



ELAN MICROELECTRONICS CORP.

2023 SUSTAINABILITY REPORT

CONTENTS

About this report 01

Message from Chairman 02

01 Company Overview 03

- 1.1 Organizational profile 04
- 1.2 Milestones 05
- 1.3 Operational performance 06
- 1.4 Financial assistance received from government 10

02 Corporate Governance 11

- 2.1 Highest governance body 12
- 2.2 Ethics and integrity 15
- 2.3 Risk assessment and opportunity 21
- 2.4 Task force on climate-related financial disclosures (TCFD) 23
- 2.5 Information security & personal data protection 29

03 Stakeholders Management and Engagement 32

- 3.1 Important stakeholder and material topic identification 33
- 3.2 Stakeholder engagement 36

04 Product Design and Consumer Rights 38

- 4.1 Customer relations and collaboration with leading platforms 39
- 4.2 Robust intellectual property system that encourages innovation 39
- 4.3 Product contribution to world trends 40
- 4.4 Product and service information and labeling 41
- 4.5 Customer service and satisfaction 43

05 Supplier Management 45

- 5.1 Sustainable supply chain 46
- 5.2 Responsible minerals management 51

06 Friendly Workplace 53

- 6.1 Commitment to corporate social responsibility 54
- 6.2 A friendly and diverse talent structure 54
- 6.3 Employee compensation and benefits 58

- 6.4 Occupational health and safety policy 60
- 6.5 Worker health management 61
- 6.6 Emphasize on workplace safety, zero significant occupational accidents for 29 years 62
- 6.7 Worker training and education 64
- 6.8 Human rights and employee communication 70

07 Environmental Protection and Social Welfare 73

- 7.1 Environmental policy and carbon reduction 74
- 7.2 Water and waste 79
- 7.3 Product and service-related environmental protection 81
- 7.4 Participation in public welfare activities 82

Appendix 85

- External assurance 85
- GRI Index 88
- SASB Index 91
- Sustainability disclosure indicators - semiconductor industry 92

About this report

Reporting period 2-3

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 2023 (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: September 2021)

ELAN Group 2-2

In this report, ELAN Microelectronics Corp. and its affiliated companies including 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 with reference to the GRI Universal Standards 2021 published by the Global Reporting Initiative (GRI), in compliance with the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, the Corporate Sustainability Roadmap for Listed Companies, the standards of the Sustainability Accounting Standards Board (SASB), and the framework of the Task Force on Climate-related Financial Disclosures (TCFD). The disclosure of report information 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.

Reliability of publicly disclosed information

The report is verified by SGS Taiwan Ltd., an independent third-party, in accordance with AA1000 V3 / Type II / Moderate Assurance the conformity principles of the Task Force on Climate-related Financial Disclosures (TCFD).

Major changes in 2023 2-6



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



Increased capital and issued 4,000,000 new shares.



Increased capital and issued 4,000,000 new shares.



No major changes.

Contact point 2-3

Director Ming-Shia Li, Human

Performance Management (HPM)

Address: 12 Innovation 1st Road, Hsinchu

Science Park, Hsinchu City, Taiwan (R.O.C.)

Phone: +886-3-5639977

Fax: +886-3-5639966

E-mail: csr@emc.com.tw

The stakeholder webpage:

www.emc.com.tw/twn/Social_Responsibility06.asp



Message from Chairman

2-22

The global notebook market is estimated to see an annual decrease in shipments by double digits due to low demand, dropping to 174 million units. Our company, primarily focusing on notebook-related dedicated chips, has also been affected. Consequently, our revenue decreased by 7.46%, with after-tax profit slightly below that of 2022. Despite external disruptions causing initial operational challenges, our company's long-term dedication to deep-rooted and continuous innovation in product development has allowed various product lines to perform remarkably well. In 2023, our revenue reached NT\$12.059 billion, with a gross margin of 45% and an operating net profit margin of 20.2%. The after-tax profit attributable to the parent company was NT\$2.143 billion. In 2023, our company continues to be the industry leader in three laptop accessories: touchpad modules, touchscreen chips, and pointing devices, with the largest market share.

In the latest 2023 Corporate Governance Evaluation, ELAN has continued to rank in the top 6-20% for two consecutive years. Additionally, the company won the "Outstanding Enterprise Innovation Award" in the 8th National Industrial Innovation Award, achieved a perfect score in the Responsible Business Alliance (RBA) VAP, and obtained the Healthy Workplace Promotion Mark certification. These accolades recognize the company's efforts in corporate governance and social aspects. As for product innovation, our E-Bus AI Lane Keeping and Collision Avoidance Assist System won the Best Choice Award in the "Vehicle Technology and Smart Cockpit" category at 2023 COMPUTEX Taipei. Environmentally, we have also completed the verification of the ISO 14064-1 greenhouse gas inventory for 2022. We plan to implement the ISO 50001 energy management system in 2024 and actively enforce emission reduction measures, committing to achieving net-zero carbon emissions and 100% use of renewable energy by 2050.

Looking ahead, ELAN will adhere to the principle of deeply cultivating core technologies and embrace the concept of system integration development to provide customers with world-class competitive solutions. With a commitment to sustainable operations, we implement corporate social responsibility and maintain a steady long-term development strategy, striving to enhance the group's operational results and profitability. Under the premise of enhancing the business brand's operational value and social value, we are dedicated to promoting economic, environmental, and social influences, in hope to create higher value and welfare, benefiting 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



Highlights

	Operating revenue (thousand NTD)	EPS (NTD)	R&D expenditures (thousand NTD)	R&D expenditures accounted in operating revenue (%)
2021	18,327,973	17.64	2,315,472	13%
2022	13,030,484	7.56	2,165,151	17%
2023	12,058,515	7.53	2,148,773	18%

1.1 Organizational profile 2-1 2-6

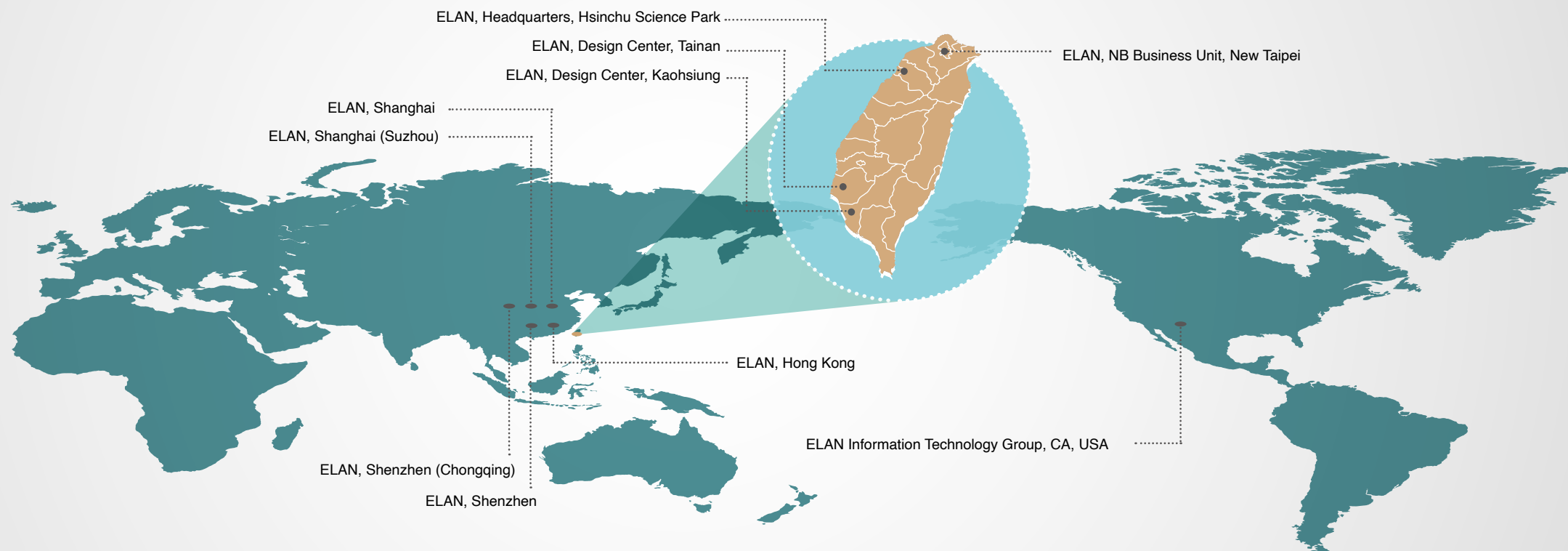
Date founded: May 1994

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 2023, the number of full-time employees has reached 1,071. ELAN sales markets include Taiwan, China, Hong Kong, the United States and Japan.



1.2 Milestones



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.
- Ranked 4th in Business Next's Top 100 Taiwan High Value Companies in 2020
- Ranked 18th in "Top 50 Performers" in CommonWealth Magazine's 2021 Taiwan Top 2000.
- 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".
- Received "2020 Smart Transportation System Master Plan - High Distinction Award" from the Ministry of Transportation and Communication.

- 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 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.

ELAN

- Won the "Outstanding Enterprise Innovation Award" in the 8th National Industrial Innovation Award held by the Ministry of Economic Affairs.
- E-Bus AI Lane Keeping and Collision Avoidance Assist System won the Best Choice Award in the "Vehicle Technology and Smart Cockpit" category at 2023 COMPUTEX Taipei.
- Selected as the top 6-20% in the 2023 Corporate Governance Evaluation.
- Obtained ISO 14064-1 certification for organizational greenhouse gas inventory (2022).
- Received the "Work Life and Balance Program Grant" from the Ministry of Labor.
- The New Construction of Headquarters Building in Zhubei AI Park Won the "Friendly Excellent Construction Site Award"

ELAN (Zhonghe)

- The Zhonghe Factory Completed the RBA Validated Audit Process (VAP) and Achieved Platinum Level Recognition

1.3 Operational performance

Material topic management - Financial performance

2-23 3-3 201 Custom 2-Innovation & Application

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.
- Our company continuously deepens core technology, develops innovative applications, and provides customers with more market-competitive products.
- By forming competitive barriers with differentiated functional specifications, our company's three major product lines continue to dominate the market share.
- Our company will focus on developing ADAS and smart cockpits, jointly developing algorithms, automotive camera modules, and image sensor chips (ISP) with related companies Chimei Vehicle Electronics and Avisonic Technology Corp., providing automotive solutions and bringing new revenue to the group.

The management approach

- The board of directors oversees operational strategies, plans, and performance, and continuously enhances 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 executives' management meetings, monthly and quarterly technical meetings are also held to discuss future market and technology layout.
- 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.
- Collaborate on industry-academia projects with professors from universities and academic research institutions.

1.3 Operational performance

Material topic management - Financial performance

2-23 3-3 201 Custom 2-Innovation & Application

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, etc.

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.
- Continue to innovate in products and technology, and expand the scope of existing technology applications to sustain the momentum of company revenue growth.

Implementation in 2023

- Ranked within the top 6-20% in the 2023 Corporate Governance Evaluation.
- Consolidated revenue reached 12.059 billion NTD, net profit after tax was 2.143 billion NTD, and the earnings per share were 7.53 NTD.
- Three products, namely touchpad modules, touch screen chips, and pointing devices, are leading in the global market.
- Obtained 29 patents in 2023, accumulating a total of 1,063 patents granted from 2000 to 2023.
- A total of 266 new product solutions.
- Participated in 16 industry-academia collaboration projects.

Goals and targets for 2024

- Maintain in the top 6-20% in the 2024 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

	2021	2022	2023
Operating Revenue	18,327,973	13,030,484	12,058,515
Income Tax Expense	1,033,611	669,559	487,771
Earnings Per Share (dollar)	17.64	7.56	7.53

* Note: The data source is based on the consolidated financial reports of ELAN Microelectronics and its subsidiaries, including entities not covered within the scope of this report. (For details, see Definition of Entities Included in the Consolidated Financial Statements in this report).

● Main Product Sales Volume

Unit: 1,000 pieces

	2021	2022	2023
Consumer Touch IC	297,266	161,850	124,272
NB Input Device Module	163,625	102,457	96,540
Network Communication IC	185	200	120
Others	105,215	70,228	115,049
Total	566,291	334,736	335,981

* Note: The data is derived from the Consolidated Financial Statement in ELAN Annual Report 2021 - 2023.

● Main Product Production Volume

TC-SC-000.A Sustainability 8

Unit: 1,000 pieces

	2023 output
Consumer Touch IC	280,714
NB Input Device Module	178,903
Network Communication IC	97
Others	374
Total	460,088

* Note: The data is derived from the Consolidated Financial Statement in ELAN Annual Report 2021 - 2023. Eminent Electronic Technology, CHIMEI Motor Electronics, and GIANTEYE Technology are not included.

● 2023 Distribution of Profits (individual) 201-1

Unit: thousand NTD

Company revenue	Operating cost	Employee wages and benefits	Interest payment and dividend	Payments to government	Donation	Economic value retained
11,912,797	6,842,613	2,117,559	2,432,123	475,547	3,271	41,684

* Note 1: The data is derived from the individual financial report of ELAN Microelectronics and each entity. This is consistent with the boundaries of this sustainability report.

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

* Note 3: Employee wages and benefits: Include salaries, bonuses, insurances, and pensions, and exclude wages for temporary labors, such as consultants, physicians, etc.

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

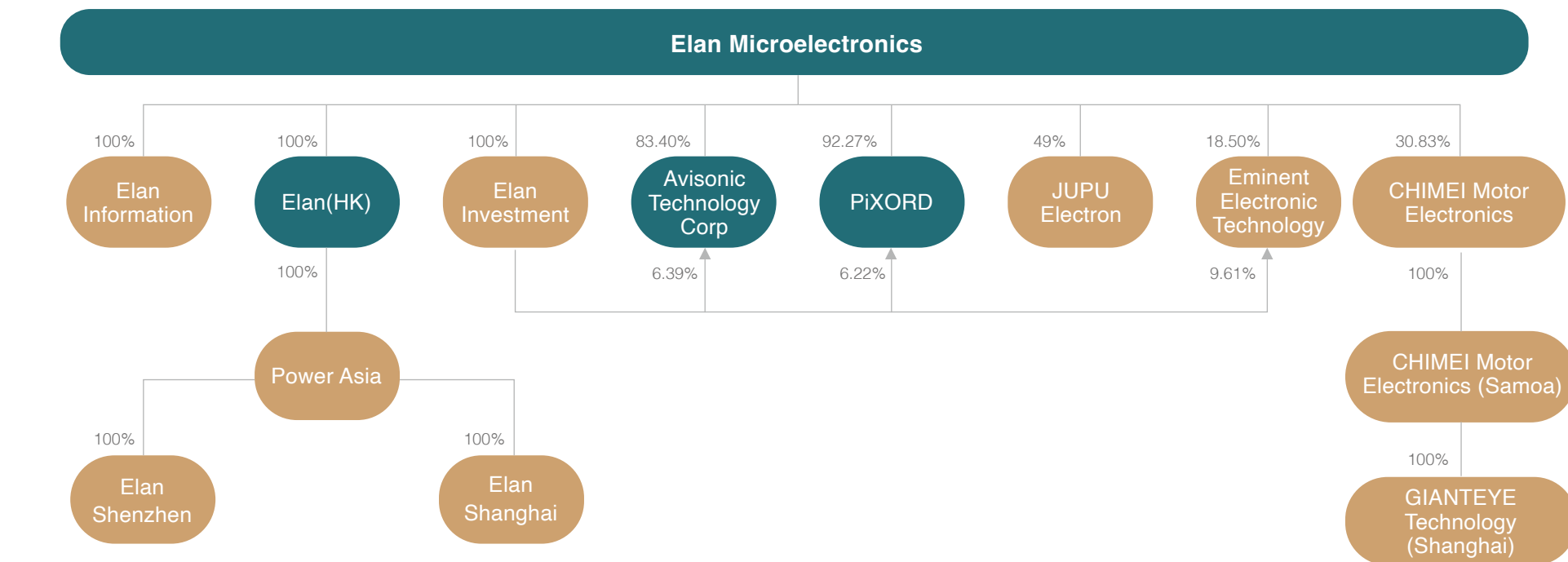
* Note 5: Payments to the government: Current income tax expenses.

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

* Note 7: Only ELAN Microelectronics, Avisonic Technology Corp., PIXORD Corporation, and ELAN (HK) are included.

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 Corp., PiXORD, and ELAN (H.K.)

Excluded

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

* Note: On June 15, 2023, Metanoia Communications Inc. underwent a board re-election in which ELAN secured only two seats, losing control over it. Therefore, Metanoia Communications Inc. and its subsidiary, Metanoia EU, have been excluded from the consolidated financial reports starting June 30, 2023.

1.4 Financial assistance received from government

201-4

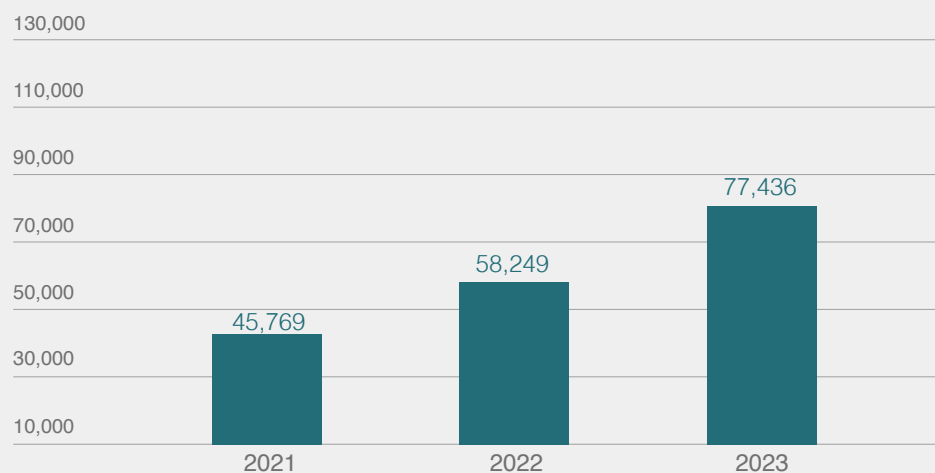
Unit: thousand NTD

Company	Type	Government agencies	Item	Amount	Remark
ELAN	Financial aid	Ministry of Labor	Grant for Work Life and Balance Program	20	Verified by accountant
	Financial aid	Economic Development Bureau, Kaohsiung City Government	Office space subsidy for Asia Bay 5G AIoT Innovation Park Program	4,077	Verified by accountant
	R&D subsidy	Industrial Development Bureau, Ministry of Economic Affairs	Subsidies for panoramic advanced driver assistance systems (ADAS) and smart cockpit system development plan	23,620	Verified by accountant
	Waived	National Taxation Bureau, Ministry of Finance	Tax relief and tax deduction	49,719	Verified by accountant
Avisonic	NA	NA	NA	0	
PIXORD	NA	NA	NA	0	
Total				77,436	

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

Financial assistance received from government

Unit: thousand NTD)



The proportion of government ownership in the equity structure of the ELAN Group

Company	Government fund	Proportion (%)
ELAN	Labor pension fund (new scheme)	3.00 %
	Employment insurance fund	0.93 %
	National pension insurance fund	0.50 %
	Labor retirement reserve fund (old system)	0.33 %

* Note: There are no government funds in the equity structure of Avisonic and PIXORD.

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)
- 2.5 Information security & personal data protection



Highlights	2021	2022	2023
Percentage of independent directors (%)	44 %	44 %	44 %
Number of corruptions	0	0	0
● Committing to Net Zero and RE100 by 2050 ● Obtaining the ISO 14064-1:2022 greenhouse gas inventory verification			

2.1 Highest governance body

Governance structure and composition 2-9 2-16 405-1

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 3 years, and 1 has been serving for 9 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

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

* Note 2: 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.

units for subsequent actions are identified, and progress is reported in the following meeting. In 2023, the board of directors convened a total of 7 meetings, with a member attendance rate of 92.1%. The resolutions made by the board can be found in the 2023 Annual Report Page 56-58.

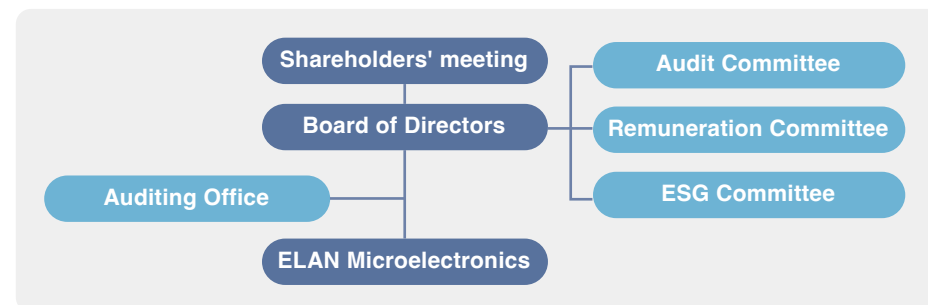
Chair of the highest governance body 2-9 2-10 2-11

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 2023, with a member attendance rate above 92%. 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. On 2 July 2021, ELAN re-elected the third term of the Audit Committee for the period of 2 July 2021 to 1 July 2024. A total of 6 meetings were held in 2023, with a member attendance rate of 91.7%. Refer to the 2023 ELAN Annual Report Page 21-23 for implementation status.

* Note: 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 held in 2023, with a member attendance rate of 91.7%. Refer to the 2023 ELAN Annual Report Page 33 for the actual operation.

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

● ELAN ESG Committee [2-5](#) [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's secretariat, managed by the Industry Performance Management Department, serves as a cross-departmental communication platform for integration and coordination between different levels of the organization. Through 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 2023, the ESG Committee held a total of 2 meetings with a total of 7 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, refer to the company website.



*Note 1: The Secretariat provides stakeholder information for consolidation in the Corporate Governance Report each year.

*Note 2: ELAN has drafted the Sustainability Report Preparation and Assurance Procedures, approved by the Board of Directors on February 22, 2024 and incorporated into the company's internal control system. The content of this report is compiled by the Secretariat of the ESG Committee and verified by the Audit Office.

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 the 2023 Annual Report Page 9-10. That directors and independent directors abstain from voting on matters involving conflicts of interest is also explained on Page 19, 23.

Collective knowledge of the highest governance body 2-17

In 2023, each director on average received 8.3 hours of training in corporate governance and sustainable development, surpassing the regulatory recommendation of 6 hours. For details, refer to the 2023 Annual Report Page 29-31. 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. See the 2023 Annual Report Page 34-35 for more details.

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 2023 were all positive, and they were presented in a report to the Board of Directors. These outcomes are also disclosed in the 2023 Annual Report Page 20, and on the company 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

1. 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.
2. 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 ELAN Ethical Corporate Management Guidelines, we are shaping a culture of ethical management that integrates integrity governance into various aspects of company operations.

Impacts

- Business integrity is the key to sustainable development. Strong corporate governance instills confidence in stakeholders, encourages investment and potential positive impacts on the economy.
- A sound system ensures that internal management and business activities adhere to principles of integrity, positively influencing various economic business activities.
- 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.

Implementation in 2023

- 100% of the board of directors and 99.5% of the employees have completed the relevant anti-corruption online courses and assessments.
- The Group has not been involved in any cases of corruption, violations of business ethics, or breaches of integrity.

Goals and targets for 2024

- 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.
- To promote compliance, ELAN Group regularly updates legal content and conducts online assessments, ensuring that the board of directors and all employees participate in related training sessions periodically.

Ethics and integrity

2-23 2-24 2-25 2-26

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

1. Mailing address: 12 Innovation 1st Rd. Hsinchu Science Park
2. Communication inbox: csr@emc.com.tw
3. 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 the reports.

As for 2023, no cases of corruption, violations of business ethics, or breaches of integrity were found. This was reported to the Board of Directors on 19 December 2023, as indicated in the 2023 Annual Report Page 55, 57.

Communication and training about anti-corruption policies and procedures 205-2

Governance unit	Taiwan	Hong Kong	Total
Number of members on the board of directors	19	2	21
Number of members on the board of directors received training	19	2	21
Percentage	100%	100%	

Employee categories		Taiwan	Hong Kong	Total
Senior executive	Number of employees	27	1	28
	Number of employees that received training	27	1	28
	Percentage	100%	100%	
Indirect labor	Number of employees	849	4	853
	Number of employees that received training	844	4	848
	Percentage	99.4%	100%	
Direct labor	Number of employees	190	0	190
	Number of employees that received training	190	0	190
	Percentage	100%	NA	
Total number of employees				1,071
Total number of employees that received training				1,066
Percentage				99.5%

Membership associations 2-28

Company	Name	Membership	Participate in projects or committees
ELAN	Fast Identity Online		
	MIPI Alliance		
	SEMI		
	USB Implementers Forum		
	Friends of the Police Association		
	E Ink Holdings Inc. EPIA		
	CommonWealth Magazine sustainability forum		
	Taipei Computer Association		
	Taiwan Advanced Automotive Technology Development Association (TADA)		
	The Allied Association for Science Park Industries		
	Taiwan Panel & Solution Association (TPSA)		
	Taipei Tech Elite Union		
	SINOCON Industrial Standards Foundation		
	Society for Information Display		
	USI Universal Stylus Initiative		
	Video Electronics Standards Association		
	NYCU Consortium of ESD Protection Technology for Circuits and Systems		
	Chinese Professional Management Association of Hsinchu		
	International Industry-Academia Alliance of NTUT		
	NTU System-on-Chip Center (SOC)		
	Responsible Business Alliance on-line		
	AUO GPARS		
Avisonic	The Allied Association for Science Park Industries		
	Taiwan Telematics Industry Association (TTIA)		
PIXORD	The Allied Association for Science Park Industries		

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.

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

Alignment with United Nations Sustainable Development Goals (SDGs)

SDGs		Performance in 2023	Corresponding chapter(s)
	SDG3 Good Health and Well-being	Set up Occupational Safety and Health Committee to promote various labor safety and health-related matters - Occupational safety and health meetings: 4 times - Physician consultation service used: 129 times - Annual health check participation rate: 99.6% - Mental health/health promotion: 4 seminars, 306 people participated - As a health risk assessment for the prevention of excessive workload and human-related hazards, a questionnaire was conducted on 919 individuals. - With the subsidy from the Ministry of Labor's Work-Life Balance Program, we have arranged 5 stress relief courses for employees, with a total of 218 participants.	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. - Sponsored the summer camp expenses for elementary school aboriginal students from indigenous tribes. - Sponsored the "2023 e-Read for the Future" charity event to enhance students' digital reading competitiveness.	7.4 Participation in public welfare activities
	SDG5 Gender Equality	Value gender equality - Percentage of female employees: 39% - 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.	6.2 A friendly and diverse talent structure 6.3 Employee compensation and benefits
	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. - Set a water-saving goal of reducing per capita water usage by 2% each year compared to the previous year. The actual reduction achieved was 3.66%, meeting the target.	7.2 Water and Waste
	SDG8 Decent Work and Economic Growth	Promote a safe working environment - In the 29 years since the company's establishment, there have been no major occupational accidents. - The results of the company's operating environment analysis are in line with all national laws and regulations. - Consolidated revenue reached 12.059 billion NTD. The gross profit margin was 45%, the operating profit margin was 20.2%, and the EPS (earnings per share) was 7.53 NTD.	6.6 Emphasize on workplace safety, zero significant occupational accidents for 29 year 1.3 Operational performance
	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 1,063 patents from 2000 to 2023.	1.3 Operational performance 4.2 Robust intellectual property system that encourages innovation

SDGs		Performance in 2023	Corresponding chapter(s)
	SDG10 Reduced Inequalities	- Employed 9 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 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 A friendly and diverse talent structure
	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). - Obtained ISO 14001 environmental system certification, 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.	4.4 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 2023: 2,563.0080 tons of CO₂-e, a total decrease of 9.07% compared to 2022. - Set short and medium-term goals using the year 2019 as the baseline. The short-term goal is to achieve a cumulative energy-saving rate of 7% by 2023, while the medium-term goal is to achieve a cumulative energy-saving rate of 10% by 2025. Currently, the cumulative energy-saving rate achieved by 2023 is 7.26%, surpassing the target. - Implemented ISO 14064-1 greenhouse gas inventory in 2023 and obtained third-party verification. Aim to obtain other verifications annually. - Starting from 2024, ELAN has implemented the ISO 50001 Energy Management System. The new Zhubei plant, expected to be completed in 2026, will be a green building. ELAN will continue to promote carbon reduction initiatives, committing to achieving net zero carbon emissions and using 100% renewable energy by 2050.	7.1 Environmental policy and carbon reduction
	SDG14 Life Below Water	Beach cleanup to protect the ocean 110 employees and their families voluntarily gathered at the north shore of Nanliao Nanhai Guanyin Pavilion. Through the beach cleanup, they reduced the chance of waste entering the ocean, taking action to protect the marine environment.	7.4 Participation in public welfare activities
	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 Human rights and employee communication
	SDG17 Partnerships for the Goals	Promote industrial sustainability 100% of our key suppliers signed the ELAN Microelectronics Supplier Social Responsibility Code of Conduct. 40 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 (Taiwan and Hong Kong).
 - Investor Conferences are held quarterly to explain the company's operating status to investors, employees, and the general public.
 - According to the law, Labor-Management Meetings are held quarterly, or when necessary for immediate communication.
- If a major operational change necessitates the termination of employment for some employees, advance notice will be given in accordance with the regulations of each operational location.
- In the event of significant operational changes or work stoppages, internal communication channels will promptly notify employees.
- ✓ 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 2023. 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, including non-monetary penalty cases.

2.3 Risk assessment and opportunity

Management of material topics - Risk Management

2-23 2-24 3-3 403-2 Custom 1-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

- Effective risk management can reduce the probability of various operational risks and ensure quick and accurate response measures to protect employees and stakeholders when incidents occur.
- A good risk management mechanism allows ELAN to have a more comprehensive and quantifiable assessment basis when facing emerging risks (such as climate risks).

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.

Implementation in 2023

- 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 16 have been assessed.

Goals and targets for 2024

- 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.

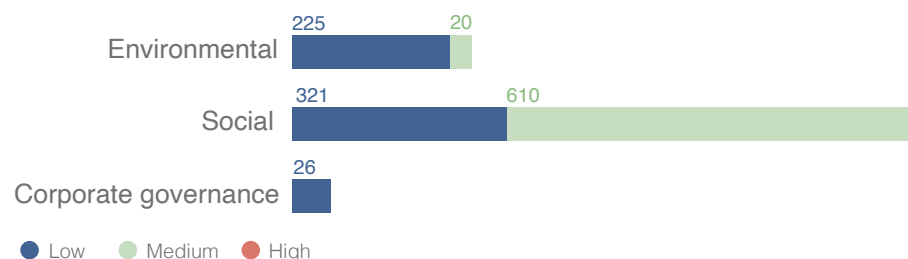
ELAN adheres to its corporate vision and upholds long-term sustainability responsibilities towards the industry and society, establishes an enterprise risk management mechanism that integrates and manages various potential sustainability risks that could impact operations and profitability. These risks 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 2023 are as follows:



The annual risk assessment yielded 1 high-risk item: Occasional malfunctions in the fire equipment broadcasting system. Improvements have been completed. For items categorized as medium or low risk, continuous monitoring is in place. As for the opportunity, a total of 16 items were assessed.

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

2-23 2-24 2-25 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 2023	Plans to pass GHG inventories: - Completed the ISO 14064-1 GHG inventory (organizational level) for the year 2022. - Submit greenhouse gas inventory plan implementation status quarterly in Feb., May, Aug., and Dec. (2022 Q4 and 2023 Q1-3). Plans for purchasing green energy and renewable resources : Plans were proposed by the ESG Committee in December 2023.

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, implemented ISO14064-1 Specification. Thereafter, verification will be conducted annually. - In 2024, implement ISO 50001 Energy Management System to promote carbon reduction initiatives. The 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. ELAN has completed the verification in 2023 Q4. Thereafter, a third-party verification/assurance will be conducted annually, and the operational carbon emissions will be disclosed regularly in the annual report, sustainability report, and on the public relations information observation platform. Increased pricing of GHG emissions : Carbon fees will be levied in 2025, with an estimated cost of 300-500 NTD per ton of CO2 equivalent. The Ministry of Environment will implement carbon fees in stages, initially targeting major carbon emitters with annual emissions exceeding 25,000 tons. This is expected to include 288 companies from industries such as steel, power, photovoltaic semiconductors, cement, refining, and petrochemicals. The scope of carbon fee collection may be expanded in the future. Three 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, reduce electricity consumption, and reduce carbon emissions, and cut down operational costs. Use of low-carbon energy : ELAN aims to achieve the RE100 goal by 2050. The company is already seeking suitable suppliers and will gradually purchase green electricity. The targets are to use 5% renewable energy by 2024, 20% by 2030, and 30% by 2035. 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	- ELAN conducted simulations by applying the 1.5 °C Scenario (1.5 DS) developed by the Nationally Determined Contributions (NDCs) and the International Energy Agency (IEA). Using the results of 2022 as a baseline year to estimate the percentage of carbon reduction. - 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 likelihood (levels of probability, from 1-5) and impact (levels of severity, from 1-5) of potential risks or opportunities (divided into 5 levels) within their respective business areas based on the factors outlined by TCFD in relation to the organization's current status. 2. Determine material risks: (level of likelihood * level of impact) ≥ 9 3. Determine material opportunities: (level of likelihood * level of impact) ≥ 9 4. Develop mitigation or adaptation plans: Provide relevant strategies for identified risks/opportunities. Designated units are responsible for the follow-ups.
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. - For annual key RBA suppliers, on-site/written audits are conducted to monitor the current progress in greenhouse gas inventories.
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
Policy and Legal	Enhanced emissions-reporting obligations	- The Financial Supervisory Commission (FSC) requires phased disclosure of carbon emissions. ELAN falls into the third phase (inventory in 2026/verification in 2028). ELAN completed the verification of 2022 greenhouse gas emissions in the 2023 Q4 and will continue to complete this verification annually - Starting from 2023, ELAN has been subject to the mandatory sustainability report required for companies with revenue exceeding NT\$2 billion. The content must comply with the GRI, TCFD, and SASB frameworks and obtain third-party verification	Short term	Very likely	Moderate	The annual cost for ISO 14064-1 verification and assurance of the sustainability report is approximately 560,000 NTD.	- Annual greenhouse gas inventory and third-party verification - Annual sustainability report assured by a third party - 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)
	Carbon Pricing	Carbon fees will be levied in 2025, with an estimated cost of 300-500 NTD per ton of CO₂ equivalent. The Ministry of Environment will implement carbon fees in stages, initially targeting major carbon emitters with annual emissions exceeding 25,000 tons.	Medium term	Possible	Moderate	The carbon emissions in 2023 were 2947.9668-ton CO ₂ -e. It is estimated that the carbon fee will be approximately 1.47 million NTD (the carbon fee is estimated at 500 NTD per ton of CO ₂ equivalent).	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
Resource Efficiency	Transition to highly rated energy-efficient buildings	To be completed in 2026, the new plant in Zhubei will incorporate features of green building, smart building, elevators with electricity recycling system, and solar energy. These initiatives will contribute to the reduction of the organization's GHG emissions, and may increase the value of fixed assets.	Medium term	Probable	Catastrophic	The cost for green and smart building 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
Sources of Energy	Utilize low-carbon energy	- Actively promote energy-saving and carbon-reduction programs to improve energy use efficiency. - Strengthen energy management measures to enhance energy resource performance and achieve RE100 by 2050.	Long term	Very likely	Significant	In 2023 Q4, completed a 10-year green electricity procurement contract (a total of 11.78 million kWh).	- Initiate green electricity procurement in 2024 Q1. - Set the 2050 RE100 goal: - 5% renewable energy usage by 2024 - 20% renewable energy usage by 2030 - 30% renewable energy usage by 2035
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. To proceed with carbon reduction efforts, ELAN has to first audit the carbon footprint of its products. By incorporating green design thinking, ELAN can reduce energy consumption during the manufacturing and usage phases of its products. This approach, driven by the demand for low-carbon products and services, will ultimately boost revenue.	Long term	Possible	Catastrophic	- 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

Type	Climate-Related Risk	Climate-Related Scenarios	Time Frames	Potential Financial Impacts	Strategic Planning / Risk Management
Acute	Increased intensity and frequency of extreme weather events	- Taiwan is frequently affected by typhoons and heavy rainfall, which can lead to floods - 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	Short term	- 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 - Commercial fire comprehensive insurance costs approximately 4 million NTD per year.	- Activate the emergency event handling mechanism: Preemptively notify colleagues about the contingency plans for various daily operations - Initiate the backup supplier plan - Insure commercial fire comprehensive insurance - Utilize online meetings for business visits and interactions - The production unit receives advance notice from the OEM factory and directly shifts the day's production requirements to other factories in different regions
Chronic	Changes in rainfall patterns	Long-term changes in rainfall patterns led to disparities between concentrated rainfall and water shortages. Droughts are less likely, but prolonged periods without rain can lead to water shortages.	Long term	Increase operational costs: In the case of a 2-month water shortage, a 20-ton water truck costs 20,000 NTD per trip, totaling approximately 3.8 million NTD for 2 months.	- Clean water tanks regularly and promote water-saving measures. - Monitor climate change and review response measures periodically

Type	Climate-Related Risk	Climate-Related Scenarios	Time Frames	Potential Financial Impacts	Strategic Planning / Risk Management
Chronic	Rising mean temperatures	According to the Taiwan Climate Change Scientific Report 2017 based on observation data from 14 Central Weather Bureau stations, it was found that over the past century (1900-2012), the annual temperature (ground level temperature) in Taiwan has risen by approximately 1.3 °C. Moreover, the warming trend has accelerated over the past 50 years and in the past decade. This resulted in elevated operating costs and higher carbon emissions.	Long term	For each degree increase in air conditioning temperature, electricity savings amount to 6%; conversely, a decrease of one degree increases electricity consumption by 6%. ELAN's estimated electricity consumption for 2023 was 4,785,314 kWh, with air conditioning accounting for 60%, equaling 2,871,188.4 kWh. Lowering the air conditioning temperature by one degree can increase electricity consumption by approximately 172,271.304 kWh, raising costs by 632,200 NTD (Taiwan Power Company electricity rate at 3.67 NTD per kWh), thereby increasing operational 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
	Rising sea levels	According to tide gauge and satellite altimetry data, the sea level in the region (northwest Pacific) has been rising since 1961, with the rate accelerating in the past 20 years. Between 1961 and 2003, the average sea level rise in the adjacent waters of Taiwan was 2.4 millimeters (mm) per year. This rate increased to 3.4 mm per year over the past 20 years (1994-2013). The most significant changes in sea level have been observed along the southwestern coast of Taiwan. Future sea level rise could lead to flooding, which may result in losses due to the inundation of ELAN various operational sites and supplier factories in Taiwan.	Long term	Financial losses for the company and suppliers.	- 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 backup supplier plan

Transition Risks

Type	Climate-Related Risk	Climate-Related Scenarios	Time frames	Potential Financial Impacts	Strategic Planning / Risk Management
Policy and Legal	Product and service requirements and specifications	Complied to all existing product and service requirements and regulations (RoHS, REACH, etc.)	Short/ Medium term	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
Technology	Substitution of existing products and services with lower emissions options	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	Short/ Medium term	- 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
Market	Changing customer behavior	Customers request participation in the CDP questionnaire, completion of the product carbon footprint questionnaire, obtaining GHG inventory certification/energy management system, and commitment to a net-zero target year and proportion of green electricity use. Failure to comply may affect customer perception and potentially impact future orders.	Medium term	- Costs for implementing systems and consulting fees. - Customer loss, leading to reduced revenue.	- Planning and Sales units regularly participate in customer and supplier ESG meetings to understand new customer needs, communicate internally, and meet customer requirements on schedule. - Plan to implement the ISO 50001 Energy Management System in 2024

Type	Climate-Related Risk	Climate-Related Scenarios	Time frames	Potential Financial Impacts	Strategic Planning / Risk Management
Market	Increased cost of raw materials	- Increased production costs due to rising electricity price - In 2022, the costs for outsourcing wafer manufacturing/testing/packaging increased, but in 2023, the costs decreased, with no raw material cost increases yet. - In 2022 Q4, PCB procurement costs rose due to increased raw material prices, continuing until 2023 Q2. Starting from 2023 Q3, costs began to decrease due to declining demand. However, due to a global demand downturn leading to strategic reductions in raw material production, costs are expected to start rising again in 2024 Q3.	Short term	Increased indirect operational costs due to electricity and purchases of renewable energy	- Enhance energy usage efficiency - Seek multiple sources for renewable energy providers - Initiate assessment on green energy procurement - Explore alternative solutions in design - Suppliers to use alternative materials in their processes - Continue to monitor market and supplier cost trends
Policy and Legal	Enhanced renewable energy obligations	Large electricity consumers (5000KW and above) are required to have 10% renewable energy installed by 2025. ELAN is currently not a large consumer, hence not subject to mandatory requirements	Medium term	Increase costs and damage to the corporate image	Since the purchase of green electricity in 2024 Q1, gradually increase the proportion of renewable energy use each year
Reputation	Poor performance in international advocacy evaluation	ELAN ESG evaluation has not encountered any poor ratings. However, if such a situation occurs, it may affect customer perception and impact orders in the long-term	Medium term	- 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

● Financial impacts of climate-related opportunities

Type	Climate-Related Opportunity	Climate-Related Scenarios	Time frames	Potential Financial Impacts	Strategic Planning / Risk Management
Energy Source	Reduce water usage and consumption	Most of the wastewater in the plant is domestic sewage, with no process water usage, so no new equipment will be brought in.	Long term	Reduced water costs	- Set a goal to reduce water usage by 1% per person per year. - Install sensor-activated faucets in restrooms.
Market	Use of public-sector incentives	Participate in the smart scheduling supplier carbon inventory project (ELAN as a partner), expected to be completed in 3-4 years, with the possibility of completing the carbon footprint of all ELAN products annually.	Medium term	- Use project and consultants to complete the carbon footprint inventory of a demonstration product, saving the cost of hiring external consultants. - The carbon footprint verification of the demonstration product must be self-funded.	Coordinate with relevant departments to assist in preliminary assessments (demonstration product)
	Access to new markets	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)	Medium term	- 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	Participation in carbon market	Taiwan Carbon Exchange launched the International Carbon Trading Platform in December 2023, revealing 8 major trading rules, including: only domestic legal entities can make purchases, bought credits can only be held, retired, or transferred, and cannot be resold on the Carbon Exchange platform.	Medium term	- Reduced indirect operational costs - Enhance positive market presence	- Initiate the implementation of renewable energy procurement plans in 2024 Q1. - Continue to monitor trading information on international carbon trading platforms and evaluate the purchase of carbon credits as needed.

● Scenario Analysis

Scenario 1 : RE100 (100% renewable energy)

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:

1. Complete ISO 14064-1 verification annually to enhance credibility.
2. ELAN renewable energy purchasing targets:
 - 5% renewable energy use by 2024
 - 20% renewable energy use by 2030
 - 30% renewable energy use by 2035
 - 100% renewable energy use by 2050

Based on Elan Microelectronics' total electricity consumption in 2022, it is estimated that starting from 2024, the cost increase for purchasing green electricity to achieve RE100 by 2050 will be approximately 103.87 million NTD.

3. Implementing ISO 50001 energy inventory in 2024 to enhance resource efficiency.
4. In 2023, the Group's greenhouse gas emissions accounted for 86.94% of the total emissions (Direct + indirect greenhouse gas emissions), 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.

Scenario 2 : Flooding

Short term

Based on the daily precipitation data from the Central Weather Bureau for various regions in 2023, 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?

Evaluate the risk of flooding (350mm or more of accumulated precipitation within 24 hours) in the Hsinchu plant. No significant impacts were shown. Facilities in Hsinchu, Tainan, and Kaohsiung were also evaluated (200mm of rain within 24 hours). Only Kaohsiung facility experienced minor flooding issues in certain nearby road sections, with water depth not exceeding 1 meter, not affecting operation. Other facilities showed no significant impacts.

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	- In 2023, ELAN implemented ISO 14064-1:2018 for greenhouse gas inventory and completed the verification for 2022. Going forward, annual verification will be conducted. Currently, the inventory includes categories 1, 2, and 4. - In 2023, the assessment for purchasing renewable energy was completed.
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 - Began purchasing renewable energy in 2023, with plans to purchase 5% renewable energy in 2024. - 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 - Starting in 2024, ELAN's short-term goal is to reduce greenhouse gas emissions by 1% annually, using 2022 as a baseline year. - ELAN has goals using 2019 as the baseline year: a short-term goal of a 7% cumulative electricity savings rate by 2023, and a mid-term goal of a 10% cumulative electricity savings rate by 2025. As of 2023, the cumulative electricity savings rate is 7.26%, meeting the target.

* Note 1: Disclosure Scope: Include ELAN Microelectronics, exclude PiXORD, Avionic and ELAN H.K.

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

2.5 Information Security & Personal Data Protection

Management of material topics - Information Security & Personal Data Protection

3-3 418

Explanation

- Information security and personal data protection are key to corporate sustainability. Cybersecurity strategies aligned with ESG goals ensure the sustainable operation and foster a culture of trust among customers and stakeholders.
- Prioritizing customer privacy and data protection ensures financial stability.

Policies or commitments

- Information security policies, including personnel management, document management, information security management, access control management, supplier management, and physical security management, are implemented to ensure the sustainable operation and legal compliance.
- Comply with the "Personal Data Protection Act" by establishing internal data protection guidelines and operational procedures in accordance with the Act.

Impacts

- The company will place greater emphasis on information security and personal data protection issues, integrating them into corporate planning and daily operations. This will help reduce risk, enhance trust and reputation, and achieve the company's development goals.
- ELAN not only complies with legal regulations but should also continually improve internal management with high standards, strengthen employees' awareness of customer rights, and implement personal data protection.

Management approach

- The General Manager directs signing confidentiality agreements in accordance with the Code of Ethical Conduct and set up management and access control mechanisms.
- Conduct annual satisfaction surveys for important customers or agents of each product line, regularly review feedback, and provide mechanisms for protecting confidential information.
- If the company's website involves personal data, it will include a function to prompt for personal data consent statements.
- Personal Data Risk Assessment Response Form
- Regular information security drills.
- Regular network vulnerability scanning and remediation.
- Provide an educational training platform (e-Learning).
- Annually report the current status of information security governance to the Board of Directors.
- Annual management review meetings for the quality system
- Personal Data Risk Assessment Response Form.

2.5 Information Security & Personal Data Protection

Management of material topics - Information Security & Personal Data Protection

3-3 418

Evaluation of the management approach

- Internal information security audit / External information security audit
- Internal personal data audit

Medium and long-term plan

Promoting product safety, for example, developing the Product Security Development Life Cycle (PSDLC) procedure.

Implementation in 2023

- Passed 1 internal and 1 external audit.
- Completed information security education and training for 692 people
- Completed 1 disaster recovery and 7 social engineering exercises.
- Completed 12 network vulnerability scans and patch reinforcements.
- Completed 1 personal data risk assessment response form.

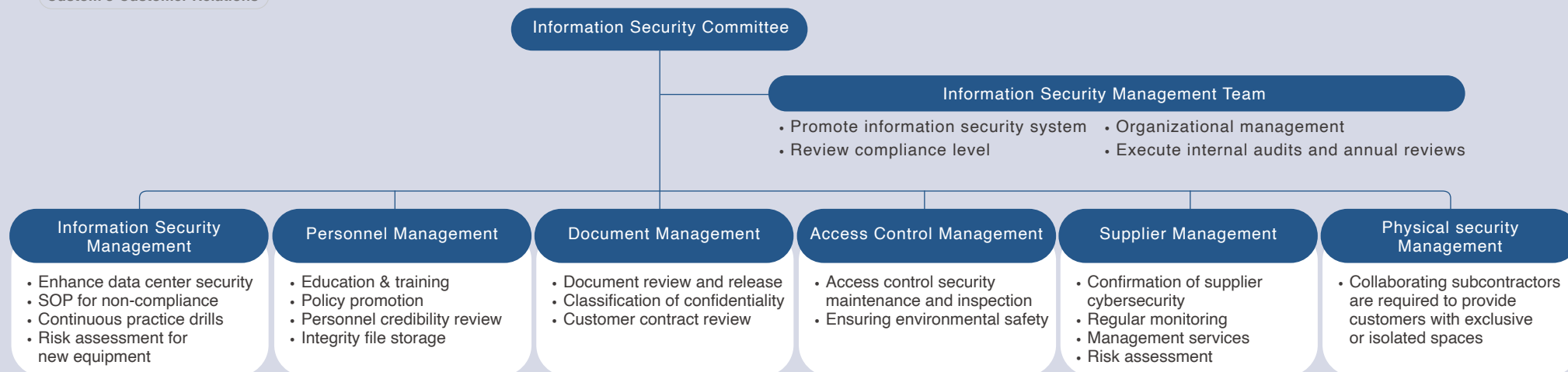
Goals and targets for 2024

- Pass external and internal cybersecurity audits.
- Conduct annual personal data protection education and training courses for all employees.
- Promote product safety, for example, participate in the MITRE CVE program, become a member of the CVE Numbering Authority (CNA), and establish a Product Security Incident Response Team (PSIRT) for handling product security incidents.



Information Security Management Framework

Custom 3-Customer Relations



● Information Security Management Strategy

ELAN has formed the Information Security Committee to ensure effective and continuous operation of information security management. The committee is chaired by the General Manager and regularly reviews the implementation of information security and data security. It convenes once a year and may convene meetings as needed based on information security risk management requirements. Additionally, it reports annually to the board of directors on the status of information security management, including issues related to information security, personnel, documents, access control, suppliers, and physical security aspects.

● Implementation of Management Systems and Effectiveness

Continue to implement information security, strengthen employees' awareness of it in the operational environment. This includes conducting 7 social engineering exercises to supplement information security advocacy and 692 information security education and training. Furthermore, mechanisms such as 12 vulnerability assessments (VA) and Web Application Firewalls (WAF) for servers are in place. The company undergoes internal audits annually and external third-party audits by KPMG for listed and OTC information security. ELAN also participates in the Science Park Information Security Information Sharing and Analysis Center (SP-ISAC) to enhance overall security resilience and the effectiveness of joint defense in information and communication security.

● Personal Data Protection Measures

The company adheres to the Personal Information Protection Act and relevant regulations to formulate the Personal Data Protection Management Measures to ensure effective monitoring and defense of various tangible and intangible confidential data generated or transmitted in the company's operations. This protects the rights and interests of all stakeholders and prevents internal and external threats.

● Personal Data Management Measures

ELAN's Personal Data Protection Management Measures apply to employees, customers, suppliers, applicants, and visitors of the company. Each department conducts an annual personal data risk assessment (via Personal Data Risk Assessment Response Form) to inventory personal data categories, storage forms, measures to protect the interested parties and the company. It also ensures proper storage and application of personal data that comply with legal regulations. In addition, confidential information about customers is properly safeguarded, with both parties signing Non-Disclosure Agreements (NDAs) to constrain and uphold mutual interests. In 2023, there have not been incidents of confidential information leakage.

Besides establishing relevant regulations in the system, all ELAN employees must understand the protection regulations, storage, management, and usage procedures related to personal data. Therefore, upon joining the company, new employees must first sign the Employee Personal Data Protection Notice and Consent Form. Additionally, the company's human rights policy emphasizes personal data protection as an important content. These measures allow internal employees and external stakeholders to understand our high regard for personal data protection through various documentation.

03

Stakeholders Management and Engagement

3.1 Important stakeholder and material
topic identification

3.2 Stakeholder engagement

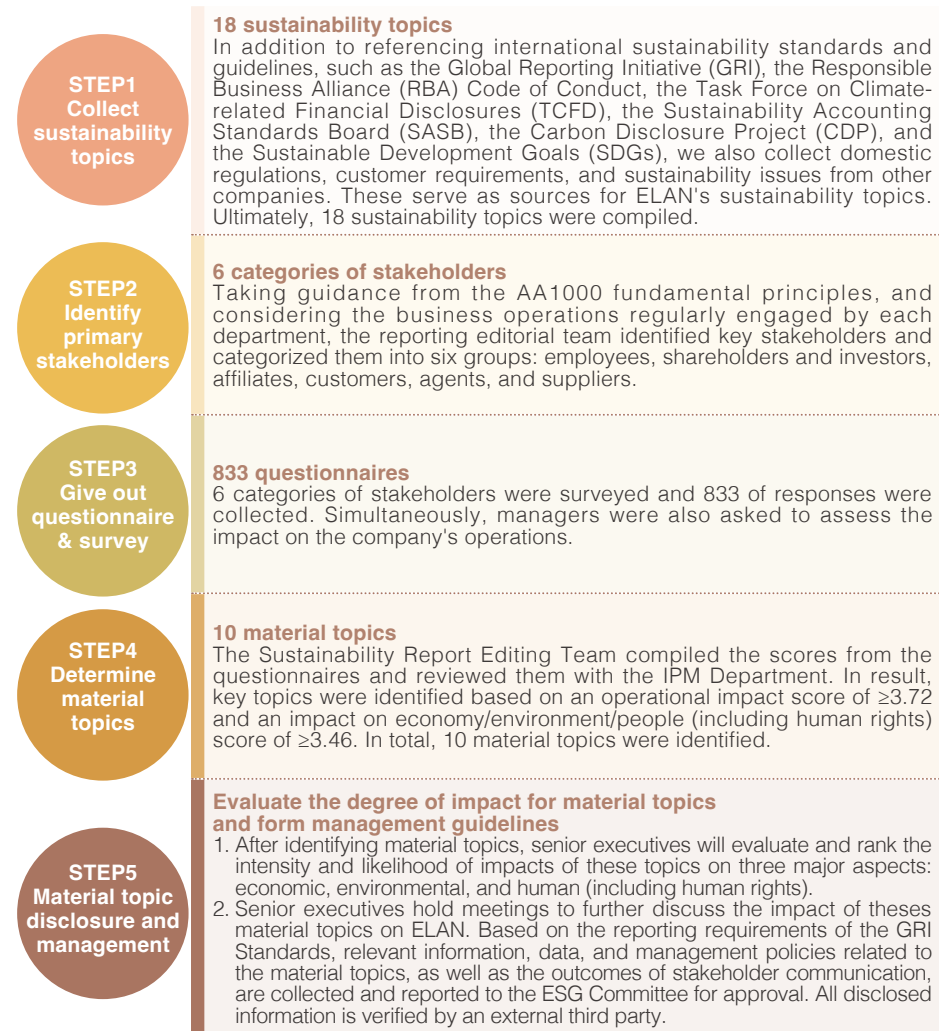


3.1 Important stakeholder and material topic identification

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 sustainability, significance, completeness, compatibility.



List of material topics

3-2

Category	Topic	Corresponding GRI Standards/Custom Topic
Material	01 Organizational Strategy	GRI 201-1/GRI 201-4
	02 Corporate Governance	GRI 205-2
	03 Risk Management	Custom 1-Risk Management
	04 Information Security & Personal Data Protection	GRI 418-1
	05 Sustainable Supply Chain Management	GRI 204-1
		GRI 308-1
		GRI 407-1
		GRI 408-1
		GRI 409-1
		GRI 414-1
General	06 Innovation & Application	Custom 2-Innovation & Application
	07 Customer Relations	Custom 3-Customer Relations
	15 Training and Education	GRI 404-1/404-3
	16 Labor/Management Relations	GRI 202-1/202-2
		GRI 401-1/401-2/401-3
		GRI 402-1
		GRI 405-1
	13 Product Safety and Responsibility (Raw Material Management)	GRI 416-2
	08 Climate Change Response	GRI 417-1/417-2
		GRI 201-2
General	09 Greenhouse Gas Emissions	GRI 305-1/305-2/305-3/305-4
	10 Energy Management	GRI 302-1/302-2/302-4/302-5
	11 Waste Management and Recycling	GRI 301-3
		GRI 306-2/306-3
	12 Water and Effluents Management	GRI 303-3/303-4
	14 Occupational Health and Safety	GRI 403-1/403-2/403-3/403-4/403-5/403-6/403-8/403-9
	17 Human Rights, Diversity, and Inclusion	GRI 406-1
		GRI 407-1
		GRI 408-1
		GRI 409-1
	18 Social Care and Public Welfare Activities	Custom 4-Social Participation

* Note: The material topics were submitted for review at the 6th meeting of the second term of the ESG Committee on 22 February 2024.

List of material topic differences

2022		2023		Explanation of differences
Category	Topic	Category	Topic	
Material	06 Economic Performance	Material	01 Economic Performance	Renamed
	03 Risk Management			No differences
	01 Organizational Strategy		03 Risk Management	erged into 03 Risk Management
	02 Corporate Governance			Merged into 03 Risk Management
	07 Ethics and Integrity		02 Business Ethics and Regulatory Compliance	Renamed
	20 Sustainable Supply Chain Management		05 Sustainable Supply Chain Management	Renamed
	16 New Product Development/Patents		06 Innovation & Application	Renamed
	15 Maintaining Good Customer Relationships (including leading brand manufacturers)			Renamed
	17 Customer Satisfaction		07 Customer Relations	Merged into Customer Relations
	24 Employee Career Development and Education Training		15 Training and Education	Renamed
	21 Employment			Renamed
	25 Employee Compensation and Benefits		16 Labor/Management Relations	Merged into Labor/Management Relations
	22 Employee Occupational Health and Safety	General		The topic is not material this year
	23 Employee Work Environment		14 Occupational Health and Safety	Merged into Occupational Health and Safety, and the topic is not material this year
General	18 Product Hazardous Substance Management (Green Product Orientation)	Material	13 Product Safety and Responsibility (Raw Material Management)	Classified as material this year
	19 Conflict-free Raw Materials			Merged into Product Safety and Responsibility (Raw Material Management)
			04 Information Security & Personal Data Protection	New topic

Disclosure of material topics

3-3

Material topics / stakeholders		ELAN	Affiliates		
			Avionic	PIXORD	ELAN H.K.
Economic Corporate Governance	Economic Performance	✓	✓	✓	✓
	Business Ethics and Regulatory Compliance	✓	✓	✓	✓
	Risk Management	✓	●	●	●
	Information Security & Personal Data Protection	✓	●	●	
	Sustainable Supply Chain Management	✓	✓	✓	
	Innovation & Application	✓	●	●	
	Customer Relations	✓	✓	✓	
Environmental	Product Safety and Responsibility (Raw Material Management)	✓	●	●	
Social	Training and Education	✓	✓	✓	✓
	Labor/Management Relations	✓	✓	✓	✓

✓ Disclosed ● To be disclosed in the future

Impact on the value chain

3-1

As a provider of IC/module solutions in the semiconductor industry, ELAN values its relationships with upstream raw material suppliers, downstream manufacturers, and end-product users, striving to create added value in product services and assume related responsibilities. Based on the value creation process of semiconductor products, we expand the upstream and downstream value chain, which can be divided into five major stages: raw materials, IC design, wafer manufacturing/testing and packaging, production assembly, and end use.

Material topic	Upstream	Operation	Downstream		
	Raw Materials	IC /Module Design	Wafer Manufacturing/ Testing and Packaging	Production Assembly	End Use
Economic Performance	+	+	+	+	+
Business Ethics and Regulatory Compliance		+			+
Risk Management	+	+	+	+	+
Information Security & Personal Data Protection	+	+	+	+	+
Sustainable Supply Chain Management	+	+	+	+	+
Innovation & Application	+	+	+	+	+
Customer Relations		+			+
Product Safety and Responsibility (Raw Material Management)	+	+	+	+	+
Training and Education		+			
Labor/Management Relations		+			

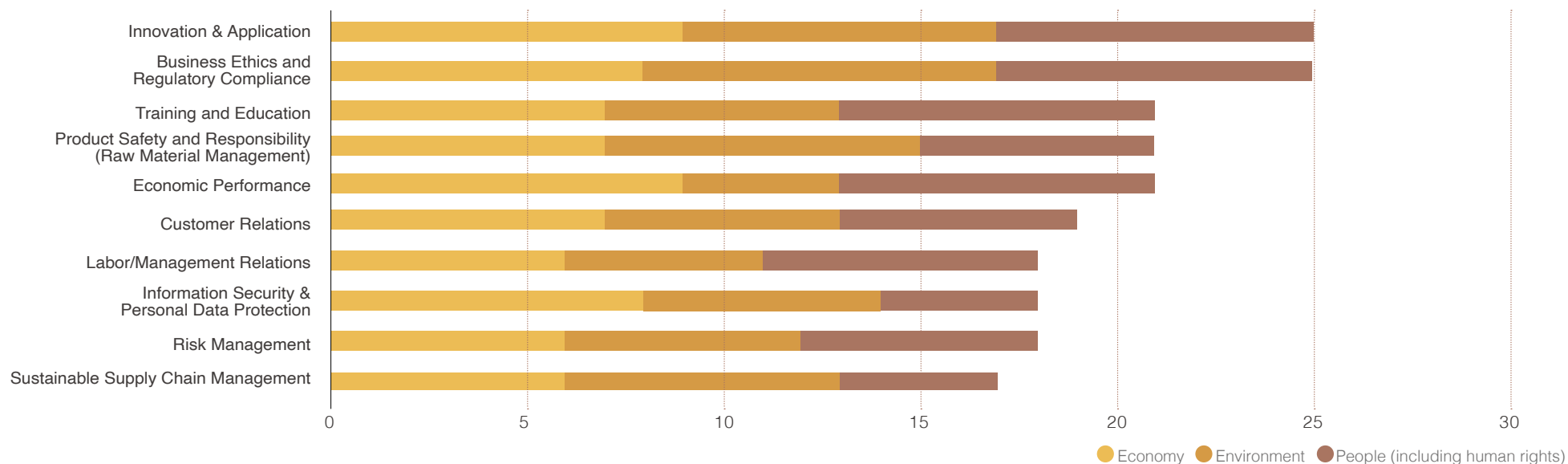
+ Actual positive impact + Potential positive impact - Actual negative impact - Potential negative impact

Significance of the impact assessment 3-1

The Sustainability Report Editing Team conducted a comprehensive assessment on the impacts of the 10 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.

Material topics	Economy				Environment				People (including human rights)			
	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)
01 Economic Performance	5		4		2		2		5		3	
02 Business Ethics and Regulatory Compliance	5		3		5		4		5		3	
03 Risk Management	3		3		3		3		3		3	
04 Information Security & Personal Data Protection	4		4		3		3		2		2	
05 Sustainable Supply Chain Management	3		3		4		3			2		2
06 Innovation & Application	5		4		4		4		4		4	
07 Customer Relations	4		3		3		3		3		3	
13 Product Safety and Responsibility (Raw Material Management)	3		4		4		4		3		3	
15 Training and Education	4		3		3		3		5		3	
16 Labor/Management Relations	3		3		2		3		4		3	

Impact assessment results



3.2 Stakeholder engagement 2-26 2-29

To pursuit 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.

Report the relevant meeting status to the board of directors regularly at the end of each year.

Stakeholders	Concerned topics	Communication channels & frequencies	Responsible unit(s)	Communication achievements in 2023
Government agencies	- Economic Performance - Business Ethics and Regulatory Compliance - Risk Management - Information Security & Personal Data Protection - Innovation & Application	- Phone/E-mail (Anytime) - Announcements on the Market Observation Post System (Non-scheduled) - Official document exchanges (Non-scheduled) - Labor inspections (Non-scheduled) - Stakeholder questionnaire (Annually) - External mailbox (Anytime) Director Li, Human Performance Management (Email:pmlms@emc.com.tw)	- Accounting - Public Resources - Human Performance Management - Industrial Performance Management	- Awarded the 8th "National Industry Innovation Award" by the Ministry of Economic Affairs - Outstanding Innovative Enterprise - Ranked in the 6-20% category in the 111th Corporate Governance Evaluation - Passed ISO14064-1 Greenhouse Gas Inventory Third-Party Verification
Employees	- Labor/Management Relations - Occupational Health and Safety - Economic Performance - Education and Training - Innovation & Application	- Employee Satisfaction Survey (Annually) - Labor/Management Meeting (Quarterly) - Employee suggestion box (Anytime) - Stakeholder questionnaire (Annually) - Annual training needs survey / Cross-departmental training survey (Annually/ Non-scheduled) - Performance review (Semiannually) - Occupational safety and health meeting (quarterly) - Department meeting (Non-scheduled) Director Li, Human Performance Management (Email:pmlms@emc.com.tw)	- Human Performance Management - Public Resources	- A total of 802 employee satisfaction surveys were distributed, with 618 returned, achieving a 77% response rate. Of the responses, 91% were very satisfied/satisfied, with an average score of 83.4. About 30% of employees provided suggestions for improvement, which were individually addressed/communicated by the Human Performance Management Department. - One complaint was filed via the employee suggestion box. The Human Performance Management Department investigated the specifics via phone or email and provided a detailed response. - A total of 1,553 performance interviews were conducted (774 in the first half of the year and 779 in the second half). - Labor-management meetings are held quarterly. - Occupational safety and health meetings are held quarterly. - Technical staff passed skill certification 2,613 times. Online management training courses by Tianxia Innovation Academy had 270 participants. New employee training had 129 participants. - A total of 597 stakeholder questionnaires were collected.
Media	- Sustainable Supply Chain Management - Economic Performance - Business Ethics and Regulatory Compliance - Innovation & Application - Labor/Management Relations	- Company website (Anytime) - Phone/E-mail (Anytime) - Stakeholder questionnaire (Annually) - External mailbox (Anytime) Director Liu, Investor Relations (Email:dennis_liu@emc.com.tw)	Investor Relations	- Published 17 related news articles (including revenue reports and operational reports) on the company website. - Released 36 significant announcements on the Public Information Observatory. - Conducted 3 media interviews/press conferences.

Stakeholders	Concerned topics	Communication channels & frequencies	Responsible unit(s)	Communication achievements in 2023
Shareholders / Investors	• Innovation & Application • Education and Training • Customer Relations • Labor/Management Relations • Economic Performance • Occupational Health and Safety	• Annual Shareholders Meeting (Annually) • 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 • Income Statement (Monthly) • Operational 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)	Investor Relations	1. The annual shareholders' meeting was held on May 31, 2023. 2. Organized 4 investor conferences and uploaded the video recordings to the "Public Information Observatory of the Taiwan Stock Exchange" and the "Company Website." 3. Held 63 investor meetings with domestic and foreign institutional investors and analysts (including in-person meetings, online meetings, and forums). 4. Regular communication topics with investors: • Company's operational direction and strategy: I. Short-term focus: The positive impact of AI artificial intelligence in the post-pandemic era, AI PCs are expected to bring a major shift in the personal computer ecosystem, including value-added products and product differentiation. For the company, this means grasping product transformation trends and increasing the market share of existing products, positively impacting overall operations. II. Mid-to-long-term layout and market foresight. III. Layout of non-laptop businesses. • Outlook for the laptop market development. • Company's competitive advantages. • Company's position and representativeness in the industry chain. • Company's business philosophy of valuing profitability while considering future development. • Supply chain dynamics and cooperative relationships. • High dividend policy to return profits to shareholders.
Customers / Agents	• Sustainable Supply Chain Management • Economic Performance • Customer Relations • Innovation & Application • Risk Management	• Company website (Anytime) • Phone/E-mail (Anytime) • Satisfaction Survey (Semiannually) • Stakeholder questionnaire (Annually) • External mailbox (Anytime) • Questionnaire (Non-scheduled) • Participation in large domestic/international exhibitions (Non-scheduled) Director Chung, Notebook Marketing & Sales Center (Email:ian.chung@emc.com.tw)	Marketing Planning Sales Quality Reliability Assurance	1. Issued 192 satisfaction survey questionnaires, with a 91% response rate. Overall, customers rated ELAN as satisfactory. 2. Participated in 1 domestic exhibition and 1 international exhibition. 3. Collected a total of 62 stakeholder questionnaires.
Suppliers	• Customer Relations • Innovation & Application • Product Safety and Responsibility (Raw Material Management) • Sustainable Supply Chain Management • Information Security & Personal Data Protection	• Company website (Anytime) • Phone/E-mail (Anytime) • Outsourcing meeting (Non-scheduled) • Supplier audit (Non-scheduled) • Supplier conference (Annually) • Stakeholder questionnaire (Annually) • External mailbox (Anytime) Director Li, Production Planning Control (Email:pmlms@emc.com.tw)	Quality Reliability Assurance Production Planning Control	1. Supplier meetings: 318 times. 2. Annual supplier conference: Attended by 77 suppliers. 3. Completed quality audits for 40 key suppliers. 4. Completed RBA audits for 40 key suppliers. 5. Collected a total of 91 stakeholder questionnaires.

04

Product Design and Consumer Rights

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



Highlights

● Number of Microsoft Windows certificates obtained	346 (67 were Pen Digitizer Certifications)
● Number of patents obtained	29
● 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, dominating market share	Market leader
● Percentage of ELAN products that comply with RoHS, REACH, and halogen-free requirements	100%

4.1 Customer relations and collaboration with leading platforms

2-6 Custom 3-Customer Relations

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 2023, 266 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. In 2023, not only did ELAN Smart-Touchscreen and Active Pen Solutions supported Windows 10 operating system and received 346 Touch Logo Certifications (67 of them were Pen Digitizer Certifications), but ELAN Smart-Touchscreen also held 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 has 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

Custom 2-Innovation & Application TC-SC-520a.1 Sustainability 7

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 2023, ELAN obtained 27

patent certificates; PiXORD obtained 2; Avisonic obtained none. A total of 1,063 patents were granted to the Group from 2000 to 2023 (excluding Metanoia).

In 2023, there was a lawsuit related to intellectual property protection in which the court ruled that the penalty amount was zero. To protect the company's operational freedom, strengthen industry leadership, and safeguard advanced technological achievements, the company regularly strengthens intellectual property protection and expands patent portfolios. This is overseen by the dedicated Intellectual Property Legal Office, which monitors relevant technology markets globally. This proactive approach ensures that the company can quickly gather relevant information in the event of rights infringements, thereby protecting the company's patent portfolio and competitive advantage worldwide.

4.3 Product contribution to world trends

Custom 2-Innovation & Application

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. In view of the relatively low penetration rate of fingerprint recognition in the NB market, especially MOC (Match On Chip, which verifies fingerprints before unlocking) which has higher average unit price, we are optimistic about the continued growth in this segment and aim to capture the majority of the market within the next two to three years. According to data from the Industrial Technology Research Institute's Industrial Economics and Knowledge Center (IEK), the output value of Taiwan's IC design industry in 2023 was approximately NT\$1.0965 trillion (US\$35.1 billion), for which ELAN accounts approximately 1.10%.

ELAN World-Leading Smart Input Solutions in NB Application

Integrate AI into existing human-machine interface products

WORLD WIDE #1



Touchscreen Controller IC

- Out Cell Sensor
- On/In-Cell LCD Sensor
- On-Cell OLED Sensor
- All Active Pen protocol
- Pencil Touch support

WORLD WIDE #2



Fingerprint Module

- FP Keycap / Power button
- Smart Card
- FIDO Dongle
- FP Mouse

WORLD WIDE #1



Touchpad Module

- Trackpad
- Lighting Pad
- Haptic Pad
- ID Pad
- AITP
- NFC Pad

WORLD WIDE #1



Pointing Stick Module

Pointing Stick



4.4 Product and service information and labeling

Management of material topics - Product safety and responsibility (raw material management) 416 417

Explanation

ELAN provides high-quality and environmentally friendly products to its customers, representing our commitment to fulfilling our responsibilities as a corporate citizen and our continuous efforts to protect the planet.

Policies and commitments

Implementing green raw materials and product certifications, ELAN ensures compliance with lead-free and halogen-free standards, as well as the hazardous substance requirements announced by the EU and Japan for the electronics industry. We strictly adhere to the Restriction of Hazardous Substances (RoHS) Directive.

Impacts

- Raw materials used in product design all comply with international environmental regulations and customer requirements.
- In the product design phase, considerations include not using harmful raw materials, enhancing product performance, and ensuring ease of disassembly or recycling, to minimize the environmental impact of the products.

Management approach

- Follow the "Hazardous Substance Management Procedure Manual."
- Establish a GP Management Platform and announce ELAN's green product requirements at the annual supplier conference.
- Provide customers with certificates guaranteeing the absence of hazardous substances.
- Continuously and actively update international regulations and customer requirements for product compliance.

Evaluation of the management approach

Strengthen hazardous substance management by establishing a management system platform to select capable suppliers, ensuring that raw materials and products meet regulatory requirements.

Medium and long-term plan

- Stay updated with the latest sustainability policies and domestic and international trends.
- Continue to monitor international environmental regulatory issues to comply with global hazardous substance restrictions and bans.
- Consistently verify customer requirements for green product specifications to meet specific product compliance requirements.

Implementation in 2023

- All product lines complied with RoHS, REACH, and halogen-free requirements.

Goals and targets for 2024

- Implement the QC 080000 hazardous substance management system.
- All product lines comply with RoHS, REACH, and halogen-free requirements.
- Conduct TSCA and PFAS chemical substance investigations for products.

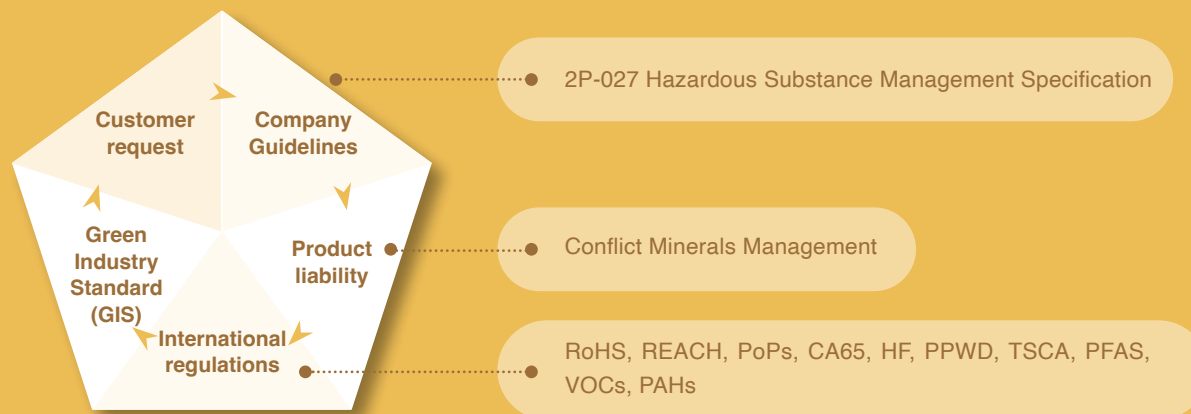
Green Product Policy 417-1

- 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.



* Note: RoHS - Restriction of hazardous substances directive for electrical and electronic equipment
REACH - Registration, evaluation, authorization, and restriction of chemicals regulation

Green Product Management

ELAN is committed in using Green products. All ELAN product series are in accordance to RoHS, 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

TC-SC-410a.1

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

Avionic & PiXORD : As customers have not requested the IEC62474 material declaration documents, related investigations with suppliers have not been conducted, and thus cannot be disclosed.

There were no incidents of non-compliance concerning the health and safety impacts of products and services in 2023. 2-27 416-2

There were no incidents of non-compliance concerning product and service information and labeling in 2023. 2-27 417-2

4.5 Customer Service and Satisfaction

Management of material topics - Customer Satisfaction

3-3 2-23 418 Custom 3

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.

Impacts

- ELAN not only complies with legal regulations but also strives to continuously improve internal management with high standards. Meanwhile, enhance employees' awareness of customer human rights and implement personal data protection.
- Through our customer service system, ELAN deepens customer trust. We actively communicate and properly handle customer feedback, creating a positive cycle that promotes economic growth.

Evaluation of the management approach

Customer Satisfaction Survey

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.

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.
- Incorporate customer feedback into improvement plans.
- Continue to monitor customer trends to ensure the best quality and service are provided.

Implementation in 2023

- 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 2024

- 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.
- Increase the response rate for customer surveys by introducing incentives for completing them.
- Expand channels for customer feedback.
- Track customer feedback and enhance the effectiveness of improvement measures.

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 2023.

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 "Rigorous System Control" are practices of ELAN and do not apply to 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 2023, a total of 158 surveys were sent out, and the response rate was 91.8%. ELAN received good feedback in both sales and technical services. Overall, the statistical scores for the 2023 customer satisfaction questionnaire were all above 80 points.

ELAN Zhonghe

ELAN Zhonghe sent out 34 surveys in 2023, with a response rate of 88.24%. Through coordination and cooperation among the Sales Department, Quality Assurance Department, and various units, customers have given ELAN an average score of 95.1, higher compared to the past two years. We will continue to uphold dedicated customer service, pursuing excellence and innovative products and services.

Avisonic

In 2023, 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. All customer satisfaction surveys were collected within two weeks, achieving a 100% response rate. The results of this customer satisfaction survey showed stable and positive growth across all survey items. This indicates that Avisonic has improved in technical support and complaint handling, meeting customer needs. The average scores for 2021, 2022, and 2023 were all above 8.8 out of 10, demonstrating that the company maintains its current service standards and continues to make progress.

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. The 2023 customer satisfaction survey achieved a 100% response rate. Compared to 2022, all items showed stability and improvement. Overall, the average customer satisfaction score in 2023 was above 4 out of 5, indicating that PiXORD has accumulated experience in system integration and can provide comprehensive site planning and solutions for customers.

05

Supplier Management

5.1 Sustainable supply chain

5.2 Responsible minerals management

Highlights

The Group sources **49%** of its suppliers from Taiwan.

Conducted quality audits on **40** key suppliers.

Conducted RBA audits on **40** 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

Explanation

- Suppliers are crucial partners. Establishing effective communication in supply chain management can create 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 operation. 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

- Leveraging the company's procurement influence, we assist suppliers in enhancing five key areas: labor, health and safety, environment, ethics, and management, progressively meeting customer expectations each year.
- ELAN conducts annual quality and RBA audits for key suppliers. During these audits, non-compliances in health and safety, environment, and labor areas were found. Suppliers have been required to make continuous improvements.

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

5.1 Sustainable supply chain

Management of material topics - Sustainable supply chain

2-23 2-24 3-3 204 308 414



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.

Implementation in 2023

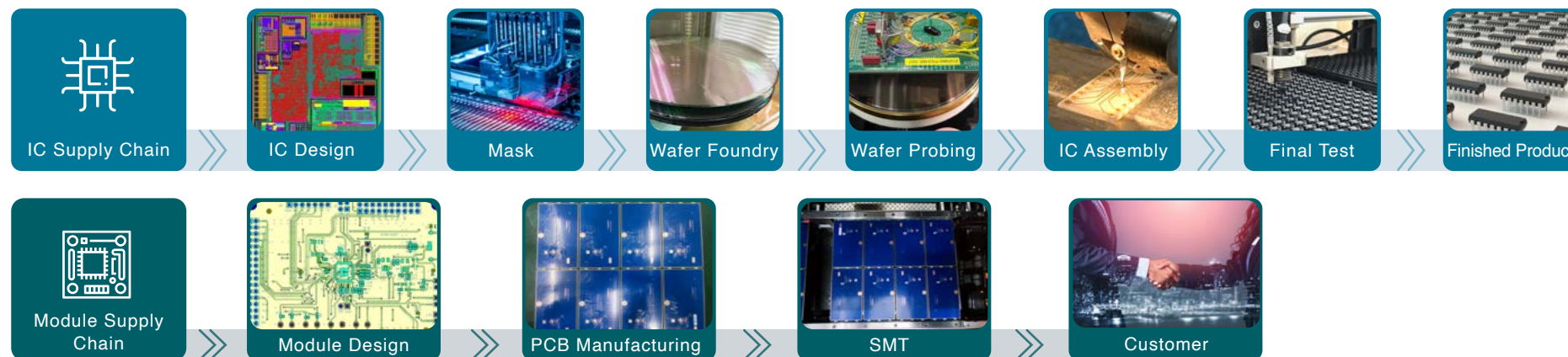
- The Group conducts annual quality audits for key suppliers each year. All audits were complete.
- ELAN RBA team completed RBA audits for a total of 40 key suppliers.

Goals and targets for 2024

- 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 2023, the proportion of the Group's local procurement was 49%.



Proportion of spending on local suppliers 204-1

		ELAN		Avisonic		PiXORD		ELAN H.K.	
		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	32	78.4%	11	100.0%	0	0.0%	NA	NA
	Imported	18	21.6%	0	0.0%	0	0.0%	NA	NA
Module - raw materials	Local	84	33.5%	1	100.0%	50	98.5%	NA	NA
	Imported	44	66.5%	0	0.0%	1	1.5%	NA	NA
Other services		630		57		80		34	

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

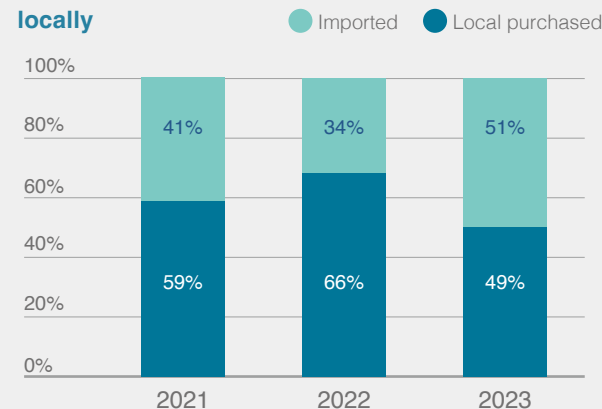
* Note 2: "Module - raw materials" include PCB, SMT and commodity suppliers.

* 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, Avisonic, PiXORD are located in Taiwan, and ELAN H.K. is in Hong Kong.

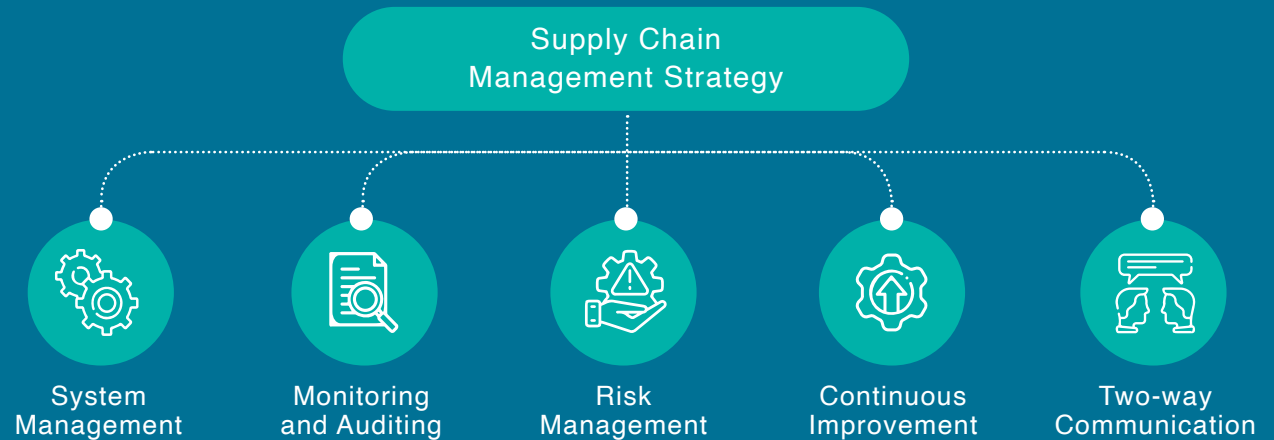
* Note 5: ELAN H.K. is a shipping and customer service center. Therefore, most of the related data was NA.

Percentage of IC/module raw materials purchased locally



Supplier strategy

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

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). 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.

At the Zhonghe facility, a total of 14 suppliers were audited, and all of them met the supplier standards. Through regular audits and quality improvement meetings, we continuously monitor and guide suppliers for ongoing improvements to ensure the stability of both supplier and product quality.

Avionic

Avionic'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 52 suppliers, and all of them met the supplier standards.

The evaluation results indicated that no suppliers were classified as non-compliant.

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

Supplier RBA audit

407-1 408-1 409-1

ELAN

Since 2018, ELAN has begun RBA audits on our key suppliers to enhance the social and environmental responsibilities of ELAN's supply chain. In 2023, 40 suppliers were audited. With the latest RBA 7.0, we conducted 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.



* Health and Safety(34%)

Emergency drills did not include night shifts and dormitory areas; personal protective equipment was not in place; ISO 45001 system not implemented.

* Labor (28%)

No labor system audits conducted; overtime work; social insurance contributions made at the minimum base rate.

* Environment (19%)

No greenhouse gas inventory conducted/set reduction targets; no environmental training provided to workers.

* Note 1: Through audits, we can confirm that our key suppliers (1) do not employ child labor (verified by checking identity documents upon hiring) and (2) have established labor unions or hold labor-management meetings for collective bargaining.

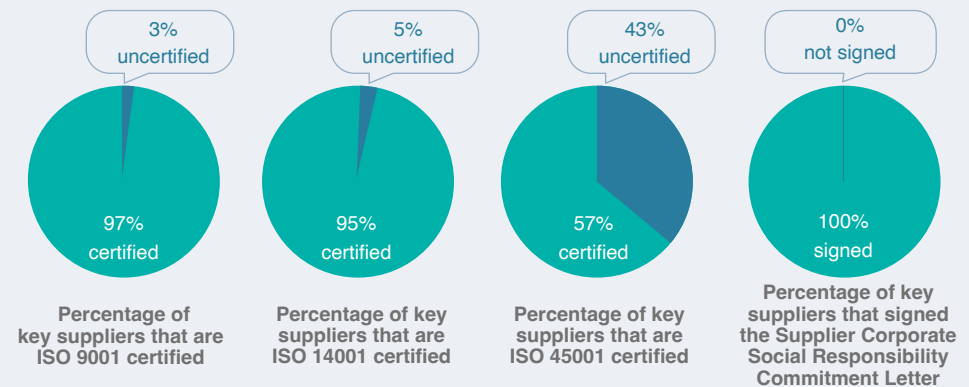
* Note 2: Key supplier refers to the vendors that constitute 80% of the total company's supplier transaction amount. There is a total of 40 such suppliers.

Avionic & PiXORD

They have not implemented RBA-related operations due to the lack of a factory, and therefore unable to disclose this information.

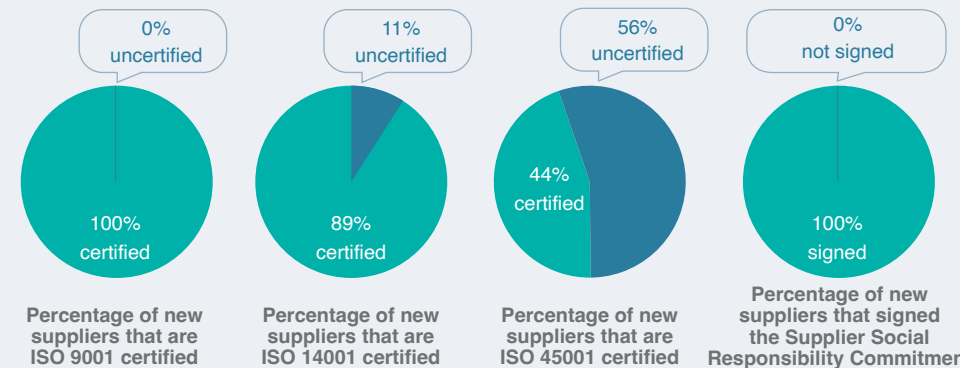
308-1 409-1 414-1

In 2023, 100% of ELAN key suppliers signed the Supplier Social Responsibility and Business Ethics Consent. Within them, 97% of suppliers obtained ISO 9001 (Quality Management System) certification, 95% of suppliers obtained ISO 14001 (Environmental Management System) certification, but only 57% of suppliers obtained ISO 45001 (Occupational Health and Safety Management System) certification.



New supplier RBA assessment

In 2023, 100% of new suppliers completed the signing of the Social Responsibility and Business Ethics Agreement and obtained ISO 9001 (Quality Management System) certification. Additionally, 89% of these suppliers obtained ISO 14001 (Environmental Management System) certification, and 44% obtained ISO 45001 (Occupational Health and Safety Management System) certification.



5.2 Responsible Minerals Management

TC-SC-440a.1

Sustainability 6

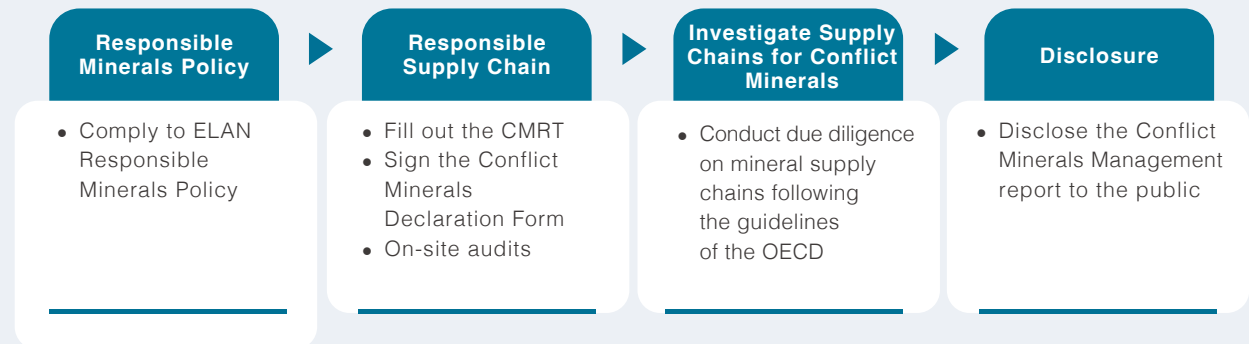
According to the Responsible Minerals Initiative (RMI), the Democratic Republic of the Congo and the insurgent organizations in its neighboring countries have been extracting Conflict Minerals, i.e. tantalum (Ta), tin (Sn), tungsten (W), and gold (Au), through forced and child labors in order to trade 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

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

Responsible Minerals Management

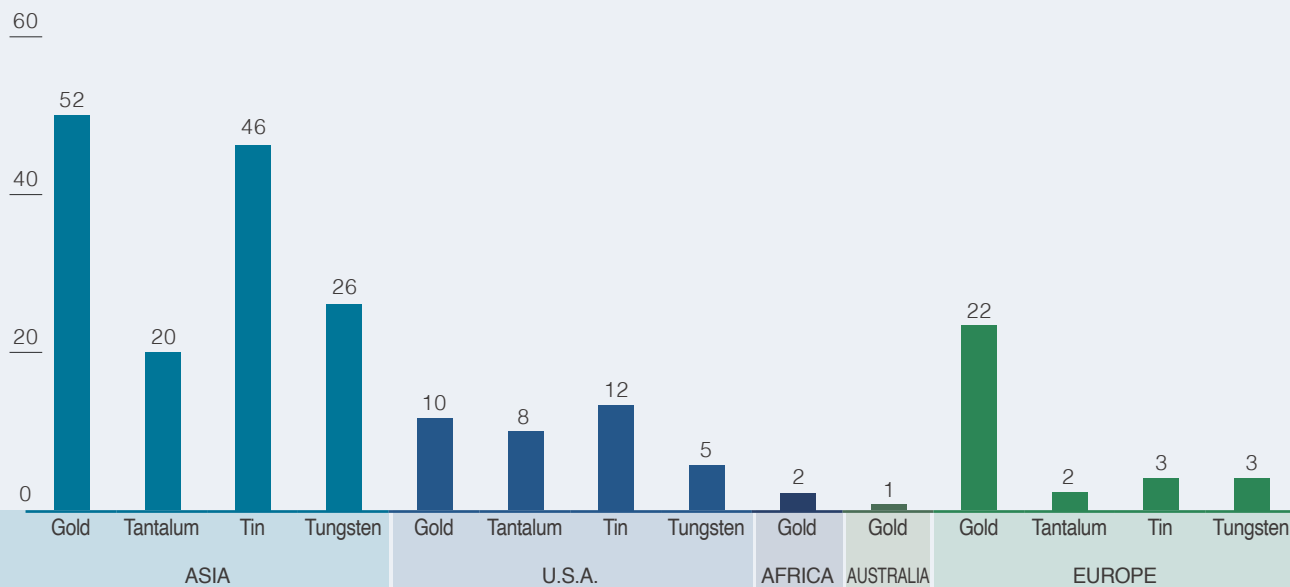


According to the EU Critical Raw Materials, one-third of the world's cobalt mines are located in the Democratic Republic of the Congo and neighboring countries, which also face risks of illegal operations. To address the management of critical raw materials in the supply chain, ELAN has increased investigations into cobalt mining and included cobalt in its responsible minerals procurement management. Elan Microelectronics conducts periodic due diligence on responsible minerals and independently requires suppliers to disclose the sources of their cobalt. For critical raw materials such as tantalum, tungsten, cobalt, and germanium, suppliers are required to periodically fill out reports on the status of their responsible mineral disclosures and undertake related risk management activities.

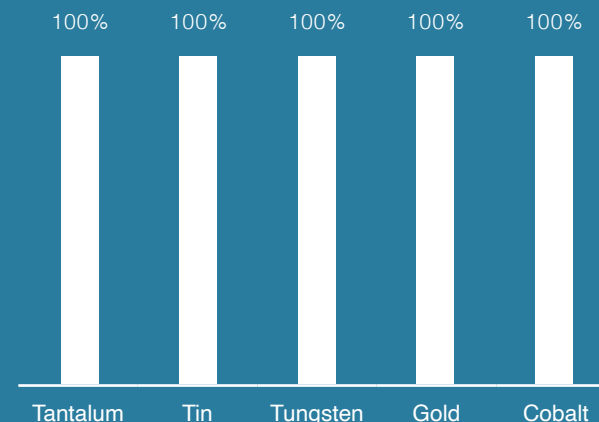
ELAN

Distribution of qualified smelters

Number of suppliers



100% of ELAN suppliers for all product line have submitted RMI



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

Avisonic & PiXORD

Due to the absence of customer requirements for responsible mineral documentation, they have not conducted related investigations with suppliers and therefore unable to disclose this information.

06

Friendly Workplace

- 6.1 Commitment to corporate social responsibility
- 6.2 A friendly and diverse talent structure
- 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 significant occupational accidents for 29 years
- 6.7 Worker training and education
- 6.8 Human rights and employee communication



Highlights

	Female employee ratio	Number of employees participated in annual health check	Employee health check participation rate	Number of occupational accidents
2021	40%	1,034	99%	0
2022	38%	1,015	99%	0
2023	39%	936	99.6%	1

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. Actively committed to creating a friendly, diverse, and inclusive workplace.

ELAN is aware that:

- ✓ Continuously putting in care and educating employees are essential in identifying and solving workplace safety.
- ✓ 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.
- ✓ 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.
- ✓ 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 A friendly and diverse talent structure

202-2

ELAN and Avisonic are both IC design companies, and 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 2020 to 2023, 100% of our senior managers were hired locally.

Senior Management	
ELAN	Director level and above
Avisonic	Assistant Manager level and above
PiXORD	Vice President level and above
ELAN H.K.	Manager level and above

* Note: "Local" here refers to the location where the group is established. ELAN, Avisonic, PiXORD are located in Taiwan, and ELAN H.K. is in Hong Kong.

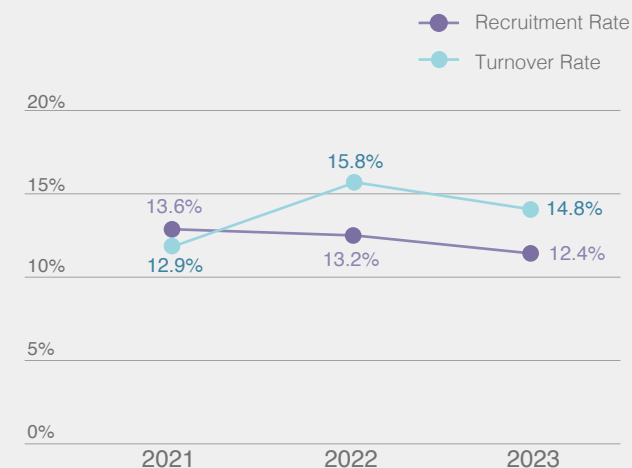


New employee hires and employee turnover 401-1

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	Avisonic	PIXORD	ELAN H.K.	
New employee		Under 30	51	2	1	0	54
		30 - 50	9	0	0	0	9
		Over 50	1	0	0	0	1
		Under 30	45	0	0	0	45
		30 - 50	23	1	0	0	24
		Over 50	0	0	0	0	0
	Recruitment rate (Male)		9.8%	9.5%	7.7%	0.0%	9.7%
	Recruitment rate (Female)		17.4%	12.5%	0.0%	0.0%	16.7%
	Recruitment rate (Under 30)		39.7%	40.0%	25.0%	0.0%	39.4%
	Recruitment rate (30-50)		5.2%	4.3%	0.0%	0.0%	5.0%
Employee turnover	Recruitment rate (Over 50)		0.6%	0.0%	0.0%	0.0%	0.6%
	Total recruitment rate		12.7%	10.3%	4.0%	0.0%	12.4%
		Under 30	31	0	1	0	32
		30 - 50	35	0	1	0	36
		Over 50	6	0	0	0	6
		Under 30	45	0	0	0	45
		30 - 50	37	0	0	0	37
		Over 50	3	0	0	0	3
	Turnover rate (Male)		11.6%	0.0%	15.4%	0.0%	11.2%
	Turnover rate (Female)		21.7%	0.0%	0.0%	0.0%	20.6%
	Turnover rate (Under 30)		31.4%	0.0%	25.0%	0.0%	30.7%
	Turnover rate (30 - 50)		11.7%	0.0%	7.1%	0.0%	11.1%
	Turnover rate (Over 50)		5.8%	0.0%	0.0%	0.0%	5.5%
	Total turnover rate		15.5%	0.0%	8.0%	0.0%	14.8%

The main positions in the Group are R&D personnel, with 100% of them hired directly by each company. They constitute 51% of ELAN's total workforce, 61% of Avisonic's workforce, and 48% of PiXORD's workforce. During periods with more R&D projects, ELAN and PiXORD may require additional contract personnel to assist with testing, soldering, experimental simulations, and product inspections, with the annual proportion of contract personnel being around 1%. Meanwhile, there were no changes for Elan H.K.



* Note 1: Total number of full-time employees on 31 December 2023: 1,071 (ELAN: 1,012; Avisonic: 29; PiXORD: 25; 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.

* Note 4: All employees hired by the Group are above the age of 16. During the onboarding process, identification documents are verified to effectively prevent the risk of employing child labor. 408-1

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	603	18	0	0	621	0	621	0
	Female	384	7	0	0	391	0	391	0
Avisonic	Male	21	0	0	0	21	0	21	0
	Female	8	0	0	0	8	0	8	0
PiXORD	Male	13	0	0	0	13	0	13	0
	Female	12	0	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		1,046	25	0	0	1,071	0	1,066	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.

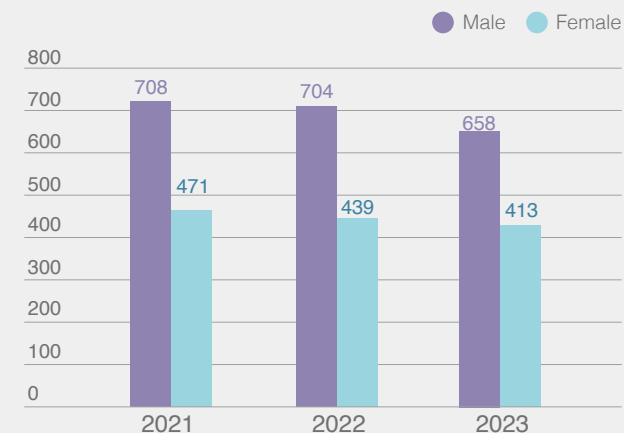
* Note 4: Other employees are non-regular employees whose labor/health insurance is not covered by the Group.

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

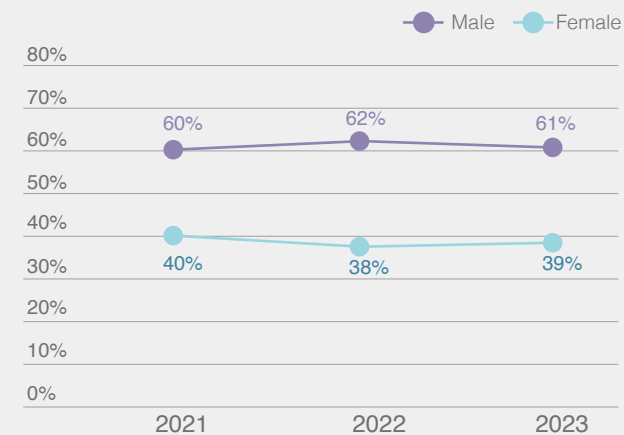
* Note 6: Part-time employees are employees with a contract and whose labor/health insurance is not covered by the Group.

* Note 7: Total number of employees: includes those on unpaid leave.

Number of full-time employees by gender



Percentage of full-time employees by gender



Diversity of governance bodies and employees

405-1

In 2023, ELAN employed 9 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 has been made to the local authority body. The same law does not apply to 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.

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. 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.

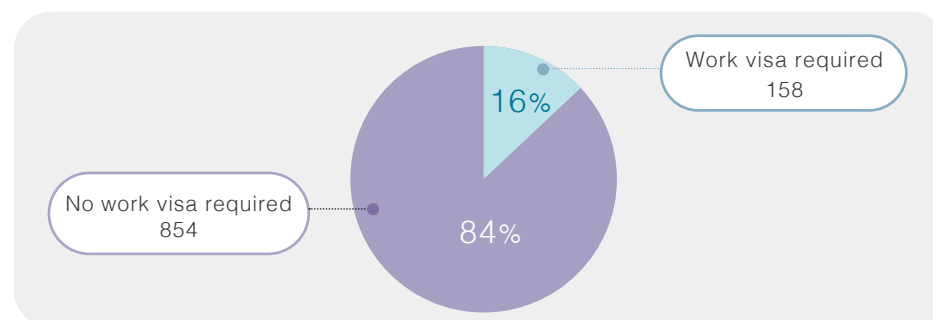
When ELAN employs colleagues, who require work visas or might encounter issues such as expired passports, residence permits, periodic health checks, or statutory documents (e.g., employment and renewal permits), it may lead to potential risks of losing hiring quotas and even fines. To mitigate these risks, before colleagues start their employment, their personal information and relevant document processing deadlines are entered into the migrant worker management system. The system categorizes these deadlines as green, yellow, or red based on the timeline and proactively prompts for action before the deadlines expire.

Gender	Category	Age group	ELAN	Avisonic	PiXORD	ELAN H.K.
	Senior management	Under 30	0	0	0	0
		30-50	0	2	0	0
		Over 50	19	1	1	0
	Indirect labor	Under 30	102	3	0	0
		30-50	412	15	8	3
		Over 50	81	0	4	0
	Direct labor	Under 30	0	0	0	0
		30-50	5	0	0	0
		Over 50	2	0	0	0
	Senior management	Under 30	0	0	0	0
		30-50	0	0	0	0
		Over 50	4	0	0	1
	Indirect labor	Under 30	28	2	4	0
		30-50	140	6	6	1
		Over 50	36	0	2	0
	Direct labor	Under 30	112	0	0	0
		30-50	59	0	0	0
		Over 50	12	0	0	0
Total number of full-time employees			1,012	29	25	5

* Note 1: Indirect labor: Below director level, including middle management and those indirectly involved in production process, such as procurement, sales, quality control, R&D, production management, and administrative staff.

* Note 2: Direct labor: Those directly involved in product production, operating machinery, and assembling products, such as technicians.

Percentage of employees requiring work visas TC-SC-330a.1



* Note: Avisonic, PiXORD, and Elan H.K.: No employees required work visas.

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 based on his/her academic background, experiences, professional knowledge/skills, and length of service in the specialized profession. Each year, adjustments are made based on market conditions, individual performance evaluations, job categories, and other relevant factors. 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.

Ratio of standard entry level wage by gender compared to local minimum wage at key operational sites 202-1

Company	Job Category	♂	♀	
ELAN	The ratio of standard entry level worker (i.e., operator) wage to local minimum wage	1.07	1.00	* 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: 2023 Standard wage is 26,400 NTD/month in Taiwan and 40 HKD/hour in Hong Kong. * Note 4: The ratio of standard entry level worker wage compared to local minimum wage is rounded off decimal.
Avisonic	The ratio of standard entry level worker wage to local minimum wage	1.25	1.51	
PiXORD	The ratio of standard entry level worker wage to local minimum wage	1.30	1.14	
ELAN H.K.	The ratio of standard entry level worker wage to local minimum wage	1.67	1.67	

Compensation and benefits provided to full-time employees

The Group set up the Employee Welfare Committee in accordance with the law, composed of representatives designated by each department. 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.

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 are welcome to 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: * Benefits which contract and expatriates are not entitled to
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 are welcome to 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

PiXORD

401-2

- Labor insurance, health insurance, group insurance
- Year-end bonus, holiday bonuses
- Wedding gifts, condolence money
- Biennial employee health check (employees' family members are welcome to 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)

ELAN H.K.

401-2

- Labor insurance, health insurance, group insurance
- Year-end bonus
- Wedding gifts
- Flexible working hours
- Paid leave is granted in accordance with the Labor Standards Act. Employees may also request for advanced annual leave.
- Domestic/international travel grants
- Year-end banquet, regular gatherings

Friendly and Inclusive Workplace

Parental leave

401-3

Elan is committed to creating a work environment that fosters friendly relationships, high productivity, while protecting employees' work rights. This commitment also serves as a testament to the company's proactive efforts to retain talent. 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. Over the years, numbers of employees applied for unpaid parental leave. The number of reinstated employees after parental leaves by gender is as follows.

	ELAN		Avisonic		PiXORD	
	♂	♀	♂	♀	♂	♀
A. Total number of employees that were entitled to parental leave in 2023	36	25	0	0	1	2
B. Total number of employees that took parental leave in 2023	0	0	0	0	0	2
C. Total number of employees expected to return to work after parental leave ended in 2023	1	1	0	0	0	0
D. Total number of employees that did returned to work after parental leave ended in 2023	1	1	0	0	0	0
E. Total number of employees that did returned to work after parental leave ended in 2022	3	2	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 2022	3	2	0	0	0	0
Return to work rate (D/C)	100%	100%	NA	NA	NA	NA
Retention rate (F/E)	100%	100%	NA	NA	NA	NA

* Remarks: A. Employees that were entitled to parental leave in the period of 1 January 2023 to 31 December 2023 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 2023 to 31 December 2023.

C. Total number of employees expected to return to work after parental leave ended in the period of 1 January 2023 to 31 December 2023.

D. Total number of employees that did returned to work after parental leave ended in the period of 1 January 2023 to 31 December 2023.

E. Total number of employees that did returned to work after parental leave ended in the period of 1 January 2022 to 31 December 2022.

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 2022 to 31 December 2022.

* Note 1: The Employment Ordinance of Hong Kong stated that an employee is eligible for 14 weeks' paid maternity leaves 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.

Travel grants

ELAN encourages employees to build camaraderie and enjoy time with their families outside of work. The company offers fixed-amount subsidies for employee travel organized by the Welfare Committee or self-organized groups, providing travel subsidies for employees. In 2023, the participation in travel subsidies was very high, with 99.7% of employees taking advantage of this benefit.

Diverse club activities

ELAN values both physical and mental health of its employees, encouraging them to participate in recreational activities. The company has established a subsidy program for employee clubs, and in 2023, there were ten active clubs. Besides regular gatherings, club members often represent the company in external competitions, frequently achieving excellent results.

Diverse meal choices

Hsinchu headquarters offers employees with diverse meal choices. The company cafeteria offers

breakfast, lunch (vegetarian, none-vegetarian, noodles), organic meals, fruit, salad, etc. Specials are served on Fridays to provide more choices.

- Checking of food ingredients: Chefs are responsible for the safety checks of all food ingredients, make market purchases in person, purchase the freshest fruit and vegetables daily, and make delicious buffet meal for the employee.
- In order for employees to eat safe, all melamine utensils were replaced by corning glass ones.
- Professional nurse: The company hired a professional nurse to provide on-site health counseling and medical assistance to employees.
- Meal Satisfaction Survey: To take employees' opinions into account, the Public Resources Department conducts a Meal Satisfaction Survey each year. The survey results are used as references to replace or discuss improvement plans with the meal providers.
- Provide free snacks and drinks to the employees after 9 p.m. on weekdays, as company's compassion towards hardworking staff.
- Promote the "Let's eat vegetables, love the earth with ELAN!" campaign to encourage employees to adopt a diet with less meat and more vegetables, fostering low-carbon living and environmental care.

Maternal and Childcare

ELAN provides a comfortable and relaxing environment for breastfeeding mothers, offers designated parking spaces for pregnant female employees to ensure more convenient parking as well as gender-equal maternity leave, paternity leave, and prenatal check-up leave.

6.4 Occupational health and safety policy

ELAN

Policies: Comply with laws and regulations, continue to improve, reduce risk, implement consultation, 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 100% 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; 25 personnel in total - 7 males, 18 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 100% of company employees and contractor personnel.

Employee occupational risk assessment and occupational health care

403-2 403-3

To effectively manage employee health and safety, the company conducts annual health check-ups for all employees. At the Zhonghe plant, two employees use XRF ionizing radiation equipment. Although their exposure dose is not significant, special health check-ups are still arranged, and the results have shown no abnormalities. The rest of the employees mainly work in office environments. A more notable health issue has been problems related to BMI exceeding the standard. The company organizes regular weight loss activities to motivate employees to lose weight. In 2023, 919 employees participated in health risk assessments, focusing on preventing abnormal work load and evaluating protection from ergonomic hazards. For those identified for follow-up interviews based on the assessment results, on-site physician evaluations will be completed by the end of 2024. Adjustments to work tasks will be made based on the physician's evaluation results. 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 2023, no employees applied for the benefits. For the storage of employees' personal health check-up data, the company has designated the on-site nurse to collect and store these records in the medical office, ensuring that the files are securely locked to prevent data leakage. When the doctor visits the site, one-on-one consultations are conducted to avoid any issues of personal privacy breaches.

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

Avisonic & PiXORD

According to Taiwan's Occupational Safety and Health regulations, indoor workplace inspections are conducted every six months. Regular safety and health on-the-job training and occupational safety education for new employees are provided, and the environment is disinfected periodically. To prevent employees from being exposed to health hazards, health check-ups are conducted every two years, questionnaires are distributed for employees to self-assess their physical condition, and follow-up appointments with doctors are arranged as needed.

6.5 Worker health management

403-6 TC-SC-320a.1

Item		2021	2022	2023
Health check	Annual health check	1,034 participants 99% participation rate	1,015 participants 99% participation rate	936 participants 99.6% participation rate
Health Consultation	Monthly on-site doctor consulting service	103 participants	103 participants	129 participants
Health Education	Mental health, weight control seminars, setup of a health station	4 sessions 191 participants	4 sessions 179 participants	4 sessions 306 participants
	Health and Medical Station	Added 24 new themes	Added 24 new themes	Added 24 new themes
Health Promotion	Blood drive events	151 participants 252 bags	220 participants 346 bags	124 participants 129 bags
	Gynecologic cancer screening	Temporarily suspended due to COVID-19 pandemic	Temporarily suspended due to COVID-19 pandemic	Due to scheduling conflicts with the local health clinic, the program has been temporarily suspended
	Weight loss competition	324 people signed-up 188 participated Total weight loss: 684.7 kg	331 people signed-up 229 participated Total weight loss: 845.3 kg	332 people signed-up 278 participated Total weight loss: 654.1 kg
Good Pregnancy Thoughtful Project	Parking space reserved for pregnant women	2 applied	2 applied	0 applied
	High-back chair	3 applied	1 applied	0 applied
Group insurance	Extend to include family members and children	Spouses: 446 Children: 647 A total of 1,093 family dependents	Spouses: 445 Children: 639 A total of 1,084 family dependents	Spouses: 437 Children: 624 A total of 1,061 family dependents

Weight loss competition

Participating plants

ELAN Hsinchu, Zhonghe, Tainan, and Kaohsiung

Target

Plant-wide BMI abnormality rate < 47%

Achievement status

In 2023, the abnormal BMI rate from health check-ups was 45%, achieving the target value. The average weight loss per person was 2.35 kg, with a participation rate of 41% and a completion rate that increased from 69% to 84%. Additionally, a weekly squat activity was on for one month in 2023, with a completion rate of 76%.

Future directions

- Based on the abnormal analysis from the 2023 health check-ups, weight control remains the primary focus. In 2024, weight control activities, high cholesterol nutrition seminars, diabetes health seminars, essential oil wellness, and cervical smear tests for women will continue to be conducted as part of health promotion activities.
- For the abnormal BMI rate, the target set for 2024 is to achieve a factory-wide abnormal BMI rate < 45%.

6.6 Emphasize on workplace safety, zero significant occupational accidents for 29 years

3-3

Prioritize Workplace Safety

403-2 403-9 TC-SC-320a.1 TC-SC-320a.2 Sustainability 4

According to the Occupational Safety and Health Administration of the Ministry of Labor's occupational accident identification, excluding traffic accidents occurring during commutes, ELAN experienced one workplace safety accident within its factory in 2023. This incident involved an employee at the Hsinchu plant who accidentally missed a step while going down the stairs. Warning signs have since been posted on all staircases, and the employee has returned to work. Over the past three years, no other serious or recordable occupational injuries, illnesses, or work-related fatalities have occurred in any plants or affiliated companies. There have also been no occupational accident reports related to on-site contractor personnel. Excluding contractor on-site personnel, the total accumulated work hours for the Group in 2023 were 2,039,904 hours. There were no serious incidents of occupational disease recognition, safety fines, or employee health and safety-related lawsuits. Additionally, the Hsinchu plant has accumulated a total of 15,281,839 hours without occupational accidents since applying for the zero-accident hours record in May 2009.

Hsinchu plant's statistics over the past three years:

	Number of Occupational Injuries	Type of Incident	Occupational Injury Fatality Rate	Disabling Injury Frequency Rate (FR)	Disabling Injury Severity Rate (SR)
2021	0	-	0	0	0
2022	0	-	0	0	0
2023	1	Fall	0	0.9	11.12

* Note: Both FR and SR are calculated per million working 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.

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.

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.



Training and communication

403-4

403-5

- Arrange safety and health education and training for new employees (a total of 129 in 2023).
- 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.
- The Hsinchu headquarters participates in the Innovation Rd. civil defense training and joint exercises with other companies once a year.
- Once a year, Zhonghe plant participates in a fire drill organized by the Management Committee and a typhoon, flood, and earthquake disaster prevention and rescue drill in Zhonghe District, New Taipei City.
- Arrange outsourced special occupational safety and health trainings for specific operators employed by the company. A total of 14 people participated in 2023.
- In 2023, employee training for the use of hazardous chemicals was completed with a total of 73 participants.
- In 2023, employee training for foreign colleagues was completed with a total of 179 participants.
- 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.

- ✓ 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.
- ✓ In 2023, the New Construction of Headquarters Building in Zhubei AI Park Won the "Friendly Excellent Construction Site Award".

6.7 Worker training and education

Management of material topic - 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

- Talent is the foundation of a company's competitiveness. A sound talent development system strengthens employees' professional skills and their loyalty to ELAN, positively influencing organizational performance.
- Effective talent development enhances employees' knowledge and capabilities, enabling them to complete tasks assigned by the organization and contribute to society.

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

6.7 Worker training and education

Management of material topic - Worker training and education

3-3 404

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.

Implementation in 2023

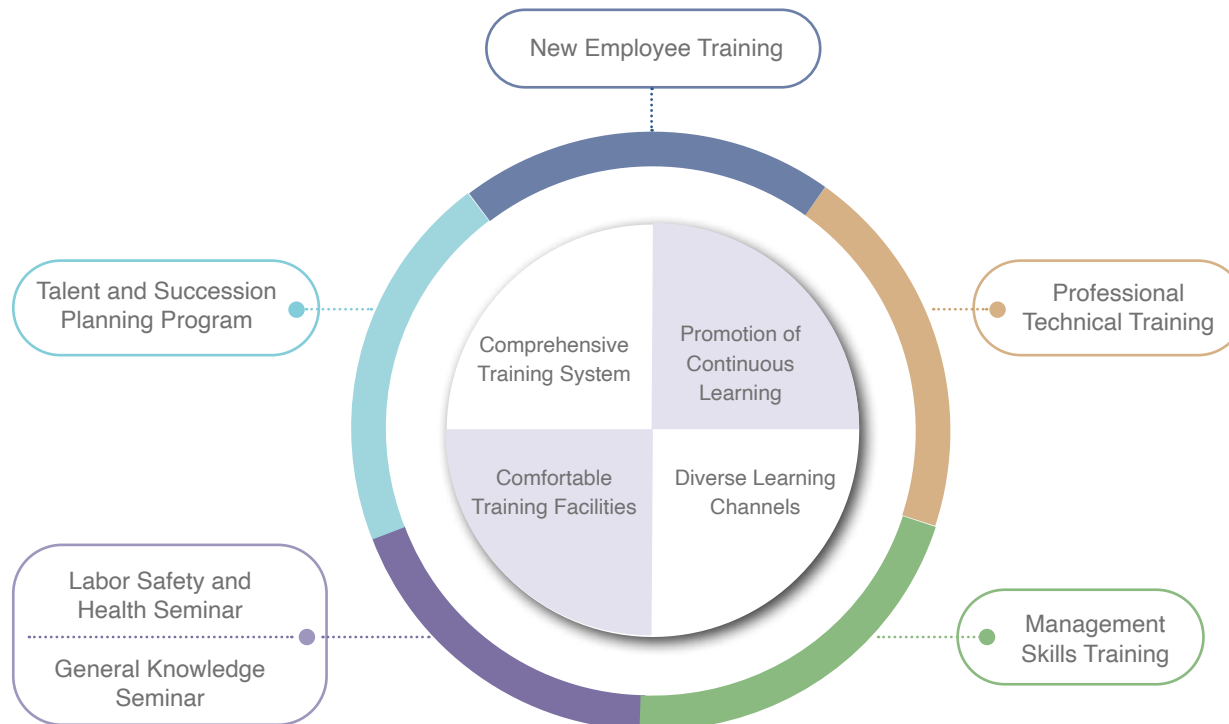
- 100% of technical personnel passed skill assessments, totaling 2,613 individuals.
- Started online management training courses at the Leader Campus, totaling 56 individuals.
- Began Online Management Training Program (MTP) for key talents, totaling 270 individuals.
- Implemented information security training. A total of 804 employees participated.
- Applied for the Ministry of Labor's Work-Life Balance Subsidy Program and organized 5 stress-relief courses for employees, with a total of 218 participants.
- Promoted knowledge exchange and sharing by inviting external professional lecturers and internal company experts to jointly conduct 21 cross-departmental courses. The total course duration was 21.5 hours, with a total of 1,463 participants.

Goals and targets for 2024

- Continue to provide training programs to prepare management talents for new management practices and industry trends.
- Continue to promote employee training to strengthen knowledge of labor laws, awareness of occupational safety, healthy environments, risk management, and understanding of international regulations on green products.

Employee training and education 404-1

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.



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



Diverse and inclusive training resources

ELAN

New employee education training

To help new employees quickly adapt to ELAN, staff from the Human Performance Management Dept. will introduce the company environment and explain rules and regulations. The newcomer should participate in on-site safety and health drills arranged by the Public Recourses Department and continue to learn through various training resources provided by the company. When the three-month probationary period is up, the new employee will be evaluated by his/her performance which also reflects the effectiveness of the training.

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.

Knowledge inheritance and sharing

The company upholds the spirit of sustainable talent development, continuously engaging in technological development and accumulating countless project experiences over the years. This foundation has enabled the company to achieve outstanding results in the industry. To promote knowledge exchange and sharing, external professional lecturers and internal professional representatives were invited to give a series of 21 cross-departmental knowledge-sharing courses in 2023, with a total of 1,463 participants.

Building an organizational talent pool and strengthening management functions

The company continue to cultivate a high-quality organizational talent pool and knowledge management to ensure sufficient management talent capacity. In 2023, the company launched the Leader Campus online learning platform, offering open and real-time management courses and cultivated 270 management positions and key talents. For senior executives, a series of management report courses were implemented, continuously providing new insights on financial and production-related system reports. A total of 28 senior executives participated in the series of courses.

Avisonic

PiXORD

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

In 2023, Avisonic conducted 5 general safety courses, 2 technical courses, and 3 administrative courses, while PiXORD conducted 1 administrative course.

The Group's training and development achievements 404-1

The average training hours for employees in the Group were 12.9 hours. The average training hours for male and female employees were 13.1 and 12.5 hours, respectively.

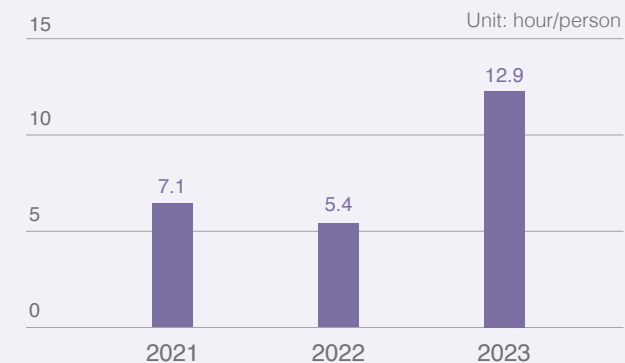
Category	Item	ELAN		Avisonic		PiXORD		ELAN H.K.		Total		Average training hours
Senior management	Total number of employees	19	4	3	NA	1	NA	NA	1	23	5	8.6
	Total number of training hours	129.5	77.5	30.5	NA	1.5	NA	NA	3	161.5	80.5	
	Average training hours per employee	6.8	19.4	10.2	NA	1.5	NA	NA	3.0	7.0	16.1	
Indirect labor	Total number of employees	595	204	18	8	12	12	3	1	628	225	12.7
	Total number of training hours	8,269.0	2,325.7	121.0	80.0	18.5	44.8	3.0	1.0	8,411.5	2,451.5	
	Average training hours per employee	13.9	11.4	6.7	10.0	1.5	3.7	1.0	1.0	13.4	10.9	
Direct labor	Total number of employees	7	183	NA	NA	NA	NA	NA	NA	7	183	14.2
	Total number of training hours	60.0	2,641.5	NA	NA	NA	NA	NA	NA	60.0	2,641.5	
	Average training hours per employee	8.6	14.4	NA	NA	NA	NA	NA	NA	8.6	14.4	

* Note 1: For the definition of senior executives, see Page 54. For the definition of indirect/direct personnel, see Page 57.

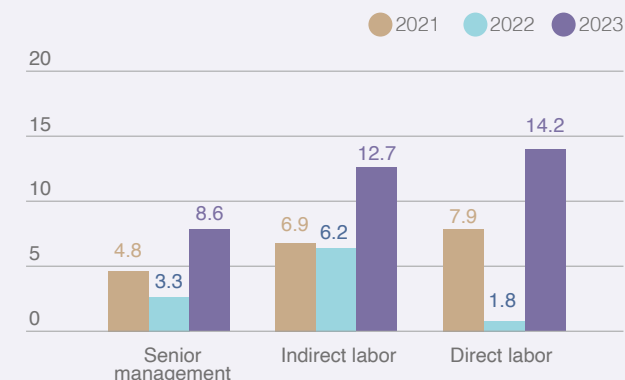
* Note 2: Avisonic, PiXORD and ELAN H.K. have no direct labor, hence training hours are N/A.

* Note 3: Training Hour Data Source: ELAN: Statistics based on training system course duration; 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



The Group's average training hours per employee category



Performance review for full-time employees 404-3

The company has a comprehensive evaluation system, conducting regular annual review of skills and performance. The skills assessment focuses on employees' technical abilities, skills, and knowledge, serving as the basis for skill-based compensation, personnel changes, and development guidelines to enhance human resource quality and overall organizational performance. The performance assessment evaluates employees' achievement of personal goals aligned with the company's short- and long-term operational objectives. The results are used for rewards, training, and business improvement, motivating employees and boosting morale to achieve the company's short-, medium-, and long-term goals, ensuring sustainable operations. All full-time employees of the ELAN Group undergo performance reviews. The evaluation methods apply to employees who have been with the company for at least three months, while new employees undergo a separate initial review. Performance assessments are conducted 1-2 times per year.

	ELAN		Avisonic		PiXORD		ELAN H.K.	
Senior management	100%	100%	100%	NA	100%	NA	NA	100%
Indirect labor	100%	100%	100%	100%	100%	100%	100%	100%
Direct labor	100%	100%	NA	NA	NA	NA	NA	NA
Evaluation method(s)	- Individual ability & KPI assessment - Performance review		- Individual ability assessment - Performance review		Performance review		- Individual ability & KPI assessment - Performance review	
Performance review frequency	Semiannual		Semiannual		Semiannual		Semiannual	



6.8 Human rights and employee communication

Management of material topics - Harmonious labor/management relations

2-25 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.
- 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.

6.8 Human rights and employee communication

Management of material topics - Harmonious labor/management relations

2-25 3-3 202 401 402 405

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.

Implementation in 2023

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

Goals and targets for 2024

- 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 2-27 406-1 407-1

The Group develops the Employee Grievance Handling Procedure and Anti-discrimination & Sexual Harassment Policy, assigns a unit to help employees solve problems at work as well as in their daily life so as to effectively address and prevent sexual harassment. In handling employees' grievances, the company always processes the complaint cautiously and with strict confidentiality including the information provided therein. No matter which actions are taken, the company makes sure that employees' human rights are fully respected and protected at all time.

In 2023, no labor disputes, violations of laws and regulations, or internal discrimination incidents occurred. Visit company website for more information. In 2023, 129 new employee training sessions were completed, totaling 387 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, department meetings are also set up to allow employees to bring up problems, 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

ELAN

Avisonic

PiXORD

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

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

ELAN H.K.

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

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

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



Highlights

- ELAN has set short to medium-term goals from the baseline year (2019) to achieve a cumulative energy savings rate of 7% by 2023 and 10% by 2025. Currently, the cumulative energy savings rate achieved by 2023 is 7.26%, exceeding the target.
- In 2023, ELAN aimed to reduce indirect greenhouse gas emissions by 10 metric tons, and the actual reduction achieved was 184.6966 ton CO₂-e
- As of 2023, the company has participated in a total of 69 social welfare activities.

7.1 Environmental policy and carbon reduction

Policy: Pollution prevention, company-wide participation, environmental protection commitment, continuous improvement 2-23 2-27

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 2023. To this date, the company has had no violations or been fined in any way.

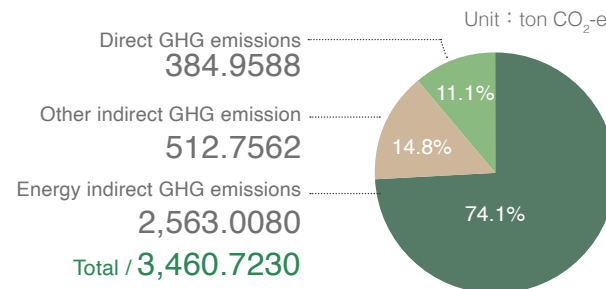
Greenhouse gas inventory

TC-SC-110a.1

In 2023, the total GHG emissions of the Group reached 3,460.7230 tons of CO₂-e. This inventory was adjusted in conjunction with the 2022 ISO 14064-1 external audit project completed at the end of 2023. Among the GHG emissions (direct and energy indirect emissions), energy indirect GHG emissions accounted for 86.94%. Therefore, the company's reduction target primarily focuses on reducing energy indirect GHG emissions.

In this inventory, the scope of direct and energy indirect GHG emissions covers ELAN, Avisonic, PiXORD, and ELAN Hong Kong. However, only ELAN disclosed indirect GHG emissions. In 2024, it will assist Avisonic and PiXORD in creating their ISO 14064-1 inventory lists to meet the Financial Supervisory Commission's requirement of completing verification by 2029.

From 2024, ELAN's short-term goal is to reduce greenhouse gas emissions by 1% annually, using 2022 as the base year, and to implement the ISO 50001 energy management system to understand the energy usage within the factory. The mid-term goal, due to the relocation needs of the Hsinchu headquarters, is to first construct green buildings and smart buildings, with subsequent rolling adjustments. The long-term goal is to achieve net-zero carbon emissions by 2050.



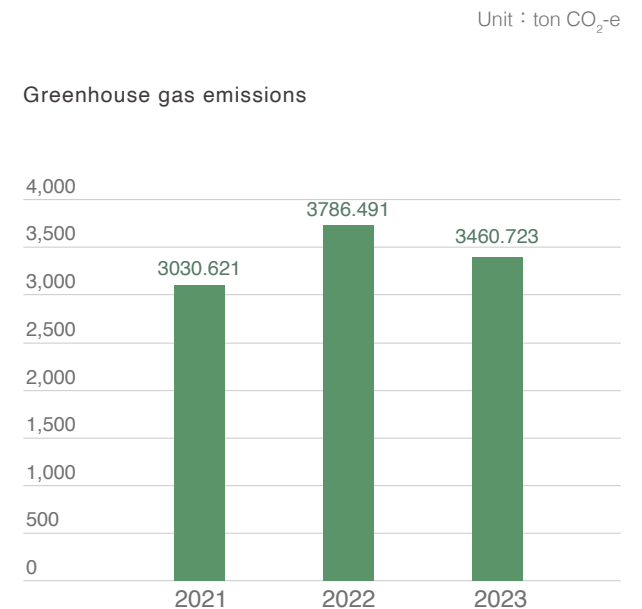
* Note 1. The greenhouse gas inventory data for the ELAN Group in this report is based on internal self-assessment. For accurate data, refer to the annual greenhouse gas inventory statement. (Website: <https://www.emc.com.tw/emc/tw/csr/surroundings>)

* Note 2. For the source of greenhouse gas emission coefficient used in direct GHG emissions, refer to the Greenhouse Gas Emission Coefficient Management Table 6.0.4 of the Environmental Protection Agency.

* Note 3. The GWP coefficient refers to IPCC (2007) as CO₂ : CH₄ : N₂O = 1 : 27.9 : 273

* Note 4. For electricity emission coefficient, refer to the data provided by the Energy Bureau of the Ministry of Economic Affairs in Taiwan in 2022. As for Hong Kong's, please refer to the 2022 Sustainable Development Report of CLP Holdings Limited.

* Note 5. For the source of greenhouse gas emission coefficients used in other indirect GHG emissions, refer to the Carbon Footprint Information Platform.



* Note 1. The 2022 data has been adjusted in accordance with the ISO 14064-1 verification.

* Note 2. The data from 2021 to 2022 includes Metanoia Communications Inc.

Direct GHG emissions

[302-1](#)
[305-1](#)
[TC-SC-110a.1](#)

The types of energy sources included in the Group's direct GHG emissions inventory primarily consist of gasoline and diesel for official vehicles, diesel for forklifts, diesel for emergency generators, bottled gas for kitchens, refrigerants, and septic tank emissions. In 2023, the total direct GHG emissions amounted to 384.9588 tons of CO₂-e. (As the company is an IC design company and outsources manufacturing, there are no PFCs emissions.)

For official vehicles, fuel-efficient cars and electric motorcycles are used. Regular maintenance is conducted based on the monthly usage mileage to reduce greenhouse gas emissions. Official vehicles are used in the Hsinchu and Zhonghe plants, while emergency generators, forklifts, and employee cafeterias are only used in the Hsinchu plant.

The Group's direct GHG emissions in 2023

	Gasoline for official vehicles	Diesel for official vehicles and forklifts	Diesel used for emergency generators	Liquefied petroleum gas used in the kitchen	Septic tank	Refrigerant	Total
Energy consumption (GJ)	2.02E-05	2.54E-06	9.03E-08	1.98E-05	NA	NA	-
Energy usage (Kiloliter)	10.8551	1.3612	0.0450	12.5006	NA	NA	-
CO ₂ Emission (ton CO ₂ -e)	25.5881	3.6035	0.1177	21.9322	59.9761	273.7412	384.9588

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

* Note 2. 1 kg of gas = 12,062 Kcal

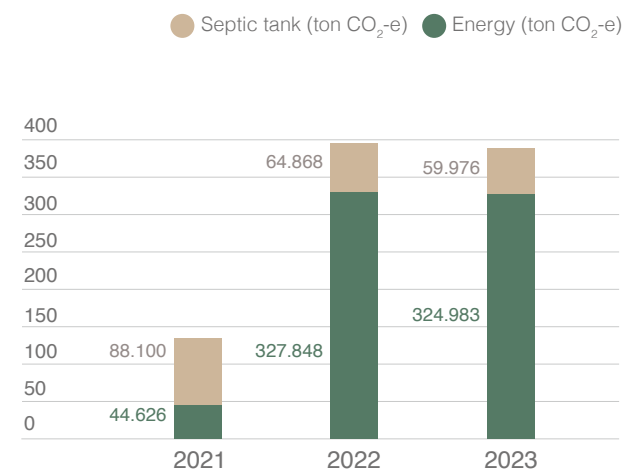
* Note 3. 1Kcal = 4184J

* Note 4. 1 kilogram of gas = 1.818*10⁻³ kL

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

* Note 6. 1L of diesel = 8,400 Kcal

Direct GHG emissions status



* Note 1. The data from 2022-2023 has been adjusted in accordance with the ISO 14064-1 verification.

* Note 2. The data from 2021 to 2022 includes Metanoia Communications Inc.

Energy indirect GHG emissions

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

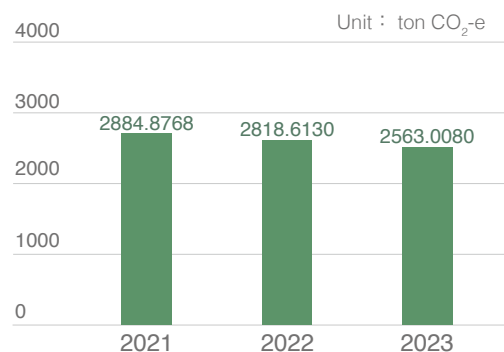
Currently, the ELAN Group has not been using renewable energy. The types of energy for indirect GHG emissions are entirely from purchased electricity. The Hsinchu plant, which includes affiliated companies Avisonic and PiXORD, has a total electricity consumption of 18,633.940 GJ. The relevant data is shown in the chart. The total indirect GHG emissions amount to 2,563.0080 tons of CO₂-e, which is a 9.07% decrease compared to 2022. This reduction is attributed not only to energy-saving measures but also to the exclusion of one site in this organizational inventory scope.

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	總計
Electricity consumption (GJ)	12,677.540	4,903.073	724.100	274.165	55.062	18,633.940
Electricity Consumption (kWh)	3,521,539	1,361,965	201,139	76,157	15,295	5,176,095
CO ₂ emission (ton CO ₂ -e)	1,743.1617	674.1726	99.5637	37.6977	8.4123	2563.0080

* Note 1. The percentage of electricity from the grid is 100%.

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. 1 kWh = 3.6*10³GJ
 * Note 3. Due to the ISO 14064-1 verification conducted at the end of 2022, electricity usage data for Zhonghe, Tainan, and Kaohsiung have been revised, resulting in changes to the 2022 data.
 * Note 4. The data from 2021 to 2022 includes Metanoia Communications Inc.

Other indirect GHG emissions 305-3

For the management of other indirect greenhouse gases, only the raw materials and waste treatment of ELAN are inventoried. The total emissions of other indirect greenhouse gases amount to 512.7562 tons of CO₂-e. The relevant data is shown in the table:

		CO ₂ emissions(ton CO ₂ -e)
Upstream	Electricity	485.9429
	Gasoline	6.5565
	Liquefied petroleum gas (LPG)	5.1711
	Diesel	0.9464
	Water	4.7259
Downstream	General industrial waste	7.6534
	Hazardous industrial waste	0.8962
	Transportation (excluding reuse transportation)	0.8638
	Total	512.7562

* Note 1. The shortest transport distance is selected for waste transport (source: Google Maps)
 * Note 2. Waste transport emission factor: 1.31 Kg CO₂-e/tKm (source: Carbon Footprint Information Platform)
 * Note 3. Waste incineration treatment emission factor: 340 Kg CO₂-e/ton (source: Carbon Footprint Information Platform)
 * Note 4. Raw material emission factors are sourced from the Carbon Footprint Information Platform.
 * Note 5. Other indirect GHG emissions are only accounted for ELAN.

Energy intensity 302-3

ELAN Energy 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.

In 2023, the total energy consumption of ELAN Group was 18,633.940 GJ, with an annual per capita energy usage of 17.399 GJ. Since the primary source of energy is electricity, subsequent energy reduction efforts will focus mainly on electricity.

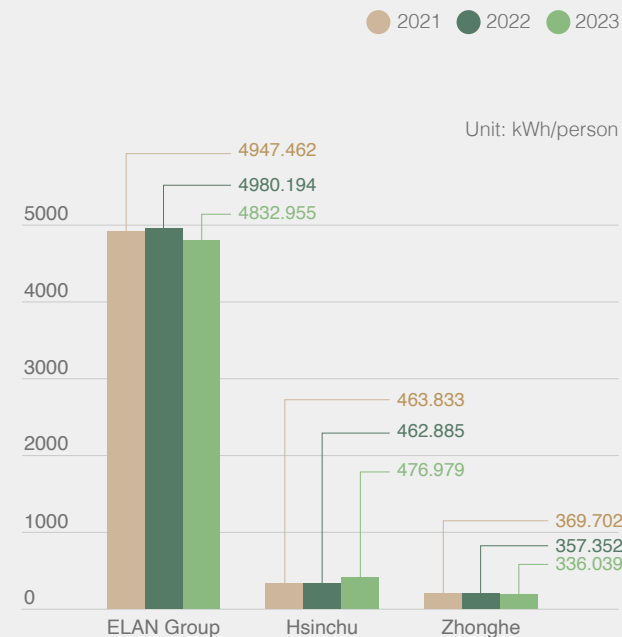
Energy consumption (GJ)	Electricity consumption	Gasoline for official vehicles	Diesel for official vehicles and forklifts	Diesel used for emergency generators	Liquefied petroleum gas used in the kitchen	Total
	18,633.940	2.02E-05	2.54E-06	9.03E-08	1.98E-05	18,633.940

According to the 2023 electricity consumption statistics, the annual per capita energy usage of the ELAN Group was 4,832.955 kWh, a 2.96% decrease compared to 2022. Considering that the primary sources of electricity consumption and controllability come from the Hsinchu plant (including Avisonic and PiXORD) and the Zhonghe plant, subsequent electricity usage analysis will focus on these two areas.

For the Hsinchu plant (including Avisonic and PiXORD), the average electricity consumption per person was 476.979 kWh in 2023, showing an increase of 3.04% compared to 2022. During the year, energy-saving measures included adjusting the number of light fixtures in public areas and installing timers on water dispensers (00:00-06:00), resulting in an annual reduction of 33,234 kWh. In 2024, it is planned to replace T5 light fixtures with LED fixtures on some floors to achieve further energy savings and efficiency.

For the Zhonghe plant, the average electricity consumption per person was 336.039 kWh in 2023, reflecting a decrease of 5.96% from the previous year. This reduction can be attributed to the company's key production capacity adjustments and the reduction of lighting in certain areas have resulted in an annual decrease of 12,019.7 kWh. Additionally, ongoing efforts to reduce the losses in high-energy consumption systems (such as air compressors) have contributed to these benefits. In 2024, the company plans to continue adjusting the lighting in certain areas and replacing split-type air conditioners with first-class inverter air conditioners.

ELAN Average annual electricity consumption per person



* Note. The electricity consumption data for the Zhonghe plant in 2022 has been revised and updated.

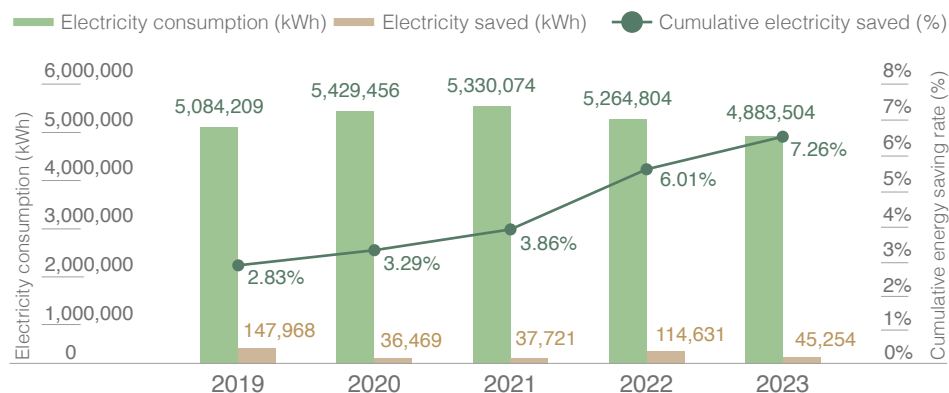
Reduction of energy consumption

302-4

ELAN has set short- and mid-term goals using 2019 as the base year. The short-term goal was to achieve a cumulative energy savings rate of 7% by 2023, and the mid-term goal is to reach a cumulative energy savings rate of 10% by 2025. As of 2023, the cumulative energy savings rate is 7.26%, 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 over the years and cumulative energy saving rate

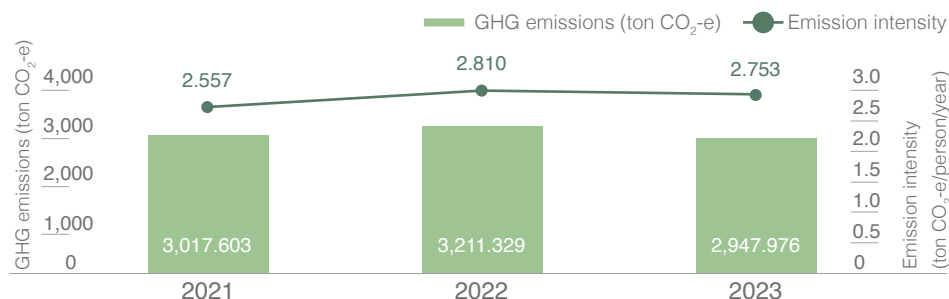


GHG emissions intensity

305-4

The greenhouse gas emission intensity of ELAN Group, measured by the ratio of the total direct and energy indirect GHG emissions to the total number of employees, calculates the annual GHG emissions per employee.

Greenhouse gas emission intensity



* Note 1. The 2022 data has been adjusted in accordance with the ISO 14064-1 verification.

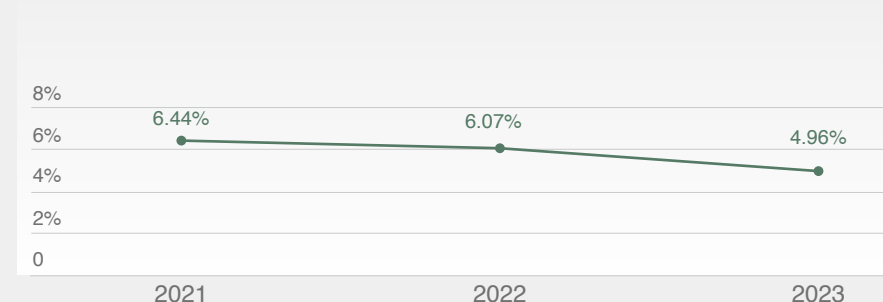
Measures for energy conservation and greenhouse gas emission reduction

301-3

TC-SC-110a.2

- 1 In 2023, Hsinchu and Zhonghe plants responded to the World Wildlife Fund (WWF) global voluntary energy-saving and carbon-reduction campaign, "Earth Hour."
- 2 Guard patrolling: During nighttime hours, a guard will patrol offices on each floor every hour and turn off the lights if no one is seen in the areas.
- 3 Paperless operations have been implemented in Hsinchu since 2001. In 2004, warehouse reports and documents were electronically stored and controlled. In 2017, visitor's online reservation system was set up. In 2018, The Withholding Tax Statement is no longer given out to individuals. To further save paper, a card-swiping function is added onto each printing machine. The change is expected to be completed by Feb. 2022. As for the amount of photocopying paper used in the company, the usage dropped from 1449 bags of paper in 2011 to 911 bags in 2023, a 37.13% reduction in total.
- 4 Packaging material recycling: Materials such as trays, tubes, wafer cassette, cartons, buffer, etc. are all recycled in one way or another. For example, during the quarterly destruction of waste, scrapped trays will be retained and recycled periodically. In 2023, tray accounted for 4.96% of the total recycled materials being re-used. The rest such as tubes, wafer cassette, cartons, buffer, etc. are kept in the warehouse area for recycling and re-use.

Percentage of scrapped trays recycled (2021-2023 年)



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

7.2 Water and waste

Water TC-SC-140a.1

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

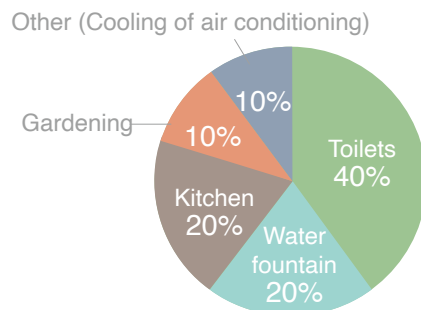
ELAN Group's water intake, based on the annual water usage per person in Hsinchu, amounted to 32.039 megaliters for the entire year in estimation. The discharge was 25.870 megaliters, resulting in a total estimated water consumption of 6.169 megaliters.

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.

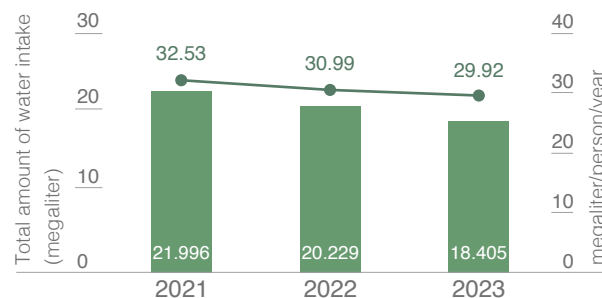
Water withdrawal 303-3 Sustainability 2

The water source for the Hsinchu plant is the Baoshan Reservoir. In 2023, the total water withdrawal was 18.405 megaliters. Water is used mainly for toilets, drinking fountains, kitchens, gardening, and other purposes. The total water withdrawal decreased by 9.02% compared to 20.229 megaliters in 2022. The water usage per person per year in 2023 was 29.92 m³, which is a decrease of 3.45% from 30.99 m³ in 2022. This reduction is mainly due to the adjustment of the flow rate of sensor faucets and the absence of exterior wall cleaning that year.

Distribution of water usage in ELAN Hsinchu



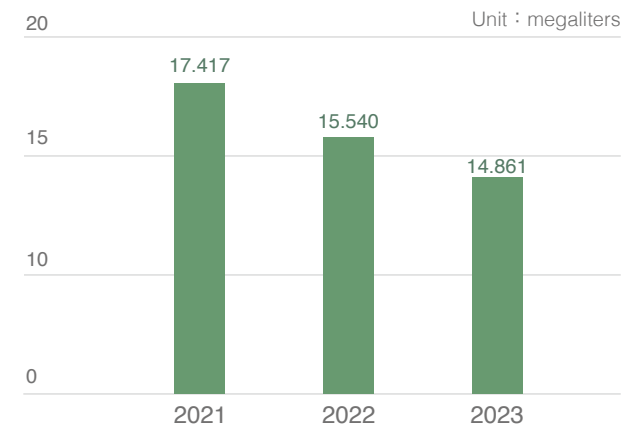
Amount of water intake in ELAN Hsinchu



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 2023, the total amount of water disposed at Hsinchu plant was 14.861 megaliters, representing a decrease of 4.36% compared to 2022. 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 Hsinchu plant



* Note 1. ELAN Hong Kong, Tainan, and Kaohsiung locations do not have detailed water usage figures as monthly water bills are included in management fees.

* Note 2. The water usage and fees for domestic water at the Zhonghe plant are calculated proportionally based on the number of households and the area occupied by each factory in the park.

* Note 3. The discharge volumes for 2020-2021 have been revised.

Waste

306-2

306-3

TC-SC-150a.1

Sustainability 3

Sustainability 5

In 2023, the Group generated a total of 38.204 metric tons of general business waste, 8.971 metric tons of recyclable waste, and 6.901 metric tons of hazardous business waste. A small amount of metal is recovered from the hazardous business waste, with a recovery volume of 1.307 metric tons in 2023, resulting in a hazardous waste recovery rate of 18.94%.

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.

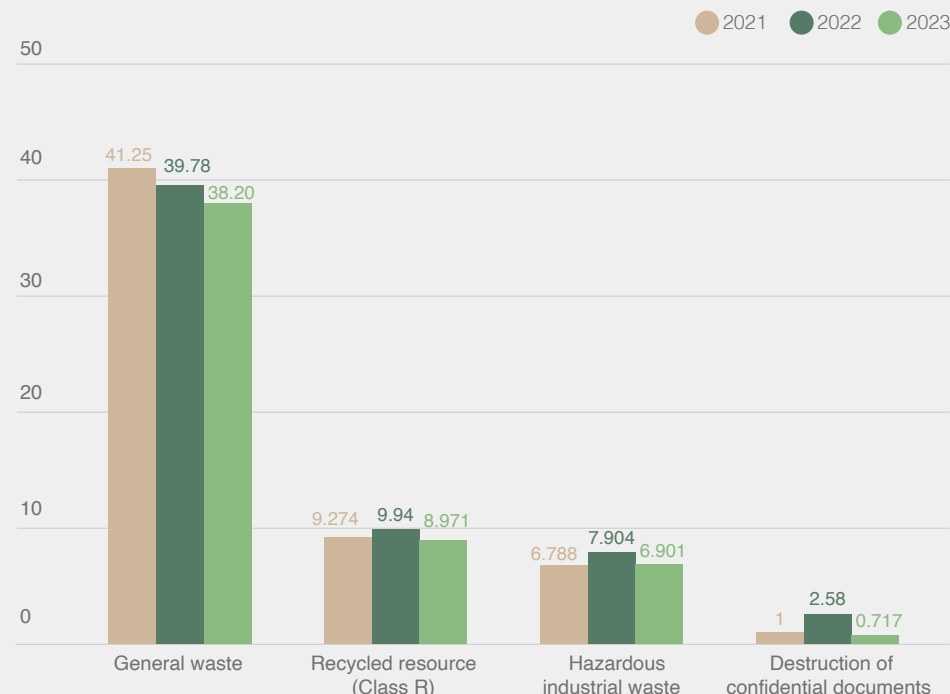
In addition to reporting by the EPD's environmental regulations and implementing industrial waste recycling, ELAN asks its contractors to comply with the requirements set under Environmental Protection Law, Occupational Safety and Health Law, and Fire Control Law. Continue to educate and promote recycling,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

2023 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	Subtotal	
ELAN - Hsinchu	24.659	8.971	0	1.753	1.753	0.160
ELAN - Zhonghe	13.545	0	2.428	2.713	5.141	0.557
Avisonic	0	0	0	0.007	0.007	0
PIXORD	0	0	0	0	0	0
Total	38.204	8.971	-	-	6.901	0.717

ELAN Group waste output

Unit : ton



* 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. 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. Since 2023, there has been no generation of waste acid liquid with the code C-0202.

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.

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.

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, gradually achieving the design goals of high stability and low power consumption to meet customer needs.

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.

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.

7.4 Participation in public welfare activities

Custom 4-Social participation

ELAN cares for underprivileged groups by organizing and sponsoring activities, making direct donations, and providing supplies to fulfill its social responsibilities. Each year, a budget is allocated for public welfare activities, and suitable charitable organizations are sought. The company initiates charity sales, creates promotional posters, and recruits volunteers to involve more employees. Additionally, ELAN focuses on nurturing talent in schools through industry-academia cooperation and internships, sponsoring students to become professionals. Starting in 2023, the company has expanded its focus to include the surrounding environment, adopting beaches to protect our planet. As of 2023, Elan has participated in 69 public welfare activities.

Industry-academia collaboration and talent cultivation - College students

ELAN assesses its own needs and selects suitable university and academic research institution professors to engage in the development of technical projects. In 2023, the company executed 16 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 45 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 Avisonic, PiXORD, and ELAN H.K., there is no relevant cooperation currently.

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 2023, ELAN had offered 156 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 million 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.



Sponsorship of the “2023 e-Read for the Future” charity donation - Elementary school students

ELAN participated in E Ink Holdings' "e-Read for the Future" charity project, joining 22 other companies to donate 1,075 color e-readers (loaded with nearly 110,000 e-books). This initiative created a "mobile library" valued at nearly NT\$30 million, providing high-quality, accessible reading resources. The donation benefited over 15,000 students from 39 elementary schools in Keelung City, enabling them to explore a rich and diverse world of mobile reading using e-readers designed specifically for this purpose. This effective combination of technology and learning aims to foster a greater interest in reading and enhance students' digital reading skills. The donated e-books include sustainable education materials selected based on the United Nations Sustainable Development Goals (SDGs), aiming to instill environmental awareness and contribute to protecting the planet.



English summer camp for expanding horizons - Indigenous elementary school students

In 2023, ELAN sponsored NT\$500,000 for the "True Love California - Jhuoshuei English" summer camp organized by the Taiwan Abundant Life International Development Association in Alishan. This initiative allowed over 60 Tsou indigenous elementary school students to learn English and explore the mysteries of the universe through songs, games, activities, meals, and interactions with volunteers from California and Taiwan, broadening the students' horizons.

Sponsoring charity galas/concerts/ art events - Local organizations

For two consecutive years, we have sponsored Taiwan Hsinchu Philharmonic Chorus's "The Stream Never Stops Flowing Charity Concert" as well as the "Happy Hsinchu County New Year's Eve Countdown Party" organized by the Hsinchu County Government. This year, we expanded our sponsorship to include the "Literary Musical Theater - A Song of Bamboo Hat Hill" concert by the Neo-Classical Chamber Ensemble.

Purchase atemoya and cabbage - Supporting local farmers

In light of China's suspension of Taiwan's sugar apple and wax apple imports in September 2021, leading to significant pressure on the sale of these high-priced fruits due to export restrictions. From December 2022 to March 2023, unfavorable weather conditions at the production sites and severe fruit cracking exacerbated the already low demand, increasing pressure even more compared to the previous year. ELAN initially responded to an event initiated by the Science Park Administration and later independently contacted small farmers in Taitung. The company purchased safe, assured fruits irrigated with pure spring water and grown without herbicides. From 2022 to 2023, ELAN employees collectively purchased 1,849 kilograms of atemoyas, supporting local Taiwanese farmers. In early March 2023, warmer weather led to rapid cabbage growth, causing a significant increase in production and a subsequent price drop. Through the Yunlin Farmers' Association, ELAN facilitated the purchase of 2,540 kilograms of cabbage. These were distributed among employees at the Hsinchu headquarters and Zhonghe plant, and 680 kilograms were donated to local social welfare organizations in Hsinchu, supporting underprivileged elderly, disabled individuals, and children. This initiative not only showed love and care for vulnerable groups but also shared the fruits of farmers' hard work. Through these actions, ELAN demonstrated its commitment to supporting high-quality domestic agricultural products, caring for social welfare organizations, and aiding farmers with heartfelt support.



Caring for Vulnerable groups – Solo seniors

After the easing of the COVID-19 pandemic, ELAN once again partnered with the Catholic Social Service Center (now renamed the Father Du Hua Social Welfare Foundation) with which it has cooperated for ten years, to jointly organize a charity fair before the Mid-Autumn Festival. To support the event, the company set up stalls for charity sales, provided a public welfare platform for employees to purchase gifts and local specialties, and offered the opportunity to buy charity fair tickets. On the day of the fair, volunteers supported the sales, with all proceeds, after deducting costs, donated to fund services for vulnerable elderly individuals and to purchase transportation equipment. Through ongoing charity sales, Elan aims to continuously help impoverished, lonely, and disabled seniors enjoy a wonderful Mid-Autumn Festival. By the end of 2023, over NT\$1.4 million had been donated, with nearly a thousand people participating in the activities.



Protecting the environment and cherishing the earth - Starting with beach adoption and cleanup

Starting in 2023, ELAN adopted the northern shore of Nanhai Guanyin Pavilion in Nanliao. On November 26, 2023, more than 100 company volunteers, along with their families and friends, gathered on the beach to protect the earth through a beach cleanup. They were divided into ten small teams, and over the course of three hours, they registered, formed groups, cleaned the beach, sorted the trash, and transported it to designated collection points, where the Environmental Protection Bureau later removed it. The collected waste included 53.2 kg of recyclable trash, 258.5 kg of non-recyclable trash, and 21.8 kg of broken glass, totaling 333.8 kg of waste. Through this beach cleanup, ELAN reduced the chance of waste entering the ocean and responded to the United Nations Sustainable Development Goal (SDG 14: Life Below Water) with concrete actions.



Public welfare leave system - Encouraging employees to engage in social welfare

Since 2022, ELAN has implemented a public welfare leave system to encourage employees to participate in charity activities organized by external groups in their free time. Employees only need to provide supporting documents from qualified organizations, and upon internal verification, the company converts the hours spent on these activities into double the amount of public welfare leave, up to a maximum of 8 hours per year. By the end of 2023, 104 employees had participated in various activities, including community environment cleanups, environmental conservation groups, animal protection groups, library volunteers, blood-drive events, etc.

Sponsoring Sports Activities - Fulfilling corporate responsibility

ELAN consistently values work-life balance for its employees. For three consecutive years, ELAN has brought professional basketball games into Family Day activities, allowing employees, their families, and friends to enjoy watching games together. Additionally, ELAN sponsored the 2023 National High School Games and the ABSOLUTE 3x3 League. Through these sports competitions, the company aims to discover talented athletes and contribute to the national team, striving for honors in international competitions. By sponsoring various sports activities, ELAN supports community-wide sports participation and fulfills its corporate social responsibility.





ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE ELAN MICROELECTRONICS CO., LTD.'s SUSTAINABILITY REPORT FOR 2023

NATURE AND SCOPE OF THE ASSURANCE

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by ELAN MICROELECTRONICS CO., LTD. (hereinafter referred to as ELAN) to conduct an independent assurance of the Sustainability Report for 2023. 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 and complies with the GRI Standards, AA1000 Accountability Principles (2018) and sustainability accounting standards (SASB) during on-site assurance (2024/03/08~2024/04/03) in ELAN headquarter. The boundary of this report includes ELAN Taiwan and oversea operational and production or service sites' specific performance data included the sampled text, and data in accompanying tables, contained in the report presented. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD).

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 2023 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 Sustainability Report.

Our responsibility is to express an opinion on the report content within the scope of assurance 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 to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

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)	n/a
B	AA1000ASv3 Type 2 (AA1000AP Evaluation plus evaluation of Specified Performance Information)	Moderate

SCOPE OF ASSURANCE AND REPORTING CRITERIA

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

Reporting Criteria Options

1	GRI Standards (Reference)
2	AA1000 Accountability Principles (2018)
3	SASB (SEMICONDUCTORS)

- The evaluation includes AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018).
- The evaluation of the reliability and quality of specified sustainability performance information in ELAN's Sustainability Report is limited to determined material topics or those clearly marked in the report as conducted in accordance with type 2 of AA1000AS v3 sustainability assurance engagement at a moderate level of scrutiny for ELAN and moderate level of scrutiny for its subsidiaries,
- The evaluation of the report against the requirements of GRI Standards is listed in the GRI content index as material in the report and is conducted with reference to the Standards.
- The evaluation of the report against the SASB Disclosures and Metrics included in the SEMICONDUCTORS Sustainability Accounting Standard (VERSION 2023-12) 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 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 assurance, 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.

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the assurance work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

ELAN has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, 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. For future reporting, ELAN may establish a robust, systematic and ongoing materiality determination process under the governance of senior management, including key cross-functional involvement.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. For future reporting, ELAN may enhance disclosure of the organisation's timely and relevant responses to material sustainability topics and their related impacts, including corrective action plans.

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. 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.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, ELAN's Sustainability Report of 2023, 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 and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to ELAN's contributions to sustainability development. For future reporting, ELAN is encouraged to prepare for the transition to reporting in accordance with the GRI Standards, with more comprehensive details of its management processes on the identified impacts on the economy, environment, and people, including impacts on their human rights as well as the role of the highest governance body in overseeing these processes. More detailed disclosures of the highest governance body's involvement with ESG management and remuneration information (GRI 2-21) are encouraged.

SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

ELAN has referenced with SASB's Standard, SEMICONDUCTORS, VERSION 2023-12 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 2023. ELAN used SASB accounting and activity metrics to assess and manage the topic-related risks and opportunities, where relevant quantitative information was assessed for its accuracy and completeness to support the comparability of the data reported. Process to identify, assess, and manage topic-related risks and opportunities were integrated into ELAN's overall management process. It is recommended that ELAN could consider building up the systematic information collecting methods to arrange and analyse its internal numerous data to enhance continuous improvement.

Signed:
For and on behalf of SGS Taiwan Ltd.



Stephen Pao
Business Assurance Director
Taipei, Taiwan
6 May, 2024
WWW.SGS.COM





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 04 March 2024 to 22 March 2024 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 RCP6.5 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 scope 1 and scope 2 greenhouses gas (GHG) emissions inventory has been conducted and verified 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
Business Assurance Director
Issue Date: 12 June 2024
Valid Date: 11 June 2025

SGS Taiwan Ltd.
No. 136-1, Wu Kung Road, New Taipei Industrial Park, Wu Ku District,
New Taipei City 24803, Taiwan
t (02) 22993279 f (02)22996453 www.sgs.com



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.

Page 1 of 2



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
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.

Page 2 of 2

GRI Index

ELAN has reported information referenced in the GRI Content Index for the period from January 1, 2023, to December 31, 2023, in accordance with GRI standards.

General disclosures (GRI 2)

Verification

GRI 2 General Disclosures		Chapter(s)	Page(s)
GRI 2-1	Organizational details	1.1 Organizational profile	4
GRI 2-2	Entities included in the organization's sustainability reporting	About this report	1
		1.3 Operational performance	9
GRI 2-3	Reporting period, frequency and contact point	About this report	1
GRI 2-4	Restatements of information	7.1 Environmental policy and carbon reduction	74-78
GRI 2-5	External assurance	2.1 Highest governance body	13
		External assurance	85
GRI 2-6	Activities, value chain and other business relationships	About this report	1
		1.1 Organizational profile	4
		1.3 Operational performance	8
		4.1 Customer relations and collaboration with leading platforms	39
		5.1 Sustainable supply chain	48
GRI 2-7	Employees	6.2 Employment and dignity of labor	56
GRI 2-8	Workers who are not employees	6.4 Occupational health and safety policy	60
GRI 2-9	Governance structure and composition	2.1 Highest governance body	12-13
GRI 2-10	Nomination and selection of the highest governance body	2.1 Highest governance body	12
GRI 2-11	Chair of the highest governance body	2.1 Highest governance body	12
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	2.1 Highest governance body	13
GRI 2-13	Delegation of responsibility for managing impacts	2.1 Highest governance body	13
GRI 2-14	Role of the highest governance body in sustainability reporting	2.1 Highest governance body	13
GRI 2-15	Conflicts of interest	2.1 Highest governance body	14
GRI 2-16	Communication of critical concerns	2.1 Highest governance body	12
GRI 2-17	Collective knowledge of the highest governance body	2.1 Highest governance body	14
GRI 2-18	Evaluation of the performance of the highest governance body	2.1 Highest governance body	14
GRI 2-19	Remuneration policies	2.1 Highest governance body	14
GRI 2-20	Process to determine remuneration	2.1 Highest governance body	14
GRI 2-21	Annual total compensation ratio	Confidentiality restrictions	
GRI 2-22	Statement on sustainable development	Message from Chairman	2
		2.1 Highest governance body	13
GRI 2-23	Policy commitments	1.3 Operational performance	6
		2.1 Highest governance body	13

GRI 2 General Disclosures		Chapter(s)	Page(s)
GRI 2-23	Policy commitments	2.2 Ethics and integrity	16
		2.3 Risk assessment and opportunity	21
		2.4 Task Force on Climate-related Financial Disclosures (TCFD)	23
		4.5 Customer service and satisfaction	43
		5.1 Sustainable supply chain	46
		6.1 Commitment to corporate social responsibility	54
		6.4 Occupational health and safety policy	60
GRI 2-24	Embedding policy commitments	7.1 Environmental policy and carbon reduction	74
		2.1 Highest governance body	13
		2.2 Ethics and integrity	16
		2.3 Risk assessment and opportunity	21
		2.4 Task Force on Climate-related Financial Disclosures (TCFD)	23
GRI 2-25	Processes to remediate negative impacts	2.2 Ethics and integrity	16
		2.4 Task Force on Climate-related Financial Disclosures (TCFD)	23
		6.8 Human rights and employee communication	70
GRI 2-26	Mechanisms for seeking advice and raising concerns	2.2 Ethics and integrity	16
		3.2 Stakeholder engagement	36-37
		6.8 Human rights and employee communication	72
GRI 2-27	Compliance with laws and regulations	2.2 Ethics and integrity	20
		4.4 Product and service information and labeling	42
		4.5 Customer service and satisfaction	44
		6.8 Human rights and employee communication	72
		7.1 Environmental policy and carbon reduction	74
GRI 2-28	Membership associations	2.2 Ethics and integrity	17
GRI 2-29	Approach to stakeholder engagement	3.1 Important stakeholder and material topic identification	33
		3.2 Stakeholder engagement	36-37
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) Verification

GRI Standard	Topic		Chapter(s)	Page(s)
Material Topics GRI 3:2021	3-1	Process to determine material topics	3.1 Important stakeholder and material topic identification	33,35
	3-2	List of material topics	3.1 Important stakeholder and material topic identification	33-34
	3-3	Management of material topics	3.1 Important stakeholder and material topic identification	
Economic Performance GRI 201: 2016	3-3	Management of material topics	1.3 Operational performance	6-7
	201-1	Direct economic value generated and distributed	1.3 Operational performance	8
	201-2	Financial implications and other risks and opportunities due to climate change	2.4 Task Force on Climate-related Financial Disclosures (TCFD)	23-28
	201-4	Financial assistance received from government	1.4 Financial assistance received from government	10
Market Presence GRI 202: 2016	3-3	Management of material topics	6.8 Human rights and employee communication	70-71
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	6.3 Employee compensation and benefits	58
	202-2	Proportion of senior management hired from the local community	6.2 A friendly and diverse talent structure	54
Procurement Practices GRI 204: 2016	3-3	Management of material topics	5.1 Sustainable supply chain	46-47
	204-1	Proportion of spending on local suppliers	5.1 Sustainable supply chain	48
Anti-corruption GRI 205: 2016	3-3	Management of material topics	2.2 Ethics and integrity	15
	205-2	Communication and training about anti-corruption policies and procedures	2.2 Ethics and integrity	16
Supplier Environmental Assessment GRI 308: 2016	3-3	Management of material topics	5.1 Sustainable supply chain	46-47
	308-1	New suppliers that were screened using environmental criteria	5.1 Sustainable supply chain 6.1 Commitment to corporate social responsibility	50 54
Employment GRI 401: 2016	3-3	Management of material topics	6.8 Human rights and employee communication	70-71
	401-1	New employee hires and employee turnover	6.2 A friendly and diverse talent structure	55
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.3 Employee compensation and benefits	58
	401-3	Parental leave	6.3 Employee compensation and benefits	59
Labor/ Management Relations GRI 402: 2016	3-3	Management of material topics	6.8 Human rights and employee communication	70-71
	402-1	Minimum notice periods regarding operational changes	6.8 Human rights and employee communication	72

GRI Standard	Topic		Chapter(s)	Page(s)
Training and Education GRI 404:2016	3-3	Management of material topics	6.7 Worker training and education	64-65
	404-1	Average hours of training per year per employee	6.7 Worker training and education	68
	404-3	Percentage of employees receiving regular performance and career development reviews	6.7 Worker training and education	69
Diversity and Equal Opportunity GRI 405: 2016	3-3	Management of material topics	6.8 Human rights and employee communication	70-71
	405-1	Diversity of governance bodies and employees	2.1 Highest governance body	12
			6.2 A friendly and diverse talent structure	57
Supplier Social Assessment GRI 414: 2016	3-3	Management of material topics	5.1 Sustainable supply chain	46-47
	414-1	New suppliers that were screened using social criteria	5.1 Sustainable supply chain 6.1 Commitment to corporate social responsibility	50 54
Customer Health & Safety GRI 416: 2016	3-3	Management of material topics	4.4 Product and service information and labeling	41
	416-2	Incidents of non-compliance with health and safety regulations for products and services	4.4 Product and service information and labeling	42
Marketing and Labeling GRI 417: 2016	3-3	Management of material topics	4.4 Product and service information and labeling	41
	417-1	Requirements for product and service information and labeling	4.4 Product and service information and labeling	42
	417-2	Incidents of non-compliance with product and service information and labeling regulations	4.4 Product and service information and labeling	42
Customer privacy GRI 418: 2016	3-3	Management of material topics	4.5 Customer service and satisfaction	43
	418-1	Verified complaints regarding customer privacy violations or loss of customer data	4.5 Customer service and satisfaction	44
Custom Topic	3-3	Management of material topics	2.3 Risk assessment and opportunity	21
	Custom 1	Risk management	2.3 Risk assessment and opportunity	21
	3-3	Management of material topics	1.3 Operational performance	6-7
	Custom 2	Innovation & Application	4.2 Robust intellectual property system that encourages innovation	39
			4.3 Product contribution to world trends	40
	3-3	Management of material topics	4.5 Customer service and satisfaction	43
	Custom 3	Customer relations	4.1 Customer relations and collaboration with leading platforms	39

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

Sampling verification

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	78
Energy GRI 302: 2016	302-1	Energy consumption within the organization	7.1 Environmental policy and carbon reduction	75-76
	302-3	Energy intensity	7.1 Environmental policy and carbon reduction	77
	302-4	Reduction of energy consumption	7.1 Environmental policy and carbon reduction	78
	302-5	Reductions in energy requirements of products and services	7.3 Product and service-related environmental protection	81
	302-5	Reductions in energy requirements of products and services	7.3 Product and service-related environmental protection	81
Water and Effluents GRI 303: 2018	303-3	Water withdrawal	7.2 Water and waste	79
	303-4	Water discharge	7.2 Water and waste	79
Emissions GRI 305: 2016	305-1	Direct (Scope 1) GHG emissions	7.1 Environmental policy and carbon reduction	75
	305-2	Energy indirect (Scope 2) GHG emissions	7.1 Environmental policy and carbon reduction	76
	305-3	Other indirect (Scope 3) GHG emissions	7.1 Environmental policy and carbon reduction	76
	305-4	GHG emissions intensity	7.1 Environmental policy and carbon reduction	78
	305-4	GHG emissions intensity	7.1 Environmental policy and carbon reduction	78
Waste GRI 306: 2020	306-2	Management of significant waste-related impacts	7.2 Water and waste	80
	306-3	Waste generated	7.2 Water and waste	80
Occupational Health and Safety GRI 403: 2018	403-1	Occupational health and safety management system	6.4 Occupational health and safety policy	60
			6.6 Emphasize on workplace safety, zero significant occupational accidents for 29 year	62
	403-2	Hazard identification, risk assessment, and incident investigation	2.3 Risk assessment and opportunity	21
			6.4 Occupational health and safety policy	60
			6.6 Emphasize on workplace safety, zero significant occupational accidents for 29 year	62
			6.3 Employee compensation and benefits	58
	403-3	Occupational health services	6.3 Employee compensation and benefits	58
			6.4 Occupational health and safety policy	60
	403-1	Occupational health and safety management system	6.4 Occupational health and safety policy	60
			6.6 Emphasize on workplace safety, zero significant occupational accidents for 29 year	62

GRI Standard	Topic Disclosures		Chapter(s)	Page(s)
Occupational Health and Safety GRI 403: 2018	403-3	Occupational health services	6.6 Emphasize on workplace safety, zero significant occupational accidents for 29 year	62
	403-4	Worker participation, consultation, and communication on occupational health and safety	6.4 Occupational health and safety policy	60
			6.6 Emphasize on workplace safety, zero significant occupational accidents for 29 year	62-63
	403-5	Worker training on occupational health and safety	6.4 Occupational health and safety policy	60
			6.6 Emphasize on workplace safety, zero significant occupational accidents for 29 years	63
	403-6	403-6 Promotion of worker health	6.3 Employee compensation and benefits	58
	403-8	Workers covered by an occupational health and safety management system	6.5 Health management	61
			6.4 Occupational health and safety policy	60
	403-9	Occupational Injuries	6.6 Emphasize on workplace safety, zero significant occupational accidents for 29 years	62
	403-9	Occupational Injuries	6.6 Emphasize on workplace safety, zero significant occupational accidents for 29 years	62
Non-discrimination GRI 406: 2016	406-1	Incidents of discrimination and corrective actions taken	6.8 Human rights and employee communication	72
Freedom of Association and Collective Bargaining GRI 407: 2016	407-1	Operational sites or suppliers that may face risks of freedom of association and collective bargaining	5.1 Sustainable supply chain 6.1 Commitment to corporate social responsibility 6.8 Human rights and employee communication	50 54 72
Child Labor GRI 408: 2016	408-1	Significant risks of child labor in operational sites and suppliers	5.1 Sustainable supply chain 6.1 Commitment to corporate social responsibility 6.2 A friendly and diverse talent structure	50 54 55
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 6.1 Commitment to corporate social responsibility	50 54
Custom Topic	Custom 4	Social participation	7.4 Participation in public welfare activities	82-84

SASB Sustainability Disclosure Topics & Metrics

[Verification](#)

Sustainable development goals disclosure and metric

Topic	Metric	Category	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	7.1 Environmental policy and carbon reduction	74-75
Greenhouse Gas Emissions TC-SC-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Qualitative	7.1 Environmental policy and carbon reduction	78
Energy Management in Manufacturing TC-SC-130a.1	(1) Total energy consumed (2) percentage grid electricity (3) percentage renewable	Quantitative	7.1 Environmental policy and carbon reduction	76
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	7.2 Water and waste	79
Waste Management TC-SC-150a.1	(1) Amount of hazardous waste from manufacturing (2) percentage recycled	Quantitative	7.2 Water and waste	80
Employee Health & Safety TC-SC-320a.1	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards	Qualitative	6.4 Occupational health and safety policy 6.5 Worker health management 6.6 Emphasize on workplace safety, zero significant occupational accidents for 29 years	60 61 62
Employee Health & Safety TC-SC-320a.2	Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations	Quantitative	6.6 Emphasize on workplace safety, zero significant occupational accidents for 29 years	62
Recruiting & Managing a Global & Skilled Workforce TC-SC-330a.1	Percentage of employees that require work visas	Quantitative	6.2 A friendly and diverse talent structure	57
Product Lifecycle Management TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	4.4 Product and service information and labeling	42
Product Lifecycle Management TC-SC-410a.2	Processor energy efficiency at a system-level for: (1) servers, (2) desktops, and (3) laptops	Quantitative	ELAN & Avisonic: The products sold are components, not end products, and thus are not applicable. PiXORD: Does not produce, manufacture, or sell these three types of products, and thus is not applicable.	NA
Materials Sourcing TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	Qualitative	5.2 Responsible minerals management In the same year, in response to China's announcement of export controls on gallium and germanium, a supply chain investigation was conducted to determine the current use of these rare metal elements (germanium and gallium) in traded products. The usage levels of these metals in products are continuously monitored and tracked.	51
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	4.2 Robust intellectual property system that encourages innovation	39

Activity Metrics

Topic	Metric	Category	Summary	Page(s)
Activity Metrics TC-SC-000.A	Total production	Quantitative	Total production is approximately 460,088 (thousand units).	8
Activity Metrics TC-SC-001.B	Percentage of production from owned facilities	Quantitative	2.08%	NA

Sustainability disclosure indicators - semiconductor industry

No.	Metric	Category	Chapter(s)	Page
Sustainability 1	Total energy consumption, percentage of purchased electricity, and renewable energy usage rate	Quantitative	7.1 Environmental policy and carbon reduction	76
Sustainability 2	Total water withdrawal and total water consumption	Quantitative	7.2 Water and waste	79
Sustainability 3	Weight of hazardous waste generated and recycling percentage	Quantitative	7.2 Water and waste	80
Sustainability 4	Explanation of occupational injury types, number of cases, and percentage	Quantitative	6.6 Emphasize on workplace safety, zero significant occupational accidents for 29 years	62
Sustainability 5	Disclosure of product lifecycle management: including the weight of discarded products and electronic waste, and the recycling percentage ^(Note 1)	Quantitative	7.2 Water and waste	80
Sustainability 6	Description of risk management related to the use of critical materials	Qualitative description	5.2 Responsible minerals management	51-52
Sustainability 7	Total monetary losses due to legal proceedings related to anti-competitive behavior regulations	Quantitative	4.2 Robust intellectual property system that encourages innovation	39
Sustainability 8	Major product output by product category	Quantitative	1.3 Operational performance	8

* Note 1. Includes the sale of scraps or other recycling processes; relevant explanations should be provided.



ELAN MICROELECTRONICS CORP.

No.12, Innovation 1st Rd.,Hsinchu Science Park,
Hsinchu 300092,Taiwan(R.O.C)

+886-3-5639977

www.emc.com.tw