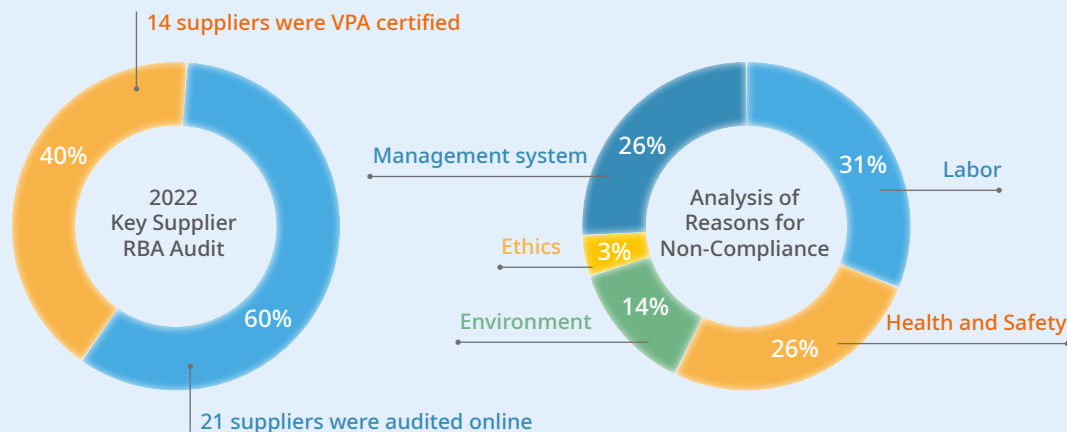
PiXORD

PiXORD audited a total of 28 suppliers: 26 qualified and 2 unqualified. The unqualified suppliers had shortages of accessories during delivery and omitted labeling on external boxes. The suppliers have provided the missing parts, and the goods were accepted. There were no significant quality issues.

Note: ELAN H.K. is a shipping and customer service center. Therefore, no supplier-related audits were conducted.

Supplier RBA audit (409-1)

Since 2018, ELAN has begun RBA audits on our key suppliers to enhance the social and environmental responsibilities of ELAN's supply chain. In 2022, 35 suppliers were audited. With the latest version of the RBA code of conduct, we conduct on-site/online audits to examine suppliers. If a non-compliance item is found, it is required to improve within a given time period. The relevant audit results are analyzed as follows.



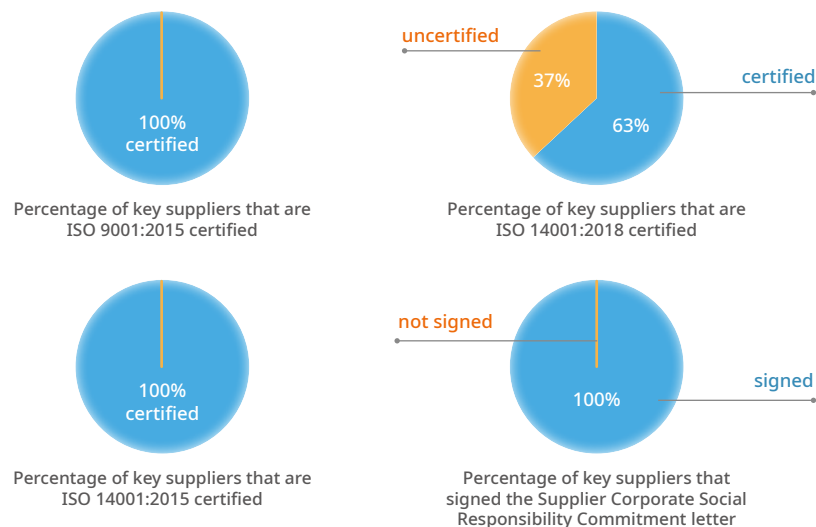
Reasons for Non-Compliance items found in online audits are (from high to low score) Labor, Management System, Health and Safety, Environment, and Ethics.

- **Labor:** Mainly due to working overtime under the effect of COVID-19 pandemic, not providing employee with annual health check, and not conducting employees' religious affiliation survey
Freely Chosen Employment (A1), Working Hours (A3), Non-Discrimination/Non-Harassment (A6)
- **Management System:** Mainly due to not implementing the RBA/ISO 45001 system, not monitoring regulations regularly, and not delivering RBA requirements to its suppliers.
Audits and Assessments (E9), Legal and Customer Requirements (E3), Supplier Responsibility (E12)
- **Health and Safety:** Mainly due to excluding night shift personnel in the emergency evacuation drill, the lacking of fire alarm system, and inadequate implementation of chemical management and control
Occupational Safety (B1), Emergency Preparedness (B2)

Note: Key supplier refers to the vendors that constitute 80% of the total company's supplier transaction amount. There is a total of 35 such suppliers.

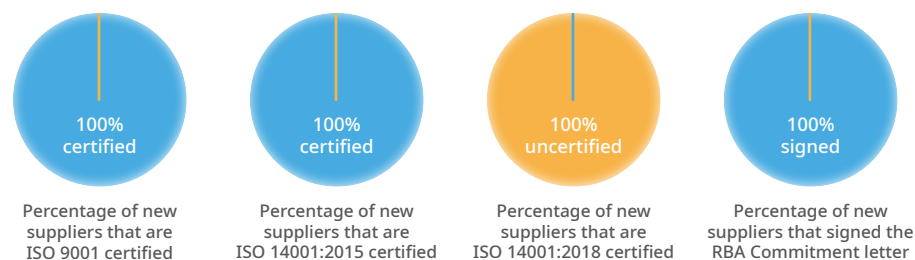
(308-1) (409-1) (414-1)

In 2022, 100% of ELAN key suppliers signed the Supplier Social Responsibility and Business Ethics Consent, obtained ISO 9001 (Quality Management System) and ISO 14001 (Environment Management System) certificates. However, only 63% of the suppliers obtained ISO 45001 (Occupational Safety Management System) certificate.



New supplier RBA assessment

In 2022, 100% of ELAN new suppliers signed the Supplier Social Responsibility and Business Ethics Consent, obtained ISO 9001 (Quality Management System) and ISO 14001 (Environment Management System) certificates, but have not obtained ISO 45001 (Occupational Safety Management System) certificate.



5.2 Responsible minerals management (TC-SC-440a.1)

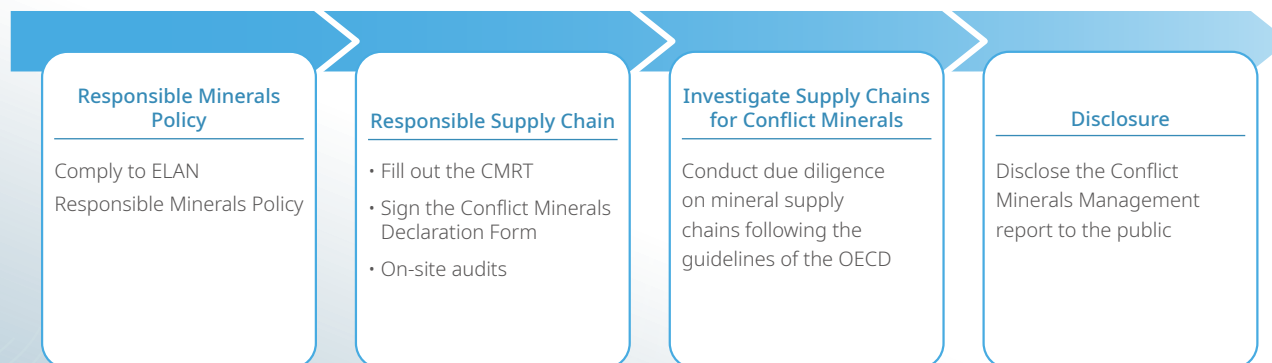
According to the Responsible Minerals Initiative (RMI), the Democratic Republic of the Congo and the insurgent organizations in its neighboring countries have been extracting Conflict Minerals, i.e. tantalum (Ta), tin (Sn), tungsten (W), and gold (Au), through forced and child labors in order to trade 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 Responsible Minerals Policy and require all of our suppliers to source the minerals only from qualified smelters. In the future, the management of critical raw material risk will extend beyond internationally regulations. This will encompass supplier diversification, material reserves, development or procurement of selective or alternative materials, investment in recycling technologies for critical materials to mitigate risks arising from critical raw material shortages or insufficiencies.

ELAN Responsible Minerals Policy

- 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.
- Suppliers shall examine all metals used in the production process and investigate their sources to ensure no conflict minerals are used.
- Direct suppliers shall purchase conflict-free minerals only from smelters that were verified by independent third-parties.
- Direct suppliers shall be in accordance with IPC1755 - CMRT when examining the usage of conflict minerals.
- 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.

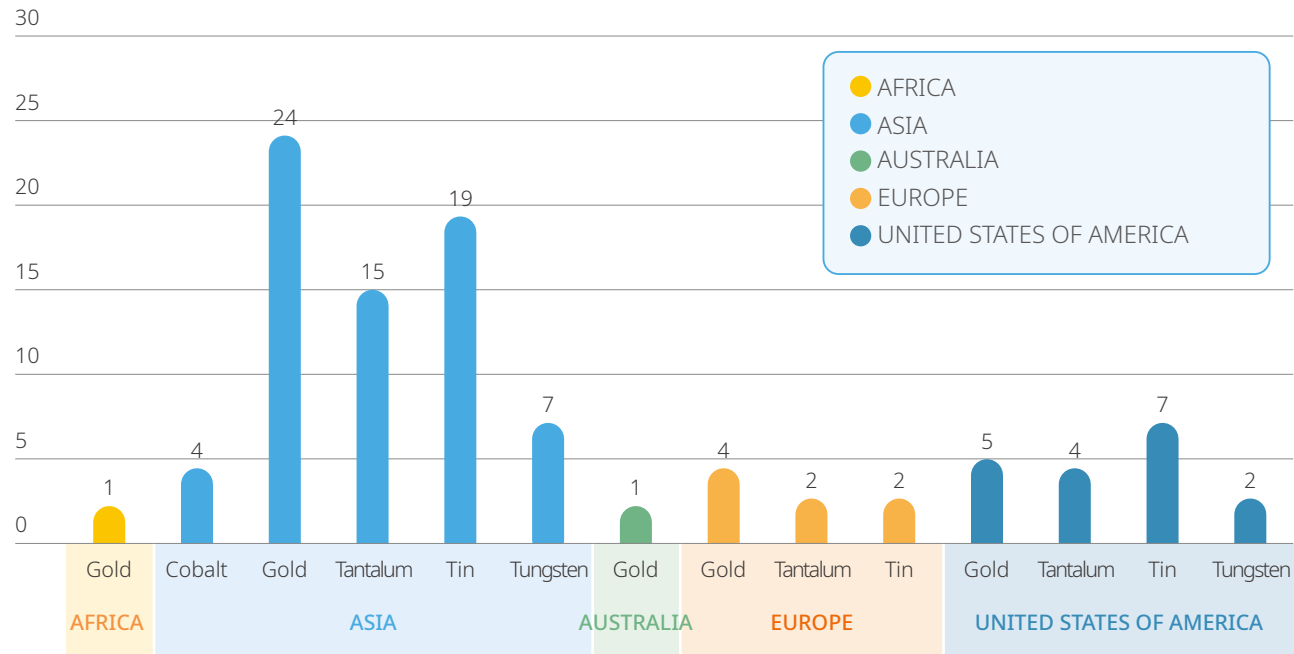
Responsible Minerals Management

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.

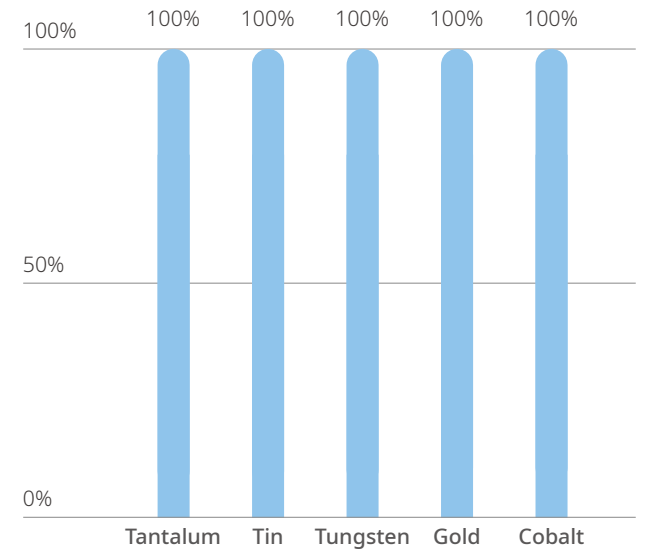


Distribution of qualified smelters

Number of smelters



100% of ELAN suppliers for all product line submitted RMI



Please visit
<https://www.responsiblemineralsinitiative.org/>
 for more information on responsible minerals.

06

Labor/Management Relations and Public Safety

- 6.1 Commitment to corporate social responsibility
- 6.2 Employment and dignity of labor
- 6.3 Employee compensation and benefits
- 6.4 Occupational health and safety policy
- 6.5 Worker health management
- 6.6 Emphasize on workplace safety, zero accidents for 28 years
- 6.7 Worker training and education
- 6.8 Zero-distance employee communication and comprehensive grievance channels





Highlight

	2020	2021	2022
Female employee ratio (%)	41%	40%	38%
Number of employees participated in annual health check	992	1,034	1,015
Employee health check participation rate	99%	99%	99%
Number of work accidents	0	0	0

6.1 Commitment to corporate social responsibility

(2-23) (308-1) (409-1) (414-1)

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.
4. Committed to upholding the fundamental rights of employees and fostering an environment of comprehensive human rights protection. We recognize and support internationally recognized fundamental human rights such as the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labour Organization conventions. We also demand that our partner suppliers eliminate any actions that infringe upon or violate human rights in their operational activities.

As a good corporate citizen, ELAN fully supports the Responsible Business Alliance (RBA). We are complying proactively to its recommended guidelines on management system to meet all standard requirements.

6.2 Employment and dignity of labor (202-2)

While ELAN, Metanoia, and Avisonic are all IC design companies, PiXORD is a 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.

Proportion of senior management hired from the local community



Note: "Local resident" includes those individuals who either born or have the legal right to reside indefinitely in the same geographic market as the operation. ELAN, Metanoia, Avisonic, PiXORD are located in Taiwan, and ELAN H.K. is in Hong Kong.

100% of the Group's R&D personnel, which accounted for 50%-65% of the total labor force, are recruited individually by each entity. 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., there were no changes in workforce composition.

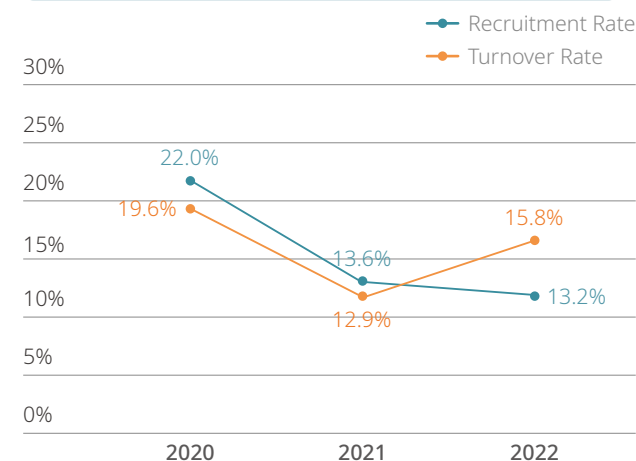


New employee hires and employee turnover ⁽⁴⁰¹⁻¹⁾

ELAN continues to attract top-tier talent through diverse recruitment channels. In addition to utilizing the official website's talent recruitment portal, online job boards, and campus recruitment events to connect with and skilled individuals, the company highly encourages internal employees to refer outstanding candidates. We place great importance on the onboarding and retention of new hires. Through mechanisms such as an employee follow-up session after three months of joining and exit interviews, we aim to enhance the retention rate of new employees and consistently attract exceptional talent to join our team.

	Gender	Age group	Taiwan				Hong Kong	Total
			ELAN	Metanoia	Avisonic	PIXORD	ELAN H.K.	
New employee		Under 30	50	1	1	1	0	53
		30 - 50	24	6	0	0	0	30
		Over 50	2	2	0	0	0	4
		Under 30	43	0	1	0	0	44
		30 - 50	15	0	1	0	0	16
		Over 50	2	2	0	0	0	4
	Recruitment rate (Male)		12.0%	24.3%	5.3%	7.1%	0.0%	12.4%
	Recruitment rate (Female)		14.8%	16.7%	28.6%	0.0%	0.0%	14.6%
	Recruitment rate (Under 30)		36.2%	50.0%	66.7%	25.0%	0.0%	36.5%
	Recruitment rate (30-50)		6.1%	16.2%	4.5%	0.0%	0.0%	6.4%
Employee turnover	Recruitment rate (Over 50)		2.9%	40.0%	0.0%	0.0%	0.0%	5.2%
	Total recruitment rate		13.1%	22.4%	11.5%	3.8%	0.0%	13.2%
		Under 30	31	0	0	2	0	33
		30 - 50	39	5	2	1	0	47
		Over 50	5	2	0	0	0	7
		Under 30	48	0	0	0	0	48
		30 - 50	35	7	0	0	0	42
		Over 50	4	0	0	0	0	4
	Turnover rate (Male)		11.9%	18.9%	10.5%	21.4%	0.0%	12.4%
	Turnover rate (Female)		21.4%	58.3%	0.0%	0.0%	0.0%	21.4%
	Turnover rate (Under 30)		30.7%	0.0%	0.0%	50.0%	0.0%	30.5%
	Turnover rate (30 - 50)		11.5%	32.4%	9.1%	6.3%	0.0%	12.3%
	Turnover rate (Over 50)		6.6%	20.0%	0.0%	0.0%	0.0%	7.1%
	Total turnover rate		15.6%	28.6%	7.7%	11.5%	0.0%	15.8%

The Group's Employee Recruitment & Turnover Rate



Note 1: Total number of full-time employees on 31 December 2022: 1,143 (ELAN: 1,037; Metanoia: 49; Avisonic: 26; PIXORD: 26; ELAN H.K.: 5)

Note 2: Employee turnover: Employees who left the organization were mainly due to voluntarily resignation or retirement.

Note 3: Recruitment rate, Turnover rate: The percentage of employees in a given category.

The Group's employee breakdown (2-7)

Company	Gender	Number of employees				Employment status		Region	
		Permanent	Temporary	Non-guaranteed hours	Other	Full-time	Part-time	Taiwan	Hong Kong
ELAN	Male	614	17	0	0	631	0	631	0
	Female	400	5	1	0	406	0	406	0
Metanoia	Male	37	0	0	0	37	0	37	0
	Female	12	0	0	0	12	0	12	0
Avisonic	Male	19	0	0	0	19	0	19	0
	Female	7	0	0	0	7	0	7	0
PiXORD	Male	14	0	0	0	14	0	14	0
	Female	11	1	0	0	12	0	12	0
ELAN H.K.	Male	3	0	0	0	3	0	0	3
	Female	2	0	0	0	2	0	0	2
Total		1,119	23	1	0	1,143	0	1,138	5

Note 1: Permanent employees are employees with a contract for an indeterminate period.

Note 2: Temporary employees are employees with a contract for a limited period (i.e., fixed term contract) such as summer interns, contract employees, and advisors/consultants.

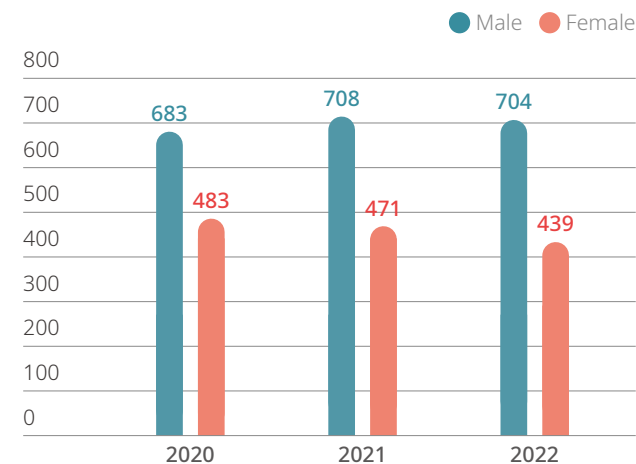
Note 3: Non-guaranteed hours employees are employees who are not guaranteed a minimum or fixed number of working hours such as advisors or consultants.

Note 4: Other employees are non-regular employees whose labor/health insurance is not covered by the Group.

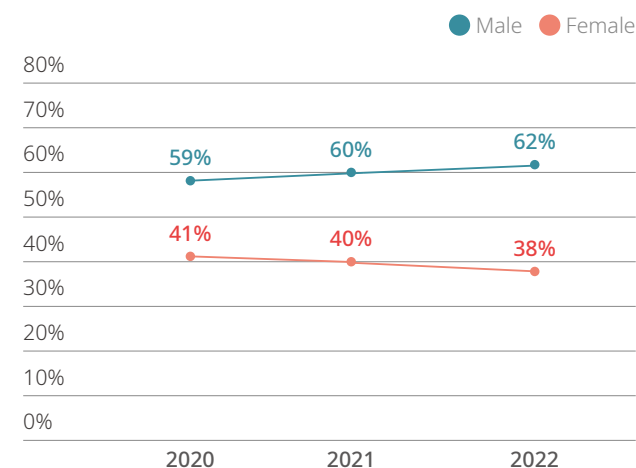
Note 5: Full-time employees are employees with a contract and whose labor/health insurance is covered by the Group.

Note 6: Part-time employees are employees with a contract and whose labor/health insurance is not covered by the Group.

Number of full-time employees by gender



Percentage of full-time employees by gender



Diversity of governance bodies and employees (405-1) (TC-SC-330a.1)

Gender	Category	Age group	ELAN	Metanoia	Avisonic	PiXORD	ELAN H.K.
	Senior management	Under 30	0	0	0	0	0
		30-50	0	0	2	0	0
		Over 50	19	6	1	1	0
	Indirect labor	Under 30	109	2	1	0	0
		30-50	433	29	15	10	3
		Over 50	65	0	0	3	0
	Direct labor	Under 30	0	0	0	0	0
		30-50	4	0	0	0	0
		Over 50	1	0	0	0	0
	Senior management	Under 30	0	0	0	0	0
		30-50	0	0	0	0	0
		Over 50	4	0	0	0	0
	Indirect labor	Under 30	28	0	2	4	0
		30-50	152	8	5	6	1
		Over 50	37	4	0	2	1
	Direct labor	Under 30	120	0	0	0	0
		30-50	54	0	0	0	0
		Over 50	11	0	0	0	0
Total number of full-time employees			1,037	49	26	26	5

In 2022, ELAN employed 6 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.

We adhere to the RBA Code of Conduct and implement a zero-fees policy to support and advocate for international migrant workers. We treat our current colleagues, temporary staff, interns, and others with dignity and respect. ELAN values skills and abilities and strives for the right person in the right role. We treat candidates of different genders, races, ages, religions, nationalities, and political beliefs equally, conducting fair and transparent selection processes to recruit employees. We also comply with government regulations to protect the personal information of candidates and prevent employment discrimination.

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 allow migrant workers to 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. Metanoia also assists migrant workers in their everyday needs after they join the company. They are invited to participate in company events.

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.

	Citizenship		Based in Taiwan/overseas		Sum
	Native	Migrant workers	Residents	Expatriates	
ELAN	873	164	1,026	11	1,037
Metanoia	48	1	49	0	49
Avisonic	26	0	26	0	26
PIXORD	26	0	26	0	26
ELAN H.K.	5	0	0	5	5
Total	978	165	1,127	16	1,143
Percentage	85.6%	14.4%	98.6%	1.4%	100.0%

Note 1: Migrant workers are workers who require a work visa to work in Taiwan.

Note 2: The Group's migrant workers are mainly from Indonesia, Vietnam, Philippines, Malaysia, the UK, etc.

Note 3: Expatriates are employees stationed overseas outside of Taiwan.



6.3 Employee compensation and benefits

Understanding that employees are the Group's greatest assets, the company attaches great importance to employee compensation and benefits. 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. Bonuses are given based on a combination of factors including company's financial performance, individual performance evaluations, and job contributions. All compensation standards are not differentiated based on gender, race, age, or other factors. ELAN has a comprehensive salary adjustment and promotion system in place to continuously attract and retain talent, leveraging rewards as a motivating factor.

Ratios of standard entry level wage by gender compared to local minimum wage ⁽²⁰²⁻¹⁾

ELAN	The ratio of standard entry level worker (i.e., operator) wage to local minimum wage	1.00
Metanoia	The ratio of standard entry level worker wage to local minimum wage	1.23
Avisonic	The ratio of standard entry level worker wage to local minimum wage	1.11
PIXORD	The ratio of standard entry level worker wage to local minimum wage	1.05
ELAN H.K.	The ratio of standard entry level worker wage to local minimum wage	1.69

Note 1: Standard wage = basic pay + meal allowance + work allowance. No gender differences.

Note 2: Local here refers to the Group's significant location of operation (i.e., Taiwan).

Note 3: 2022 Standard wage is 25,250 NTD/month in Taiwan and 37.5 HKD/hour in Hong Kong.

Note 4: The ratio of standard entry level worker wage compared to local minimum wage is rounded off decimal.

Parental leave ⁽⁴⁰¹⁻³⁾

In order for employees to achieve work-life balance, 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 by gender is as follows.

Item	ELAN		Metanoia		Avisonic		PIXORD	
A. Total number of employees that were entitled to parental leave in 2022	55	11	2	0	0	0	1	0
B. Total number of employees that took parental leave in 2022	2	3	0	0	0	0	0	0
C. Total number of employees expected to return to work after parental leave ended in 2022	3	3	0	0	0	0	0	0
D. Total number of employees that did returned to work after parental leave ended in 2022	3	2	0	0	0	0	0	0
E. Total number of employees that did returned to work after parental leave ended in 2021	0	3	0	0	0	0	0	0
F. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work in 2021	0	3	0	0	0	0	0	0
Return to work rate (D/C)	100%	67%	NA	NA	NA	NA	NA	NA
Retention rate (F/E)	NA	100%	NA	NA	NA	NA	NA	NA

Remarks:

- A. Employees that were entitled to parental leave in the period of 1 January 2022 to 31 December 2022 were those with a dependent child under 3 years old. (Sources: ELAN's, Metanoia's, Avisonic's group insurance registration, and PiXORD's maternity benefit applications in the past three years.)
- B. Total number of employees that took parental leave in the period of 1 January 2022 to 31 December 2022.
- C. Total number of employees expected to return to work after parental leave ended in the period of 1 January 2022 to 31 December 2022.
- D. Total number of employees that did returned to work after parental leave ended in the period of 1 January 2022 to 31 December 2022.
- E. Total number of employees that did returned to work after parental leave ended in the period of 1 January 2021 to 31 December 2021.
- F. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work in the period of 1 January 2021 to 31 December 2021.

Note 1: The Employment Ordinance of Hong Kong stated that an employee is eligible for 14 weeks' paid maternity leave if she has been employed under a continuous contract for NOT less than 40 weeks and has given a notice of pregnancy. No employees were eligible to apply in the last 2 years.

Compensation and benefits provided to full-time employees

ELAN

(401-2) (403-3) (403-6)

- Labor insurance, health insurance, group insurance
- Year-end bonus, holiday bonuses, performance bonus
- Annual bonus, stock ownership
- Wedding gifts, condolence money
- Patent bonus
- Annual employee health check (employees' family members may participate 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.
- Provide flexible leaves that surpass the requirements of the Labor Standards Act.
- Encourage colleagues to participate in social welfare activities and offer Volunteer Time Off.
- Employee Assistance Program (EAP)
- Emergency or disaster relief program for employees and their family members
- Employee internal/external training compensation
- Domestic/international travel grants
- Annual Christmas party, Family Day, year-end banquet, and many other company-wide activities
- Discounts for gift certificates, clubs, etc.

Note 1: • Benefits which contract and expatriates are not entitled to.

Note 2: • Benefits which contracted vendor's on-site personnel are not entitled to.

Avisonic

(401-2)

- Labor insurance, health insurance, group insurance
- Year-end bonus, holiday bonuses
- Stock ownership
- Wedding gifts, condolence money
- Patent bonus
- Biennial employee health check (employees' family members may participate 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.
- Provide flexible leaves that surpass the requirements of the Labor Standards Act.
- Employee internal/external training compensation

Metanoia

(401-2)

- Labor insurance, health insurance, group insurance
- Wedding gifts, condolence money, baby bonus
- stock ownership
- Biennial employee health check (employees' family members may participate at their own expense)
- Flexible working hours
- Meal allowance for lunch and dinner
- Parking allowance
- Gift cards for Dragon Boat Festival, Mid-Autumn Festival, and birthday
- Company trips, team building activities, banquets

PiXORD

(401-2)

- Labor insurance, health insurance, group insurance
- Year-end bonus, holiday bonuses, birthday bonus
- Wedding gifts, condolence money
- Biennial employee health check (employees' family members may participate at their own expense)
- Flexible working hours
- Paid leave is granted in accordance with the Labor Standards Act.
- Year-end banquet, birthday parties (quarterly)

The Group set up the Employee Welfare Committee in accordance with the law, composed of representatives designated by various departments. The committee is responsible for coordinating, planning, and implementing the company's welfare measures. The Employee Welfare Committee website is also set up, it provides updates on the latest activities, discounts from partner vendors, and information about employee group travel. 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.



The Group's worker-friendly environment

ELAN encourages colleagues to build friendships through interactions and provides travel grants for personal vacations, allowing employees to enjoy quality time with their families outside of work. Each year, various domestic and international trips are provided. In view of the recent COVID-19 pandemic, the company has also implemented corresponding grants to maintain high-quality employee benefits.

To promote colleagues' participation in leisure activities and enhance physical and mental health, thereby improving work-life quality, Measures for Club Subsidy has been established, encouraging colleagues to form any clubs they desire. As a way of showing supports to the local Hsinchu professional basketball team, Hsinchu Jko Lions, the company offers exclusive discounted game tickets and co-branded T-shirts for colleagues. The events also provide opportunities to interact with professional basketball stars.

1. Diverse club activities are available. Currently, the company has 7 clubs including Badminton Club, Running Club, Yoga Club, Basketball Club, Swimming Club, Leisure Life Club, etc. In addition to regular meet-ups, members often represent the company in open competitions and achieve outstanding results. In 2022, however, most club activities were temporarily suspended in response to COVID preventive measures.
2. Provide free snacks and drinks to the employees after 9 p.m. on weekdays, as company's compassion towards hardworking staff.
3. Provide fixed grants for corporate retreats organized by the Welfare Committee or the employee themselves. In 2022, due to the impact of COVID-19, travel grants 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, non-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 health and safety policy

Management of material topics - Worker-friendly environment (403) (Voluntary Disclosure Topic 4) (TC-SC-320a.1) (TC-SC-320a.2)

Explanation

- Employees are valuable assets to the company, and the key to business sustainability lies in the well-being of employees, with a focus on their physical and mental health.
- Extending benefits to family members allows employees to work with peace of mind.

Policies or commitments

- Enforce relevant legal regulations and establish comprehensive safety procedures to promote the well-being and safety of colleagues in the workplace.
- 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.

Impacts

- Workplace incidents can damage employees' and the public's trust in the company.
- Employee injuries and illnesses can affect attendance and increase personnel costs.

Management approach

- Conduct occupational health and safety meetings quarterly.
- Perform annual risk assessments, develop improvement plans, conduct internal audits, hold management review meetings, and engage in third-party verification organizations 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 Survey 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 designate special parking spaces for pregnant employees.



Management of material topics - Worker-friendly environment (403) (Voluntary Disclosure Topic 4) (TC-SC-320a.1) (TC-SC-320a.2)

Evaluation of the management approach

- Zero occupational safety incidents.
- No fines due to occupational health and safety violations.
- Employee participation rate in health check-ups: $\geq 97\%$.
- Abnormal employee BMI rate dropped to 47%.
- Held health promotion projects, with $\geq 88\%$ employee participation rate.
- Got ISO 45001 certified.

Medium and long-term plan

Starting with ELAN, adhering to Responsible Business Alliance (RBA) codes of conduct related to ethics, labor rights, environment, health and safety, and management systems. Fulfill corporate social responsibility and enhance risk management and operational continuity plans.

Specific actions in 2022

- Zero occupational safety incidents
- No fines due to occupational health and safety violations
- Employee participation rate in health check-ups: 99%
- Abnormal employee BMI rate rises to 48.4%, refer to 6.5 Worker health management for more information.
- Held health promotion projects, with 92% employee participation rate.
- Completed ISO 45001 (Occupational Health and Safety Management System) internal/external audits, RBA internal audit.

Goals and targets for 2023

- Zero occupational safety incidents
- No fines due to occupational health and safety violations
- Employee participation rate in health check-ups: $\geq 99\%$
- Abnormal employee BMI rate drops to 47%
- Hold health promotion projects, increase employee participation rate to $\geq 94\%$
- Complete ISO 45001 (Occupational Health and Safety Management System) internal/external audits, RBA internal audit.
- Improve comfort in the production line working environments in Zhonghe plant.
- Test non-slip materials for cafeteria walkways in Hsinchu headquarters.
- Manage warehouse cargo stacking heights.

Note: Metanoia, PiXORD, and Avisonic comply with local regulations in Taiwan and have not yet implemented the ISO 45001 Occupational Health and Safety Management System.

Policies:

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

(2-8) (2-23) (403-1) (403-4) (403-5) (403-8) (TC-SC-320a.1)

Under the oversight of senior management, ELAN was ISO 45001 (Occupational health and safety management system) certified in May 2019. The company regularly reviews and manages regulations related to occupational health and safety. To ensure the quality of employee work and safeguard their physical and mental well-being while effectively implementing the five major policies, the company updates regulations and safety-related information annually. Risk assessments and environmental measurements are conducted for various operational areas, establishing safety and health objectives. Progressive improvements are implemented, covering 91.97% of company employees and contractor personnel (contractor personnel refer to non-employees providing catering, security, and cleaning services within the Group's Hsinchu/Zhonghe plants; 27 personnel in total - 7 males, 20 females).

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. Annual internal and external audits cover 91.97% of company employees and contractor personnel.

Employee occupational risk assessment and occupational health care (403-2) (403-3)

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 2022, 989 people were evaluated. The abnormal workload abnormality rate was 7.48% and the human-factor abnormality rate was 15.98%. Since both personal and work factors could lead to these abnormalities, the resident nurse provided further graded management, and employees at high risk are scheduled for on-site physician consultations, with adjustments based on the physician's assessment.

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 2022, 2 employees benefited from this policy.

All employees' personal health data is 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 Worker 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

The 2022 health check results showed the BMI abnormal rate was 48.4%, failing to reach the target. The average weight loss per person rose from 3.66 kg to 3.69 kg. The participation rate improved from 42% to 48%, and the completion rate increased from 58% to 69%. Both achievements and participation rates have improved. However, due to the impact of the epidemic in the past two years, the company's gym and outdoor activities have been restricted, resulting in increased sedentary behaviors and dietary concerns among colleagues. As a result, the goal was not achieved. Modifications to the activity content strategy will be made for the next year to address these challenges and make improvements.



Prevention and control of COVID-19

- ▷ Travel grants were replaced with gift cards
 - ▷ 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

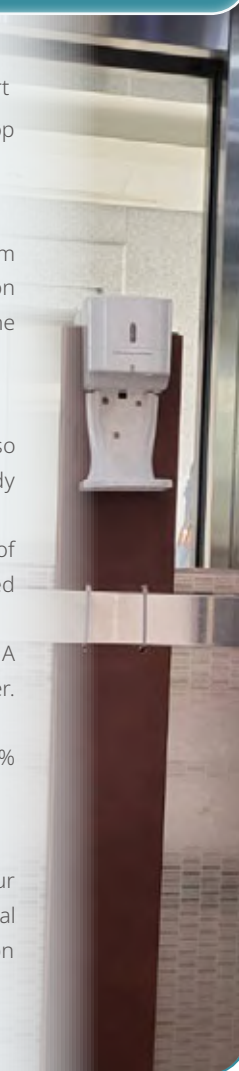
In March 2020, the Epidemic Prevention Team was organized. Led by the General Manager, Meetings are held from time to time with each unit's contact person to report various epidemic prevention issues, and develop prevention measures in response to government policies to prepare each unit for emergencies. 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. From 2020 to the end of 2022, a box of masks was provided to each employee every 50 working days.
5. Track and quarterly report COVID-19 vaccination rate among all employees (statistics until December 2022): 97.3% received 1 dose, 95.1% received 2 doses, and 86.6% received 3 doses.

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 Topic4-Care for Employees and Their Families (403-6)

	Item	2020	2021	2022
Health check	Annual health check	992 participants 99% participation rate	1,034 participants 99% participation rate	1,015 participants 99% participation rate
Health Consultation	Monthly on-site doctor consulting service	126 participants	103 participants	103 participants
Health Education	Mental health, weight control seminars, setup of a health station	4 sessions 215 participants	4 sessions 191 participants	4 sessions 179 participants
	Health and Medical Station	Added 18 new themes	Added 24 new themes	Added 24 new themes
Health Promotion	Blood drive events	146 participants 237 bags	151 participants 253 bags	220 participants 346 bags
	Gynecologic cancer screening	Temporarily suspended due to COVID-19 pandemic	Temporarily suspended due to COVID-19 pandemic	Temporarily suspended due to COVID-19 pandemic
	Weight loss competition	Temporarily suspended due to COVID-19 pandemic	324 people signed-up 188 participated Total weight loss: 684.7 kg	331 people signed-up 229 participated Total weight loss: 845.3 kg
Good Pregnancy Thoughtful Project	Parking space reserved for pregnant women	3 applied	2 applied	2 applied
	High-back chair	1 applied	3 applied	1 applied
Group insurance extended to employees' dependents and children		Spouses: 445 Children: 638 A total of 1,083 family dependents	Spouses: 446 Children: 647 A total of 1,093 family dependents	Spouses: 445 Children: 639 A total of 1,084 family dependents

Future directions

Based on the abnormal analysis of the 2022 employee health check results, top ten abnormalities included obesity, vitamin D deficiency, and abdominal ultrasound abnormalities. In 2023, we will continue to organize activities such as weight loss activities, vitamin D supplementation seminars, gastrointestinal health seminars, and Pap smear as part of our health promotion initiatives.

For the abnormal BMI rate, the target for 2023 plant-wide abnormal BMI rate: < 47%.

In 2023, we plan to acquire new health cloud equipment that allows employees to independently access their physiological measurements such as blood pressure, weight, and body fat records. This equipment will also enable employees to compare their yearly health examination reports. Moreover, it will facilitate the monitoring of employee health status for the resident nurse.

6.6 Emphasize on workplace safety, zero accidents for 28 years (3-3)

Prioritize Workplace 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 (including contract/temporarily workers) have occurred for 28 years since the founding of ELAN. As for affiliates and on-site employees (exclude contractor employees), no occupational injuries or work-related deaths have been reported. In 2022, the Group's total working hours is 2,254,328 hours.

In the event of an incident within the facility, the resident nurse will assess the injured employee's condition and provide necessary medical attention as required. Following the guidelines outlined in the Accident Investigation Procedure Manual, the Industrial Safety Office, along with on-site personnel, will verify the incident's environment and process. Subsequently, a meeting will be arranged with labor representatives to discuss the incident's causes and corrective/preventive measures. Relevant personnel will be informed, and the resident nurse will provide care for the injured employee. This process will also be incorporated into the annual risk assessment in the future.

From May 2009 till the end of 2022, ELAN's accumulated disaster-free working hour is 13,987,287 hours. With no occupational disease or work safety fines detected, ELAN has successfully accomplished the "zero accident" 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

- Personnel access control and regular security patrol to keep internal and external situations under control.
- Every six months, a carbon dioxide concentration testing is conducted in the office area to ensure CO₂ concentration does not exceed 1,000ppm.
- Random checks on each office floor every month to ensure public equipment are not damaged.
- Carry out vector control methods in the pantry every month to prevent vector breeding.
- Random checks on drinking water every quarter to ensure that Escherichia coli in the water do not exceed the statutory standards.
- Staircases (freight elevator side) on each floor were installed with safety net to prevent falling.
- Health-related slogans are pasted at the elevator doors on each floor.



Laboratory management

- Every day, laboratory administrators are to patrol each lab and make sure all soldering irons and instruments are turned off.
- 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.
- Random laboratory inspections by the Industrial Safety Office.
- Educational trainings and assessments for new employees to help understand equipment and follow operating precautions.
- Continue to improve the safety of workplace environment and equipment, and standardize machine operating procedures.



Training and communication

(403-4) (403-5)

- Arrange safety and health education and training for new employees.
- Hold employee safety and health education and training and online courses from time to time.
- Hold fire drills regularly and educate employees on the exist routes in case of an emergency.
- Arrange outsourced special occupational safety and health trainings for specific operators employed by the company. A total of 26 people participated in 2022.
- Post occupational safety-related information on bulletin board systems from time to time.
- 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.
- Build a health-related book borrowing system.



Achievements

- 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.
- 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 team sports and participate in open competitions.
- 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.
- Zhonghe plant signed a Memorandum of Cooperation on Corporate Disaster Prevention with the Zhonghe District Office of New Taipei City.
- The Hsinchu Headquarters was awarded the 2022 Gold Award for Disastrous-Event-Free Working Hours in the Business Category.
- Hsinchu headquarters was honored with the Gold Award of the Disaster-Free Working Hour Event in 2022.

6.7 Worker training and education

Management of material topics-Worker training and education 3-3 404

Explanation

Effective training programs and development plans contribute to retaining talent, aligning with company growth, enhancing employees' professional skills, and accumulating innovative energy within the company.

Policies or commitments

High-quality talents have always been the company's greatest assets and competitiveness. Human Performance Management formulates clear training policies and goals based on the company's mission, vision, and strategy. These are passed down to colleagues through various occasions, channels, and opportunities. Through the linkage with the strategic map, the training policy is closely connected to the company's business vision, strategic planning, and operational goals, ensuring the achievement of organizational objectives.

Impacts

Without ongoing efforts to accumulate employees' professional expertise and managerial skills, in the face of rapidly advancing technology and fierce competition, it might affect customer perception and company revenue.

Management approach

- Continue to implement Talent Development Quality Management System (TTQS), and strengthen talent development quality management manual and relevant procedures.
- Establish an integrated e-learning platform and core competencies to strengthen the training and development system.
- Expand and link the annual training goals to KPIs and follow up.
- Engage in industry-academia collaboration, investing in the cultivation of forward-looking technology research and development personnel.
- Develop a talent pool and initiate systematic training of potential management personnel.

Evaluation of the management approach

- Average employee training hours
- Number of key talents under professional training

Medium and long-term plan

- Align talent development activities with organizational growth objectives to maximize effectiveness.
- Foster a learning organization that encourages self-directed learning and open knowledge sharing, embracing diverse challenges to become integrated talents.
- Develop a talent pool and initiate systematic training of potential management personnel.

Specific actions in 2022

- 100% of technical personnel passed skill assessments, totaling 2,087 individuals.
- Started online management training courses at the Leader Campus, totaling 281 individuals.
- Began Online Management Training Program (MTP) for key talents, totaling 89 individuals.

Goals and targets for 2023

- Continuously execute training plans for high-potential management talents and promote internal cross-departmental knowledge sharing schemes.
- Actively establish an elite talent pool to enhance international marketing capabilities and strengthen technical support, maintaining cooperation with world-class manufacturers.

Employee training and education (404-1)

ELAN

To implement sustainable development goals, ELAN has established an Education and Training Policy aligned with the short, medium, and long-term developmental objectives of the company, as well as the trends in shared competencies and core technological advancements. External expert, training institutions, and internal instructors, are invited to collaborate in planning and delivering training courses throughout the year.



ELAN training system comprises New Employee Education Training, General Knowledge Training, Professional Technical Training, Management Skills Training, and Talent and Succession Planning Program. Through annual performance evaluations and individual development plans, we encourage colleagues to harness their professional capabilities in the workplace. We provide suitable developmental directions for project or managerial roles, along with corresponding learning resources, aligning with the talent requirements for sustainable corporate growth.

Training strategy

Goal-Oriented

Align talent development activities with organizational development goals to maximize effectiveness.

Core Development

Recognize the indispensable core competencies for each role and foster specialization to accomplish tasks efficiently.

Team Learning

Through experience exchange, knowledge sharing and benchmarking among team members, each employee can accelerate growth and expand the field of competence.

Self-overcoming

Encourage employees to continuously challenge themselves by utilizing mechanisms and resources to learn and excel in various professional domains, thus becoming integrated talents.

Training Objectives

- Strengthen core competencies and enhancing self-learning, promote Leader Campus's online management courses, and cultivate 380 managerial talents.
- 100% of technical personnel passing skills assessments.
- Build a talent pool and train 100 potential management talents.
- Enhance innovative collaboration between secretaries/assistants and senior managers and cultivate 19 professional secretary/assistant personnel.

New employee education training

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-academia collaboration, 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.

Diverse and inclusive learning environment

ELAN possesses advanced facilities and comfortable classrooms, fostering an environment where employees can focus on learning and enjoy the process. The company embraces a variety of teaching methods, including practical training, digital courses, in-person lectures, seminars, etc. In response to the Covid-19 pandemic, the company not only offers in-person courses but also promotes digital mobile learning. By introducing Leader Campus's online courses, employees are empowered with the flexibility to engage in self-directed learning. This approach aligns with the company's commitment to continuous learning and its dedication to an infinite pursuit of knowledge.

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 2021, we brought in Leader Campus online learning platform, offering open and real-time management courses. 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. By 2022, over 350 managerial talents have participated in online courses through these initiatives.



Metanoia

Every year, the Human Performance Management Department of Metanoia provides a list of courses to all supervisors as reference, gathers each supervisor's requests, and proposes annual training plans to the President for approval. In 2022, 9 classes in Communication Technology and 13 classes in Administrative Services were opened.

Avisonic, PiXORD

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

In 2022, Avisonic opened 3 classes in Administrative Services, and PiXORD opened 1.

Average hours of training per year per employee (404-1)

The average training hours per employee is 5.4 hours.

The average training hours per male is 5.5 hours.

The average training hours per female is 5.2 hours.

Category	Item	ELAN		Metanoia		Avisonic		PiXORD		ELAN H.K.		Total		Average training hours
Senior management	Total number of employees	19	4	6	0	3	0	1	0	0	0	29	4	
	Total number of training hours	72.5	8.0	8.0	0.0	21.0	0.0	0.0	0.0	0.0	0.0	101.5	8.0	3.3
	Average training hours per employee	3.8	2.0	1.3	0.0	7.0	0.0	0.0	0.0	0.0	0.0	3.5	2.0	
Indirect labor	Total number of employees	607	217	31	12	16	7	13	12	3	2	670	250	
	Total number of training hours	3,346.7	1,363.5	218.0	207.5	54.0	27.0	4.0	18.5	159.0	311.0	3,781.7	1,927.5	6.2
	Average training hours per employee	5.5	6.3	7.0	17.3	3.4	3.9	0.3	1.5	53.0	155.5	5.6	7.7	
Direct labor	Total number of employees	5	185	NA	NA	NA	NA	NA	NA	NA	NA	5	185	
	Total number of training hours	1.5	334.5	NA	NA	NA	NA	NA	NA	NA	NA	1.5	334.5	1.8
	Average training hours per employee	0.3	1.8	NA	NA	NA	NA	NA	NA	NA	NA	0.3	1.8	

Note 1: Senior management: Director and above.

Note 2: Indirect labor: 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.).

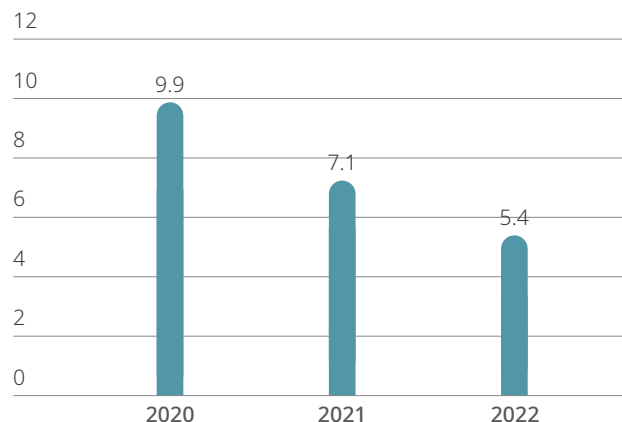
Note 3: Direct labor: Staff who are directly involved in product production, machinery and equipment operation, products assembly, etc. (e.g., technicians)

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

Note 5: Training Hour Data Source: ELAN: Statistics based on training system course duration; Metanoia, Avisonic, PiXORD, ELAN H.K.: Statistics were derived from the hours of training of the full-time employees at the end of the year.

The Group's Average training hours per full-time employee

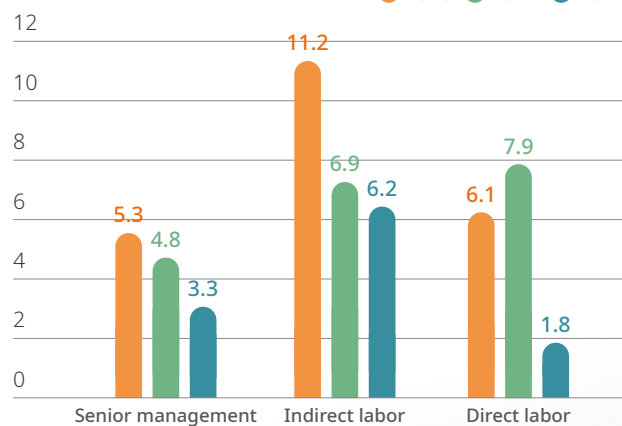
Unit: hour/person



The Group's average training hours per employee category

Unit: hour/person

● 2020 ● 2021 ● 2022



Full-time employee performance and career development review ⁽⁴⁰⁴⁻³⁾

The company conducts employee competence assessments and performance reviews annually with its comprehensive assessment system. Competence assessment focuses on employees' technical skills, abilities, and knowledge, serving as the basis for skill-based pay, personnel changes, and competence development criteria. This enhances both human resource quality and overall organizational performance. On the other hand, performance review assesses employees' achievement of individual goals aligned with the company's short and long-term operational objectives. The assessment outcomes guide rewards, training, and business improvement efforts, motivating employees and boosting morale to fulfill the company's goals, thereby achieving sustainable business operations. 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.	
Senior management	100%	100%	100%	N/A	100%	N/A	100%	N/A	N/A	100%
Indirect labor	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Direct labor	100%	100%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Evaluation method(s)	- Individual ability & KPI assessment - Performance review		Metanoia Technology Work Rules - Chapter 6 Attendance, Assessment, Rewards, and Promotion		- Individual ability & KPI assessment - Performance re-view		Performance review		- Individual ability & KPI assessment - Performance review	
Performance review frequency	Semiannual		Annual		Semiannual		Semiannual		Semiannual	

6.8 Zero-distance employee communication and comprehensive grievance channels

Management of material topics - Harmonious labor/management relations [3-3](#) [202](#) [401](#) [402](#) [405](#)

Explanation

- Employees are the company's most valuable assets, and a harmonious labor/management relationship is the foundation of business development.
- Appointing local personnel to high-level management positions contributes to better understanding local needs and enhancing economic efficiency.

Policies or commitments

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. Also, providing compensations and benefits that comply with local laws and regulations. Setting up various labor-management communication mechanisms to provide a complete communication channel between the enterprise and employees, maintaining smooth interaction and communication on both sides. In addition, adapting to international trends and promoting gender equality, we are gradually implementing diverse development within the company's management hierarchy and among employees, enhancing the company's overall corporate image and ensuring diversity and flexibility.

Impacts

A good labor/management relationship can enhance employee morale and increase productivity.

Management approach

- 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, advancement, and retention, welfare measures, Labor-management relations, etc.
- Hold labor-management meetings quarterly to inform relevant information and coordinate labor-management issues.
- The Employee Welfare Committee holds monthly meetings to plan annual company events to foster employee interactions, and boost morale.
- 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.

Evaluation of the management approach

- Proportion of female employees.
- Employee satisfaction rate.
- Number of complaints and labor disputes.

Medium and long-term plan

- Maintain positive labor-management relations, adhering to labor-related regulations.
- Continuously improve, providing fair employment opportunities and fostering harmonious labor-management relations.

Specific actions in 2022

- 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 83.3 points.
- No reported cases or labor-management disputes.

Goals and targets for 2023

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

Zero-distance communication with the employee (2-26) (2-27) (406-1)

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 handing 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 2022, no labor disputes, violations of laws and regulations, or internal discrimination incidents occurred. Visit company website for more information. In 2022, 136 new employee training sessions were completed, totaling 408 hours of human rights-related courses.

Furthermore, the Group holds labor-management meetings quarterly, 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.



The Group's major operational changes are handled in accordance with local laws and regulations (402-1)



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:

- Where a worker has worked continuously for more than three months but less than one year, the notice shall be given ten days in advance.
- Where a worker has worked continuously for more than one year but less than three years, the notice shall be given twenty days in advance.
- Where a worker has worked continuously for more than three years, the notice shall be given thirty days in advance.



Where an employer terminates a labor contract pursuant to the Labor Standards Law of Hong Kong, the provisions set forth below shall govern the minimum period of advance notice:

- No notice period and payment in lieu of notice is required within the first month of the trial period.
- During the second and third months of the trial period, the notice period is 7 days or payment in lieu of notice of 7 days' salary.
- Where a worker has worked continuously for three months, the notice shall be given thirty days in advance or payment in lieu of notice of 30 days' salary.



07

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 public welfare activities

Environmental Protection
and Social Welfare

Highlight

ELAN has set short to medium-term goals from the baseline year (2019) to achieve a cumulative energy savings rate of 5.5% by 2022 and 10% by 2025. Currently, the cumulative energy savings rate achieved by 2022 is 6.01%, exceeding the target.

In 2022, ELAN aimed to reduce indirect greenhouse gas emissions by 10 metric tons, and the actual reduction achieved was 96.312 tons of CO₂-e.

As of 2022, the company has participated in a total of 53 social welfare activities.

7.1 Environmental policy and carbon reduction ⁽²⁻²³⁾ ⁽²⁻²⁷⁾

Policy: 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.

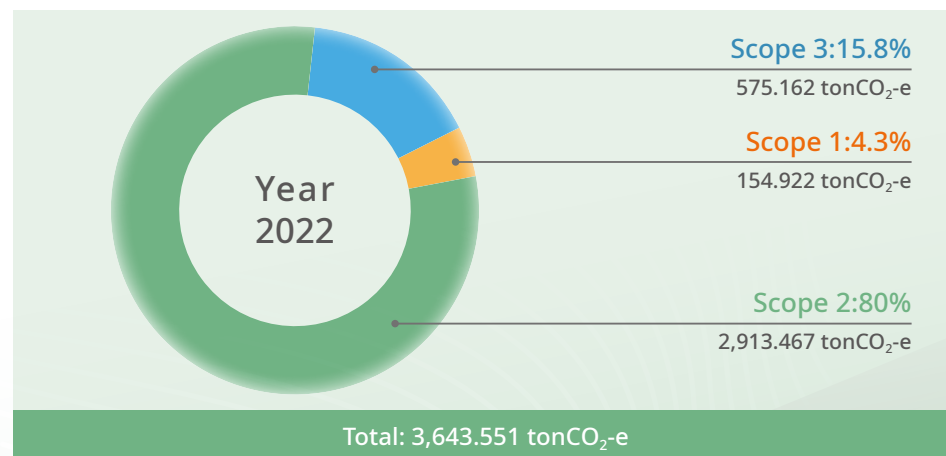
The Group complied with the environmental laws and regulations. Relevant environmental authorities conducted scheduled/unscheduled inspections on the company facilities in 2021. To this date, the company has had no violations or been fined in any way.

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

Greenhouse gas inventory (TC-SC-110a.1)

In 2022, the total greenhouse gas emissions for the Group reached 3,643.551 tons of CO₂-e. This inventory update included the addition of refrigerants and raw material assessment for Scope 3 emissions, resulting in a significant increase in the total emissions. ELAN, along with our affiliated companies, has set a short-term goal to achieve an annual reduction of 10 tons of CO₂-e in indirect greenhouse gas emissions by reducing electricity consumption.

Another short-term plan is to implement ISO 14064-1 greenhouse gas inventory in 2023. As for the medium-term objectives, due to the future need for relocating the Hsinchu headquarters, the focus will be on constructing green and smart buildings. Further adjustments will be made in a phased manner following this. The long-term goal is set for 2050, aiming to achieve net-zero carbon emissions.



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.

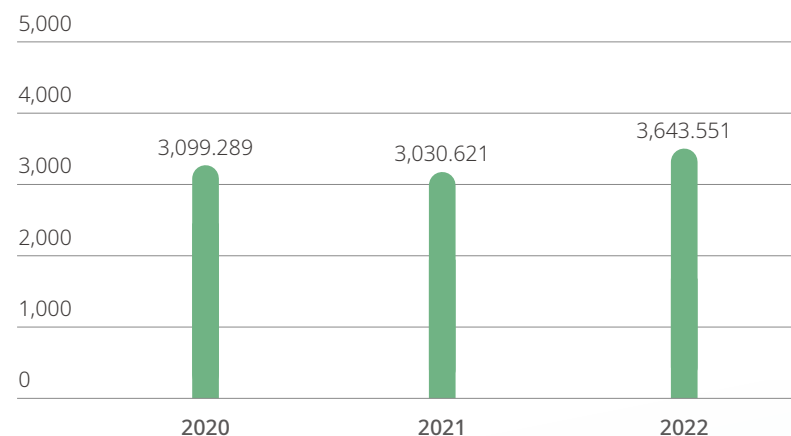
Note 2: The GWP coefficient refers to IPCC (2007) as CO₂:CH₄:N₂O = 1:25:298.

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

Unit: metric ton CO₂-e



Direct (Scope 1) GHG emissions ⁽³⁰²⁻¹⁾ ⁽³⁰⁵⁻¹⁾

The main sources of ELAN direct greenhouse gas emissions are fuel used for company vehicles, diesel fuel used for emergency generators, liquefied petroleum gas used in the kitchen, and personnel septic tank emissions.

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 46.623 tons of CO₂-e greenhouse gas emissions. As for septic tanks, the total amount of greenhouse gas emissions was 100.603 tons of CO₂-e. In terms of refrigerants, the additional greenhouse gas emissions from newly installed equipment in 2022 was 7.696 tons of CO₂-e. This information is depicted in the provided chart. Overall, the Group's total amount of direct GHG emissions was 154.922 tons of CO₂-e, a 16.72% increase compared to 2021. The main reasons for this increase are the resumption of the corporate cafeteria, an increase in the number of employees, and the inclusion of refrigerant emissions assessment this year.

The Group's direct GHG emissions in 2022

	Fuel used for company vehicles	Diesel fuel used for emergency generators	Liquefied petroleum gas used in the kitchen	Septic tank	Refrigerant	Total
Energy consumption (GJ)	14.569	2.951	39.951	NA	NA	
Energy usage (Kiloliter)	4.618	0.869	19.081	NA	NA	-
CO ₂ Emission (ton CO ₂ -e)	10.875	2.271	33.477	100.603	7.696	154.922

Note 1: Liquefied petroleum gas: Used the cafeteria at the Hsinchu headquarters.

Note 2: 1 kg of gas = 10,270 Kcal

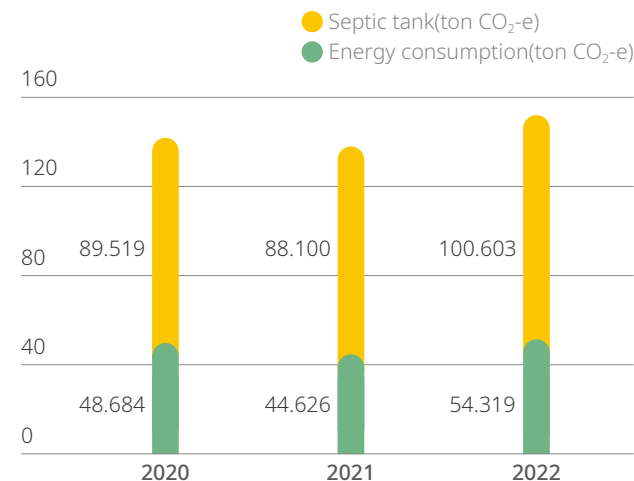
Note 3: 1 kWh = 8,900 Kcal

Note 4: 1 liter = 504 kilograms of gas

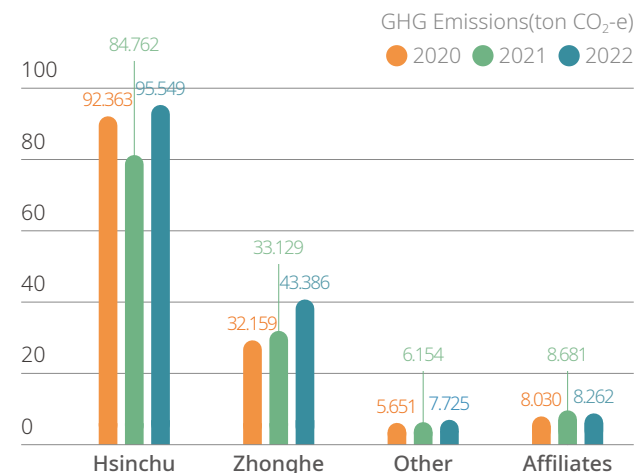
Note 5: 1L of motor gasoline = 7,800 Kcal

Note 6: 1L of diesel = 8,400 Kcal

Direct GHG emissions status



The Group's direct GHG emissions in each location



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

Note 2: Affiliates include Metanoia, Avisonic, and PiXORD.

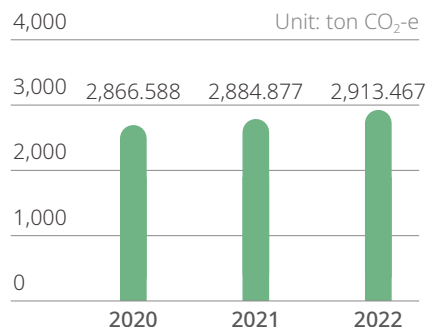
Indirect (Scope 2) GHG emissions ⁽³⁰²⁻¹⁾ ⁽³⁰⁵⁻²⁾ ^(TC-SC-130a.1)

The Group currently does not use renewable energy sources. The only type of energy associated with indirect GHG emissions is electricity. Among them, Hsinchu plant covers ELAN headquarters and its affiliates including Metanoia, Avisonic and PiXORD. Due to the expiration of Metanoia Technology's lease in June 2022 and the subsequent relocation of their premises, electricity consumption for the second half of the year is calculated independently. The total electricity consumption for the Group was 5,722,595 kWh, as shown in the related chart. The total indirect GHG emissions amount to 2,913.467 tons of CO₂-e, which is a 1% increase compared to 2021. This increase can be attributed to changes in office locations in Tainan, Kaohsiung, and the leasing location of Metanoia Technology. The expansion of leased space has led to an increase in electricity usage.

ELAN Hsinchu has especially set indirect GHG emission reduction target of reducing 10 tons of CO₂-e each year. In 2022, Hsinchu plant achieved a reduction in indirect GHG emissions, with a total of 2,679.785 tons of CO₂-e, a decrease of 96.312 tons of CO₂-e compared to the 2021 total of 2,776.097 tons of CO₂-e.

	ELAN Hsinchu	ELAN Zhonghe	ELAN Tainan	ELAN Kaohsiung	ELAN Hong Kong	Metanoia Technology	Total
Electricity consumption (GJ)	13,051.134	5,902.161	719.136	214.451	58.482	655.978	20,601.342
Electricity consumption (kWh)	3,625,315	1,639,489	199,760	59,570	16,245	182,216	5,722,595
CO ₂ emission (ton CO ₂ -e)	1,845.285	834.500	101.678	30.321	8.935	92.748	2,913.467

Indirect GHG emissions



Note 1: Avisonic and PiXORD are renting certain facilities at the Group's headquarters in Hsinchu, so their electricity usage is collectively accounted for within the Group's Hsinchu plant.

Note 2: Metanoia Technology rented facilities at the Group's headquarters in Hsinchu until June 2022. Therefore, electricity consumption data after that date was disclosed independently.

Note 3: 1 kWh = 3.6*10³GJ

Note 4: Due to adjustments in electricity usage calculations for the Zhonghe plant, there were changes in the data from 2020 to 2021.

Other indirect (Scope 3) GHG emissions ⁽³⁰⁵⁻³⁾

In addition to tracking waste generation, collection, and disposal, this year we have also included carbon emissions from the production of raw materials as part of our control measures for other indirect greenhouse gases. The total emissions of other indirect greenhouse gases amount to 575.162 tons of CO₂-e, as shown in the related data in the table.

	ELAN Hsinchu	ELAN Zhonghe	Total
Raw materials	Electricity (kWh) ^{*9}	4,066,861	1,639,489
	CO ₂ emissions (ton CO ₂ -e)	358.697	144.603
	Fuels (L)	3,812.144	805.543
	CO ₂ emissions (ton CO ₂ -e)	11.475	2.425
	Liquefied Petroleum gas (L)	19,081	-
	CO ₂ emissions (ton CO ₂ -e)	42.360	-
	Diesel fuel (L)	868.500	-
	CO ₂ emissions (ton CO ₂ -e)	2.901	-
Collection and disposal	General/hazardous industrial waste collection and disposal(tkm)	450.465	743.073
	CO ₂ emissions (ton CO ₂ -e)	0.590	0.973
Waste process	Waste process-related emissions (ton)	26.08	13.70
	CO ₂ emissions (ton CO ₂ -e)	7.302	3.836
Total (ton CO ₂ -e)		-	-
		-	575.162

Note 1: The general waste disposal for Hsinchu plant (single trip): 16.9 tkm (calculated by Google Maps)

Note 2: Hazardous industrial waste (E-0217) disposal for Hsinchu plant (single trip): 10.6 tkm (calculated by Google Maps)

Note 3: Hazardous industrial waste (C-0202) disposal for Hsinchu plant (single trip): 66.3 tkm (calculated by Google Maps)

Note 4: The general waste disposal for Zhonghe plant (single trip): 15.1 tkm (calculated by Google Maps)

Note 5: Hazardous industrial waste disposal for Zhonghe plant (single trip): 69.9 tkm (calculated by Google Maps)

Note 6: Waste disposal coefficient: 1.31 Kg CO₂-e/tKm (source: Carbon Footprint Calculation Platform)

Note 7: Waste incineration coefficient: 280 Kg CO₂-e/ton (source: Carbon Footprint Calculation Platform)

Note 8: Raw material coefficients sourced from the Product Carbon Footprint Calculation Service Platform.

Note 9: Electricity consumption data covered the Hsinchu headquarters, Tainan research center, and Kaohsiung research center.

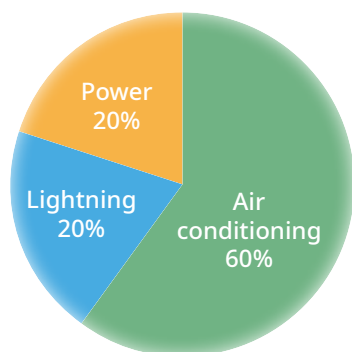
Reduction of energy consumption (302-4)

ELAN Energy Reduction Policy

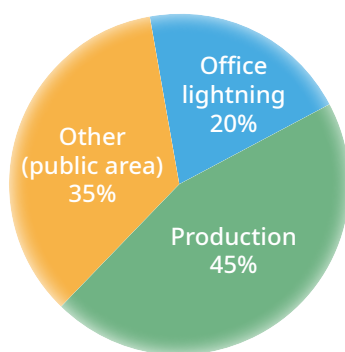
- 1 Comply with energy laws and regulations, purchase energy-saving equipment.
- 2 Improve energy efficiency, save energy and reduce carbon with company-wide participation.
- 3 Implement energy management for sustainable business operation.

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

Electricity usage in ELAN Hsinchu



Electricity usage in ELAN Zhonghe

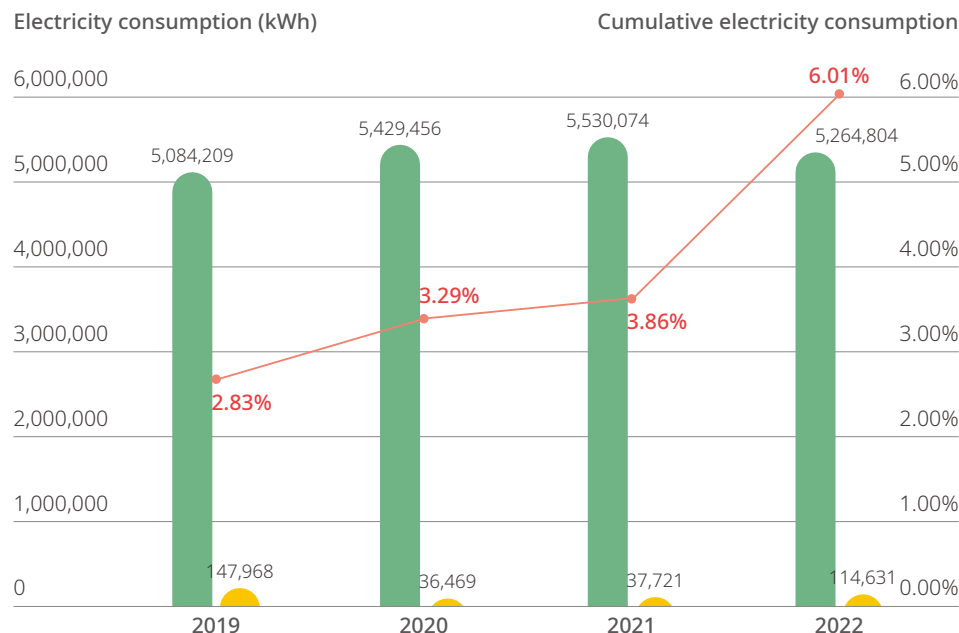


ELAN has set short and medium-term objectives to achieve a cumulative energy savings rate of 5.5% from the baseline year (2019) to 2022, and 10% by 2025. By implementing measures such as adjusting the air conditioning operating hours at the Hsinchu plant and replacing lighting with LEDs at the Zhonghe plant in 2022, the cumulative energy savings rate reached 6.01% by the end of 2022, meeting the short-term target.

Energy savings rate = Saved Energy from Improvement Measures / (Total Energy Consumption in the Year + Saved Energy from Improvement Measures) * 100%

Electricity consumption trend from 2019 to 2022

● Electricity consumption (kWh) ● Electricity saved (kWh)
— Cumulative electricity saved (%)

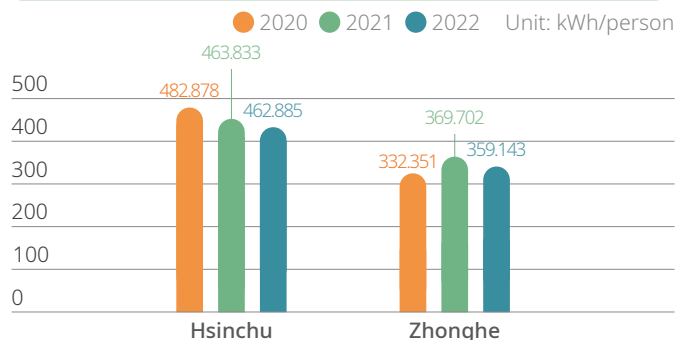


Energy intensity (302-3)

For the Hsinchu plant, the average electricity consumption per person was 462.885 kWh in 2022, showing a decrease of 0.2% compared to 2021. The primary improvement measures included advancing the shutdown time of the chiller during winter (from November to February) by half an hour and increasing the air conditioning conversion rate in the winter season. In 2023, the installation of timers for water dispensers and the transition of outdoor garden lighting fixtures to solar-powered ones are planned to achieve energy-saving and electricity-reduction effects.

For the Zhonghe plant, the average electricity consumption per person was 359.143 kWh in 2022, reflecting a decrease of 2.86% from the previous year. This reduction can be attributed to the company's strategic capacity adjustments and ongoing energy-saving initiatives. These initiatives include LED lighting replacements and a focused effort on reducing losses in high-energy-consuming systems like compressed air. The anticipated benefits were successfully realized. In 2023, adjustments are planned for the lighting quantity in specific areas and the introduction of motion-sensor-controlled lighting in the break rooms.

ELAN Average annual electricity consumption per person

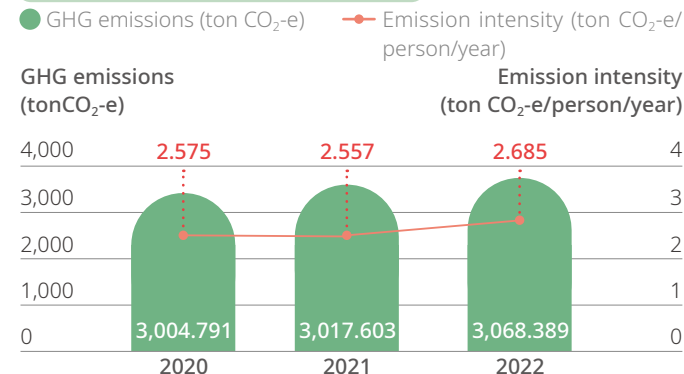


Note: The calculation interval for electricity adjustment in the Zhonghe plant has been modified, resulting in data changes from 2020 to 2021.

GHG emissions intensity (305-4)

The Group measures its greenhouse gas emissions intensity by using the total number of employees as the metric. This is calculated as the ratio between the combined direct (Scope 1) and indirect (Scope 2) total greenhouse gas emissions and the total number of employees, determining the annual greenhouse gas emissions generated per employee.

Greenhouse gas emission intensity



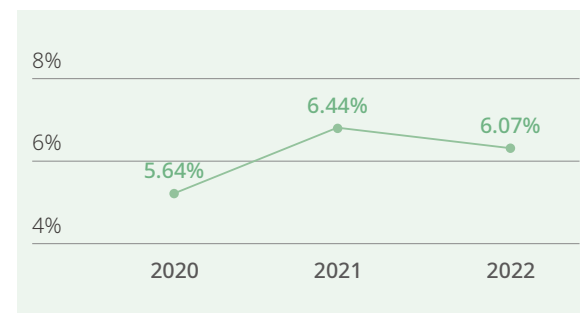
Note: The calculation interval for electricity adjustment in the Zhonghe plant has been modified, resulting in data changes from 2020 to 2021.

Measures for energy conservation and greenhouse gas emission reduction

(301-3) (TC-SC-110a.2)

- In 2022, the Zhonghe Plant replaced LED lighting fixtures, reducing electricity consumption from the original 96,215 kW to 48,108 kW, approximately a 50% reduction.
- 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.
- 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 1449 bags of paper in 2011 to 1105 in 2022, a 23.74% reduction in total. From February 2020, the company no longer gives out printed pay slips but electronic ones.
- 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 2022, tray accounted for 6.07% 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.
- Recycling scrapped products: Defective semi-finished and finished products are categorized according to types such as Wafer, Dice, Package, and PCBA. During the quarterly destruction of waste, scrapped products are handed to recycling vendor. Metals such as gold thread and copper will be refined and re-used.

Percentage of scrapped trays recycled 2020 - 2022



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 and Metanoia, 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 and Metanoia through their monthly water bill.

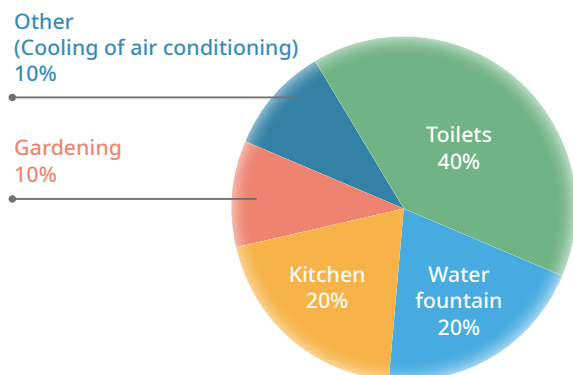
The Hsinchu plant sets an annual target to reduce water usage per person by 2% compared to the previous year. Water-saving measures include implementing dual-flush toilets in areas with higher water consumption and improving water efficiency. Green areas are landscaped with plant species that require less water to reduce water resource usage. Monthly inspections are carried out to ensure effective control of water consumption.

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

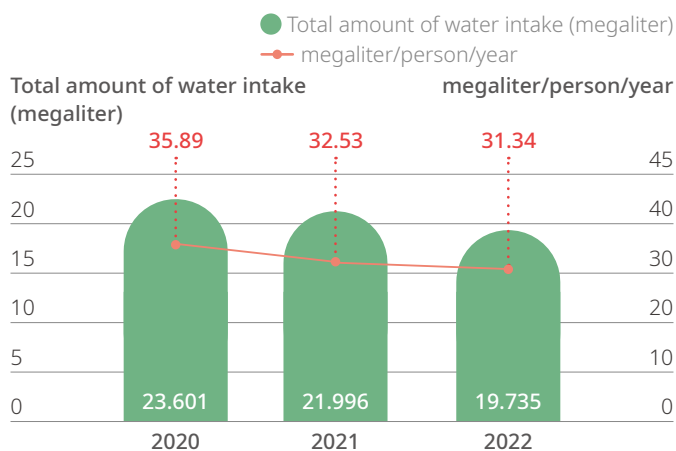
The water source for the Hsinchu plant is the Baoshan Reservoir. In 2022, the total water withdrawal was 19.735 megaliters. Water is used mainly for toilets, drinking fountains, kitchens, gardening, and other purposes. The total water withdrawal decreased by 10.28% compared to 21.996 megaliters in 2021. The water usage per person per year in 2022 was 31.34 m³, which is a decrease of 3.66% from 32.53 m³ in 2021. This reduction is mainly due to Metanoia no longer rents facilities at the Hsinchu facility during the latter half of 2022.

For Metanoia, the water withdrawal for the second half of 2022 was 0.614 megaliters (shared by the building's management committee), an average water usage of 78.369 m³ per person per year.

Distribution of water usage in ELAN Hsinchu



Amount of water intake in ELAN Hsinchu



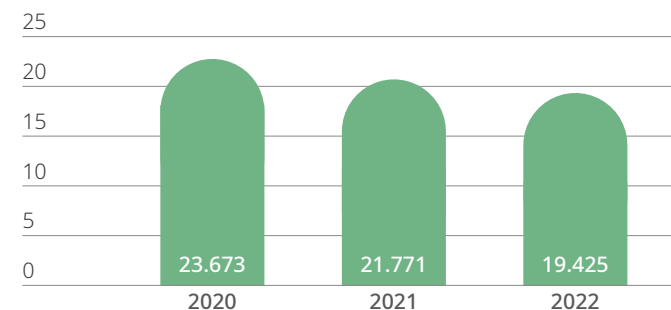
Note: The calculation of annual water consumption has been adjusted to daily basis, resulting in changes to the data from 2020 to 2022.

Effluents discharge (303-4) (TC-SC-140a.1)

At the Hsinchu facility (including related affiliates), wastewater undergoes primary treatment and is then directed through the science park's sewage system to the centralized sewage treatment plant within the park. The treated wastewater is eventually discharged into the Ke-ya River. In 2022, the total amount of water disposed at Hsinchu plant was 19.425 megaliters, representing a decrease of 10.78% compared to 2021. This reduction is primarily attributed to Metanoia no longer rents facilities in the Hsinchu facility during the latter half of 2022. Regarding the water quality of the discharged water into the industrial park's sewage system, the company conducts annual water quality testing at the discharge outlet to ensure the effectiveness of the primary wastewater treatment process.

Amount of effluent discharged in ELAN Hsinchu

Effluents discharge(megaliters)



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: The estimated discharge volume is the 80% of the current month's water bill.
Note 4: Metanoia's shared water expenses are calculated up until the end of June 2022, and the new rented location does not incur sewage treatment charges.

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 39.78 tons. Of the total, the recycled volume is 9.94 tons and waste considered as hazardous is 7.904 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.

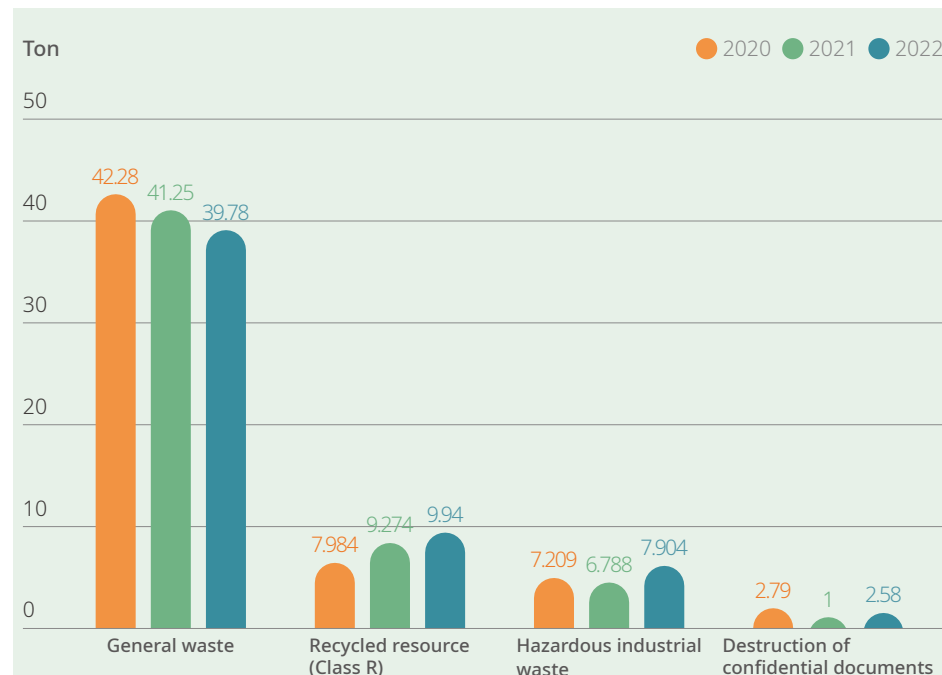
In addition to reporting by the EPD's environmental regulations and implementing industrial waste recycling, ELAN asks its contractors to comply with the requirements set under Environmental Protection Law, Occupational Safety and Health Law, and Fire Control Law. Continue to educate and promote recycling, 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.

2022 ELAN Group's waste output

Company	General industrial waste output (ton)	Recycled resource (Class R) (ton)	Hazardous industrial waste output (ton)				Destruction of confidential documents (ton)
			E-0222 PCB with components attached	E-0217 Waste components	C-0202 Waste acid solution with pH ≤ 2	Subtotal	
ELAN - Hsinchu	24.38	9.94	0	0.101	0.13	0.231	2.58
ELAN - Zhonghe	13.70	0	3.974	3.697	0	7.671	0
Metanoia	1.70	0	0	0.002	0	0.002	0
Avisonic	0	0	0	0	0	0	0
PIXORD	0	0	0	0	0	0	0
Total	39.78	9.94				7.904	2.58

ELAN Group's waste output



Note 1: Since ELAN Tainan, Kaohsiung and Hong Kong rented their offices and industrial waste is handled by each building's 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 headquarters 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 headquarters.

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 over 2.27 million units by the end of 2022. Compare to traditional induction motors, it has already saved about 381.99 million kWh, roughly equivalent to 1,375,157,952MJ of electricity. In 2022 alone, nearly 940,000 units were shipped, leading to energy savings of 157.43 million kWh, roughly equivalent to 566,763,523MJ.

Note: Energy savings = Units Shipped * Power Saved per Chip * Daily Usage Hours (3) * Days of Usage per Year (140) * Lifespan (5 years)

Procurement practices

In response to the cost increases of raw materials following the pandemic, a comprehensive approach has been taken since the completion of product design to rigorously control various aspects including planning, procurement, production, and product output. Across all operations and purchasing processes, efforts have been made to minimize inventory cycles of goods. This has been achieved through strict control of procurement and purchase processes, as well as alignment with production process enhancements. In line with continuous improvements in production technology, there has been a consistent reduction in the consumption of raw materials during the manufacturing process. This concerted effort aims to achieve maximum output with the most streamlined use of materials, effectively managing costs while maintaining production efficiency.

Environmental expenditure and investment

The Group's environmental expenditure and investment

Unit: Thousand NTD

Year	ELAN	Metanoia	Avisonic	PIXORD	ELAN H.K.	Total
2020	10,589	718	178	201	83	11,769
2021	9,911	637	137	193	83	10,901
2022	10,635	450	146	189	77	11,497

Note 1: 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).

Note 2: Environmental expenditure in Hong Kong: The correct amount for 2021 is revised to 83,000 NTD, synchronized with the total adjustment for the group.

7.4 Participation in public welfare activities

(Voluntary Disclosure Topic 6 - Participation in public welfare activities) (Voluntary Disclosure Topic 5 - Industry-Academia Collaboration Project)

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. Simultaneously, we prioritize the cultivation of talent in schools by supporting students through initiatives like industry-academic collaboration and internships, contributing to the development of skilled professionals. As of 2022, ELAN has already participated in 53 charity events.

Industry-academia collaboration and talent cultivation - College students and graduates

ELAN assesses its own needs and selects suitable university and academic research institution professors to engage in the development of technical projects. In 2022, the company executed 13 projects in collaboration with institutions such as the Academia Sinica, National Taiwan University, Yang-Ming Chiao Tung University, National Central University, and National Taipei University of Technology. The company also provided scholarships to a total of 18 doctoral, master's, and bachelor's students. By combining the research and development strengths of both academia and industry, these collaborations not only address the company's technical gaps but also nurture professional talent. Going forward, ELAN will continue to commercialize research and development outcomes, creating opportunities for a triple-win scenario among industry, academia, and research. As for Metanoia, Avisonic, PiXORD, and ELAN H.K., there is no relevant cooperation currently.

Cultivate talents and internship program - College students

As a professional IC design company, ELAN believes that nurturing talent is a direct and effective way to give back to society. Starting from the academic setting, we provide internship opportunities to universities, creating a mutually beneficial relationship between ELAN and the educational institutions. Through meticulous planning, internship programs are designed for either a "semester" or a "full academic year." Specific job roles and achievable tasks are outlined to allow students to gain early exposure to the workplace and apply their academic knowledge. This approach injects fresh energy and creativity into ELAN while identifying potential talents, ultimately retaining outstanding interns as new additions to the company workforce. For students, these internship programs provide valuable insights into the professional environment, enhance their self-efficacy, and assist in making informed career choices. By the end of 2022, ELAN had offered 125 internship positions to both undergraduate and graduate students.



Implementing ecological conservation, introducing flipped classroom to elementary school students in remote area

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 our Mother earth.



Supporting local farmers through group buying sugar apples

In light of China's suspension of Taiwan's sugar apple and wax apple imports in September 2021, it is estimated that around 370,000 boxes of pineapple sugar apples might not be exported in 2022. In response, ELAN took part in the subscription initiative led by the Hsinchu Science Park Bureau of the Ministry of Science and Technology. Leveraging the group purchasing platform developed by the Agricultural Technology Research Institute, employees and on-site staff at ELAN headquarters collectively subscribed to 200 boxes as our effort to support local farmers and contribute to stabilizing market prices.



Sponsoring charity galas and concerts

In the past two years, the COVID-19 pandemic, along with its variant strains, has persisted. In July 2021, the Central Epidemic Command Center lowered the pandemic alert level to Level 2. This adjustment includes regulations on the maximum number of participants for gatherings: 50 individuals indoors and 100 individuals outdoors. Any excess attendees are subject to epidemic prevention plans. Consequently, the public welfare organizations that the company previously collaborated with have suspended their annual fairs for two years. As a result, we shifted our approach to sponsor the New Year charity gala organized by Hsinchu County Government and the "Let Love Shine" charity music concert of the Taiwan Hsinchu Philharmonic Choir.



Volunteer Time Off policy - Encouraging employees to engage in social welfare independently

Starting from 2022, ELAN has implemented the Volunteer Time Off Policy to encourage employees to participate in public welfare activities organized by external organizations during their free time. As long as employees provide valid documentation from qualified institutions and it is confirmed through internal review, the company compensates the hours spent participating in these activities with charitable leave hours, with a maximum allocation of 8 hours per year. By the end of 2022, a total of 12 colleagues have participated, engaging in roles such as community environmental cleanup volunteers, conservation group volunteers, animal welfare organization volunteers, library volunteers, blood drive campaign volunteers, and more. This initiative has already begun to broaden the scope of our commitment to public welfare.



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ELAN MICROELECTRONICS CORPORATION'S SUSTAINABILITY REPORT FOR 2022

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by ELAN MICROELECTRONICS CORPORATION (hereinafter referred to as ELAN) to conduct an independent assurance of the Sustainability Report for 2022 (hereinafter referred to as the Report). The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 2 Moderate level to assess whether the text and data in accompanying tables contained in the report presented and complies with the GRI Universal Standard (2021) and AA1000 Accountability Principles (2018) during verification (2023/05/18–2023/06/15) in ELAN headquarter. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD) and non-material topics disclosed.

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 Sustainability Report of 2022 and its presentation are the responsibility of the directors or governing body (as applicable) and management of ELAN. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the report content 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 and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how it manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards and/or ISAE3000.

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

Assurance Standard Options	Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B	AA1000ASv3 Type 2 Moderate (AA1000AP Evaluation only)

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of adherence to the following reporting criteria:

Reporting Criteria Options

1	GRI Universal Standard (2021) (Reference)
2	AA1000 Accountability Principles (2018)
3	SASB (TECHNOLOGY & COMMUNICATIONS: SEMICONDUCTORS)

evaluation of content veracity of the sustainability performance information in relation to the determined material topics at a moderate level of scrutiny for ELAN and moderate level of scrutiny for subsidiaries, 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) at a moderate level of scrutiny; and evaluation of the report against the requirements of Global Reporting Initiative Universal Standards (2021) listed in the GRI content index where the organization has referenced for the preparation of the reported information.

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, Sustainability committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts and Task Force on Climate-related Financial Disclosures (TCFD) related specific indicators 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.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION 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.

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018) 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 having more direct two-ways involvement of stakeholders during future engagement.

MATERIALITY

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

RESPONSIVENESS

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

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 Sustainability Report of 2022, is reporting with reference to the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021. The significant impacts were assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021. The report has properly disclosed information related to ELAN's contributions to sustainability development. For future reporting, ELAN is recommended to set up traceable and quantitative objectives for various material topics in the Report, for affiliates to align with group's sustainability path in the future disclosure management.

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 Sustainability Report of 2022 financial statements. 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 the subsidiaries and the affiliated companies in ELAN's consolidated financial report could be collected of the management process of to review its sustainability performance indicator to strengthen ELAN's comprehensive sustainability management as well as to set the benchmark of material topics adequately.

Signed:

For and on behalf of SGS Taiwan Ltd.



Stephen Pao
Knowledge Deputy General Manager
Taipei, Taiwan
14 July, 2023
WWW.SGS.COM



AA1000
Licensed Report
000-8/V3-OSITA

TCFD Performance Assessment Statement

The process and procedures of
ELAN MICROELECTRONICS CORPORATION.
No.12, Innovation 1st. Rd., Science-Based Industrial Park,
Hsin-Chu City

have been assessed from 05 June 2023 to 14 June 2023 and demonstrated the
implementation status against the

Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures (29 June 2017)

The organization has incorporated climate-related governance organization
The actual and potential impacts of climate-related risks and opportunities has been considered
and identified over the relevant short-, medium-, and long-term time horizons
The resilience of the organization's strategy were taking into consideration with different climate-related scenarios
including NDCs scenarios(RE100) and RCP8.5 scenarios
The methodology of organization's climate-related risk management process has been adequately implement
as well as integrated into organization's overall risk management.
The scope1 and scope 2 greenhouses gas (GHG) emissions inventory has been conducted and planned to be
verified based on ISO 14064-3 annually,
the metrics and targets has yet to be used by the organization to manage climate-related risks and
opportunities and performance against targets.

For the following activities
Governance, Strategy, Risk Management, Metrics and Targets
And cover the following operational locations:
Headquarter of ELAN MICROELECTRONICS CORPORATION.
ELAN meets SGS TCFD performance assessment at management level of
"Explorer"
Authorised by

Stephen Pao
 Knowledge Deputy General Manager
 Issue Date: 04 July 2023
 Valid Date: 03 July 2024

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Disclaimer:
 The findings recorded herein demonstrated a level of performance against the
 Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures
 (TCFD) (29 June 2017) and are only valid at the time of the intervention and only as stated
 above. This document is not intended to be used for certification purposes or regulatory or
 contractual use and does not relieve the Client from compliance with any bylaws, federal,
 national or regional acts and regulations issued pursuant to TCFD.
 SGS Services are governed by and subject to the General Conditions of Customised Audit
 Services.

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NATURE AND SCOPE OF THE ASSESSMENT

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by ELAN MICROELECTRONICS CORPORATION.
(hereinafter referred to as Elan) to conduct an independent performance assessment of the Task Force on Climate-related
Financial Disclosures, (hereinafter referred to as TCFD).

The information in the Elan's TCFD disclosure framework and its presentation are the responsibility of the management of
Elan. SGS has not been involved in the preparation of any of the material included in Elan's TCFD disclosure framework.

Our responsibility is to express an opinion on the report content within the scope of performance assessment with the
intention to inform all Elan's stakeholders.

The SGS protocols are based upon the Fundamental Principles for Effective Disclosure contained within the TCFD and SGS
Management System Manual and Global System procedures.

The performance assessment comprised a combination of pre-assessment research, interviews with relevant employees,
superintendents, CS committee members and the senior management in Elan's Headquarter; documentation and record
review and validation with external bodies and/or stakeholders where relevant.

SCOPE OF PERFORMANCE ASSESSMENT AND DISCLOSURE CRITERIA

The scope of the performance assessment included evaluation of quality, reliability of TCFD disclosure and performance
information as detailed below and evaluation of adherence to the four core elements for the management process as well as
seven principle for effective disclosures for the information to be disclosed.

PERFORMANCE ASSESSMENT METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees; documentation and
record review and validation with external bodies and/or stakeholders where relevant.

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 assessment team was assembled based on their knowledge, experience and qualifications for this assignment, and
comprised auditors registered with ISO 26000, ISO 20121, SRA, EMS, CFP, WFP, GHG Verification and GHG Validation
Lead Auditors and experience on the TCFD performance assessment service provisions.

ASSESSMENT OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the management
process and information demonstrated by Elan within the TCFD performance assessment evaluated is reasonable, reliable
and provides a sufficient and balanced representation of Elan climate related risks and opportunities management activities
and meets SGS TCFD performance assessment at management level of "Explorer" .

Disclaimer:
 The findings recorded herein demonstrated a level of performance against the
 Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures
 (TCFD) (29 June 2017) and are only valid at the time of the intervention and only as stated
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GRI Index

General Disclosures (GRI 2)

GRI 2 General Disclosures	Chapter(s)	Page(s)	Omission
GRI 2-1 Organizational details	1.1 Organizational details	7	
GRI 2-2 Entities included in the organization's sustainability reporting	About this report	3	
	1.3 Operational performance	12	
GRI 2-3 Reporting period, frequency and contact point	About this report	3	
GRI 2-4 Restatements of information	7.1 Environmental policy and carbon reduction	93,95	
GRI 2-5 External assurance	External assurance	101	
GRI 2-6 Activities, value chain and other business relationships	About this report	3	
	1.1 Organizational profile	7	
	1.3 Operational performance	11	
	4.1 Customer relations and collaboration with leading platforms	47	
	5.1 Sustainable supply chain	59	
GRI 2-7 Employees	6.2 Employment and dignity of labor	68	
GRI 2-8 Workers who are not employees	6.4 Occupational health and safety policy	76	
GRI 2-9 Governance structure and composition	2.1 Highest governance body	15-17	
GRI 2-10 Nomination and selection of the highest governance body	2.1 Highest governance body	16	
GRI 2-11 Chair of the highest governance body	2.1 Highest governance body	16	
GRI 2-12 Role of the highest governance body in overseeing the management of impacts	2.1 Highest governance body	17	
GRI 2-13 Delegation of responsibility for managing impacts	2.1 Highest governance body	17	
GRI 2-14 Role of the highest governance body in sustainability reporting	2.1 Highest governance body	17	
GRI 2-15 Conflicts of interest	2.1 Highest governance body	18	
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GRI 2 General Disclosures	Chapter(s)	Page(s)	Omission
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GRI 2-18 Evaluation of the performance of the highest governance body	2.1 Highest governance body	18	
GRI 2-19 Remuneration policies	2.1 Highest governance body	18	
GRI 2-20 Process to determine remuneration	2.1 Highest governance body	18	
GRI 2-21 Annual total compensation ratio	Confidentiality restrictions		The highest annual total remuneration is classified as organizational confidential information.
GRI 2-22 Statement on sustainable development	Message from Chairman	4	
	2.1 Highest governance body	17	
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	2.2 Ethics and integrity	20	
GRI 2-23 Policy commitments	2.3 Risk assessment and opportunity	24	
	2.4 Task Force on Climate-related Financial Disclosures (TCFD)	26	
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GRI 2-24 Embedding policy commitments	6.1 Commitment to corporate social responsibility	65	
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	2.4 Task Force on Climate-related Financial Disclosures (TCFD)	26	

GRI 2 General Disclosures	Chapter(s)	Page(s)	Omission
GRI 2-25 Processes to remediate negative impacts	2.2 Ethics and integrity	20	
	2.4 Task Force on Climate-related Financial Disclosures (TCFD)	29-33	
GRI 2-26 Mechanisms for seeking advice and raising concerns	2.2 Ethics and integrity	20	
	3.2 Stakeholder engagement	43-44	
	6.8 Zero-distance employee communication and comprehensive grievance channels	87	
GRI 2-27 Compliance with laws and regulations	2.2 Ethics and integrity	23	
	4.5 Product and service information and labeling	52	
	4.6 Customer service and satisfaction	54	
	6.8 Zero-distance employee communication and comprehensive grievance channels	87	
	7.1 Environmental policy and carbon reduction	90	
GRI 2-28 Membership associations	2.2 Ethics and integrity	20	
GRI 2-29 Approach to stakeholder engagement	3.1 Important stakeholder and material topic identification	37	
	3.2 Stakeholder engagement	43-44	
GRI 2-30 Collective bargaining agreements	The Group has not established a labor union and does not have collective agreements. Regular communication with employees is conducted through labor-management meetings and diverse channels.		

Disclosure of Specific Topics: Material topics (GRI 200 Economic, GRI 300 Environmental, GRI 400 Social)

GRI Standard	Topic disclosures		Chapter(s)	Page(s)
Material Topics GRI 3:2021	3-1	Process to determine material topics	3.1 Important stakeholder and material topic identification	37,40-42
	3-2	List of material topics	3.1 Important stakeholder and material topic identification	37-39
	3-3	Management of material topics	3.1 Important stakeholder and material topic identification	40
GRI Standard	Topic disclosures		Chapter(s)	Page(s)
Economic Performance GRI 201: 2016	3-3	Management of material topics	1.3 Operational performance	9-10
	201-1	Direct economic value generated and distributed	1.3 Operational performance	11
	201-2	Financial implications and other risks and opportunities due to climate change	2.4 Task Force on Climate-related Financial Disclosures (TCFD)	26-35
	201-4	Financial assistance received from government	1.4 Financial assistance received from government	13
Market Presence GRI 202: 2016	3-3	Management of material topics	6.8 Zero-distance employee communication and comprehensive grievance channels	86
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	6.3 Employee compensation and benefits	70
	202-2	Proportion of senior management hired from the local community	6.2 Employment and dignity of labor	66
Procurement Practices GRI 204: 2016	3-3	Management of material topics	5.1 Sustainable supply chain	58
	204-1	Proportion of spending on local suppliers	5.1 Sustainable supply chain	59
Anti-corruption GRI 205: 2016	3-3	Management of material topics	2.2 Ethics and integrity	19
	205-2	Communication and training about anti-corruption policies and procedures	2.2 Ethics and integrity	20
Supplier Environmental Assessment GRI 308: 2016	3-3	Management of material topics	5.1 Sustainable supply chain	58
	308-1	New suppliers that were screened using environmental criteria	5.1 Sustainable supply chain	61
			6.1 Commitment to corporate social responsibility	65
Employment GRI 401: 2016	3-3	Management of material topics	6.8 Zero-distance employee communication and comprehensive grievance channels	86
	401-1	New employee hires and employee turnover	6.2 Employment and dignity of labor	67
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.3 Employee compensation and benefits	72
	401-3	Parental leave	6.3 Employee compensation and benefits	71

GRI Standard	Topic disclosures		Chapter(s)	Page(s)
Labor/Management Relations GRI 402: 2016	3-3	Management of material topics	6.8 Zero-distance employee communication and comprehensive grievance channels	86
	402-1	Minimum notice periods regarding operational changes	6.8 Zero-distance employee communication and comprehensive grievance channels	87
Occupational Health and Safety GRI 403: 2018	3-3	Management of material topics	6.4 Occupational health and safety policy	74-75
	403-1	Occupational health and safety management system	6.4 Occupational health and safety policy	76
			6.6 Emphasize on workplace safety, zero accidents for 28 years	79
	403-2	Hazard identification, risk assessment, and incident investigation	2.3 Risk assessment and opportunity	24
			6.4 Occupational health and safety policy	76
			6.6 Emphasize on workplace safety, zero accidents for 28 years	79
	403-3	Occupational health services	6.3 Employee compensation and benefits	72
			6.4 Occupational health and safety policy	76
			6.6 Emphasize on workplace safety, zero accidents for 28 years	79
	403-4	Worker participation, consultation, and communication on occupational health and safety	6.4 Occupational health and safety policy	76
			6.6 Emphasize on workplace safety, zero accidents for 28 years	79
	403-5	Worker training on occupational health and safety	6.4 Occupational health and safety policy	76
			6.6 Emphasize on workplace safety, zero accidents for 28 years	80
Training and Education GRI 404:2016	3-3	Management of material topics	6.3 Employee compensation and benefits	72
	403-6	Promotion of worker health	6.5 Worker health management	77-78
	403-8	Workers covered by an occupational health and safety management system	6.4 Occupational health and safety policy	76
	403-9	Work-related injuries	6.6 Emphasize on workplace safety, zero accidents for 28 years	79
	404-1	Average hours of training per year per employee	6.7 Worker training and education	81
	404-3	Percentage of employees receiving regular performance and career development reviews	6.7 Worker training and education	82-85
			6.7 Worker training and education	85

GRI Standard	Topic disclosures		Chapter(s)	Page(s)
Diversity and Equal Opportunity GRI 405: 2016	3-3	Management of material topics	6.8 Zero-distance employee communication and comprehensive grievance channels	86
	405-1	Diversity of governance bodies and employees	2.1 Highest governance body	16
			6.2 Employment and dignity of labor	69
Supplier Social Assessment GRI 414: 2016	3-3	Management of material topics	5.1 Sustainable supply chain	58
	414-1	New suppliers that were screened using social criteria	5.1 Sustainable supply chain	61
			6.1 Commitment to corporate social responsibility	65
Customer Privacy GRI 418: 2016	3-3	Management of material topics	4.6 Customer service and satisfaction	53
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.6 Customer service and satisfaction	54
Voluntary Disclosure Topic	3-3	Management of material topics	1.3 Operational performance	9-10
	Voluntary Disclosure Topic 1	Customer Engagement	4.1 Customer relations and collaboration with leading platforms	47
	3-3	Management of material topics	1.3 Operational performance	9-10
	Voluntary Disclosure Topic 2	New Product Development	4.2 Robust intellectual property system that encourages innovation	48
			4.3 Dashboards that enhance new product development efficiency	49-50
	3-3	Management of material topics	5.1 Sustainable supply chain	58
	Voluntary Disclosure Topic 3	Supplier Strategy	5.1 Sustainable supply chain	60-61
			5.2 Responsible minerals management	62-63
	3-3	Management of material topics	6.4 Occupational health and safety policy	74-75
	Voluntary Disclosure Topic 4	Care for Employees and Their Families	6.3 Employee compensation and benefits	72
			6.5 Worker health management	78
	3-3	Management of material topics	2.3 Risk assessment and opportunity	24
	Voluntary Disclosure Topic 7	Risk Management	2.3 Risk assessment and opportunity	25
	3-3	Management of material topics	1.3 Operational performance	9-10
	Voluntary Disclosure Topic 8	Product Contribution to World Trends	4.4 Product contribution to world trends	51

Disclosure of Specific Topics: General topics (GRI 200 Economic, GRI 300 Environmental, GRI 400 Social)

GRI Standard	Topic disclosures		Chapter(s)	Page(s)
Materials GRI 301: 2016	301-3	Reclaimed products and their packaging materials	7.1 Environmental policy and carbon reduction	95
Energy GRI 302: 2016	302-1	Energy consumption within the organization	7.1 Environmental policy and carbon reduction	92,93
	302-3	Energy intensity	7.1 Environmental policy and carbon reduction	95
	302-4	Reduction of energy consumption	7.1 Environmental policy and carbon reduction	94
	302-5	Reductions in energy requirements of products and services	7.3 Product and service-related environmental protection	98
Water and Effluents GRI 303: 2018	303-3	Water withdrawal	7.2 Water and waste	96
	303-4	Water discharge	7.2 Water and waste	96
Emissions GRI 305: 2016	305-1	Direct (Scope 1) GHG emissions	7.1 Environmental policy and carbon reduction	92
	305-2	Energy indirect (Scope 2) GHG emissions	7.1 Environmental policy and carbon reduction	93
	305-3	Other indirect (Scope 3) GHG emissions	7.1 Environmental policy and carbon reduction	93
	305-4	GHG emissions intensity	7.1 Environmental policy and carbon reduction	95
Waste GRI 306: 2020	306-2	Management of significant waste-related impacts	7.2 Water and waste	97
	306-3	Waste generated	7.2 Water and waste	97
Non-discrimination GRI 406: 2016	406-1	Incidents of discrimination and corrective actions taken	6.8 Zero-distance employee communication and comprehensive grievance channels	87
Forced or Compulsory Labor GRI 409: 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	5.1 Sustainable supply chain	61
			6.1 Commitment to corporate social responsibility	65
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 information and labeling	52
Marketing and Labeling GRI 417: 2016	417-1	Requirements for product and service information and labeling	4.5 Product and service information and labeling	52
	417-2	Incidents of non-compliance concerning product and service information and labeling	4.5 Product and service information and labeling	52
Voluntary Disclosure Topic	Voluntary Disclosure Topic5	Industry-Academia Collaboration Project	7.4 Participation in public welfare activities	99
	Voluntary Disclosure Topic6	Participation in public welfare activities	7.4 Participation in public welfare activities	99-100
	Voluntary Disclosure Topic9	Investor Relations Transparency	3.2 Stakeholder engagement	45

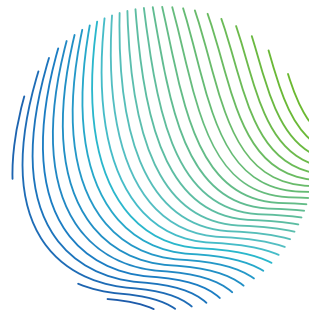
SASB Sustainability Disclosure Topics & Accounting Metrics

Topic & Code	Accounting metric	Category	Content	Chapter(s)	Page(s)
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 GHG emissions was 154,922 tons of CO ₂ -e. Due to the company's primary focus on IC design and outsourced manufacturing, there are no PFC emissions.	7.1 Environmental policy and carbon reduction	91-92
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	Discussion and Analysis	Due to the company's primary focus on IC design, GHG emissions (Scope 1 and Scope 2) are dominated by Scope 2 emissions, accounting for 94.95% of the total. Therefore, the company's reduction goal primarily focuses on reducing Scope 2 emissions. ELAN short-term objective is to achieve an annual reduction of 10 tons of CO ₂ -e in indirect GHG emissions compared to the previous year through electricity reduction measures. As there is a future requirement for relocating the headquarters in Hsinchu, the mid-term strategy involves prioritizing the construction of green and smart buildings. Subsequent adjustments will be made in a phased manner	7.1 Environmental policy and carbon reduction	95
Energy Management in Manufacturing TC-SC-130a.1	(1) Total energy consumed (2) percentage grid electricity (3) percentage renewable	Quantitative	(1) A total of 20,601.342 GJ of electricity is consumed within the facility. (2) 100% of the electricity is procured from external sources. (3) Currently, no renewable energy sources are being utilized.	7.1 Environmental policy and carbon reduction	93
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, all locations of the Group are situated in areas with low water resource pressure risk. In 2022, the total water intake for ELAN amounted to 35.822 megaliters. Note: As only the Hsinchu plant has actual water consumption data, the total water intake for the Group is estimated based on the Hsinchu 2022 water consumption per person per year multiplied by the 2022 total number of people. (2) Total water consumption: 7.164 megaliters Note: The effluent from the Hsinchu plant constitutes 80% of the water intake, hence the water consumption is 20% of the water intake. This estimation is used to calculate the total water consumption for the Group.	7.2 Water and waste	96
Waste Management TC-SC-150a.1	Amount of hazardous waste from manufacturing, percentage recycled	Quantitative	The total amount of hazardous waste generated within the facility was 7.904 tons, with a hazardous waste recycling rate of 17%.	7.2 Water and waste	97

Topic & Code	Accounting metric	Category	Content	Chapter(s)	Page(s)
Employee Health & Safety TC-SC-320a.1	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards	Discussion and Analysis	ELAN: Implemented Occupational Health and Safety Management System, conducting regular risk assessments, health checks, and workplace environment evaluations. Also, facilitated health promotion activities, providing education and training, and report regularly to the Occupational Health and Safety Committee, aiming for continuous improvement. Metanoia/Avisonic/PIXORD: In compliance with occupational health and safety regulations, conduct indoor workplace inspections every six months. Hold regular safety and health on-the-job education and training sessions, including new employee training. Periodic environmental disinfection is carried out as needed. To prevent employee from exposure to health hazards, conduct health checks every two years, utilizing questionnaires for self-assessment of physical conditions. Then arrange physician follow-ups based on the assessments.	6.4 Occupational health and safety policy 6.5 Worker health management 6.6 Emphasize on workplace safety, zero accidents for 28 years	74-76 77 79
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 cases of occupational diseases or fines have occurred.	6.6 Emphasize on workplace safety, zero accidents for 28 years	79
Recruiting & Managing a Global & Skilled Workforce TC-SC-330a.1	Percentage of employees that are (1) foreign nationals and (2) located offshore	Quantitative	(1) 14.4% (2) 1.4%	6.2 Employment and dignity of labor	69
Product Lifecycle Management TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	ELAN, Avisonic, PIXORD: The proportion of products using substances listed in the IEC 62474 Material Declaration List was 0%.	4.5 Product and service information and labeling	52
Product Lifecycle Management TC-SC-410a.2	Processor energy efficiency at a system-level for: (1) servers (2) desktops (3) laptops	Quantitative	ELAN sells critical components, not end products and therefore not applicable.	NA	
Materials Sourcing TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	ELAN: Utilizing tantalum, tungsten, and cobalt in critical raw materials, we engage in periodic completion of responsible minerals surveys to disclose current status and undertake relevant risk management measures.	5.2 Responsible minerals management	62-63
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 incidents of violation of anti-competitive regulations have occurred.	4.2 Robust intellectual property system that encourages innovation	48
Activity Metrics TC-SC-000.A	Total production	Quantitative	The total production quantity is approximately 494,672 (thousand pieces).	NA	
Activity Metrics TC-SC-001.B	Percentage of production from owned facilities	Quantitative	3.08%	NA	

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

Note 2: 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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