2020

Social Responsibility Report

About this Report GRI 102-48, GRI 102-49

This Report follows the GRI Sustainability Reporting Standards (hereinafter referred to as the GRI Standards) issued by the Global Sustainability Standard Board (GSSB), and discloses the 2020 operating performance and future plans of EMC (Elite Material Co., Ltd.) to all stakeholders, showing EMC's business philosophy and goals for sustainable operation. In the future, EMC will continue to disclose information relating to society, environment and corporate governance at all levels, allowing the public to understand EMC's overall operations and prospects for continuous development.

Reporting Guidelines and Principles

This Report uses the GRI Standards: Core Option released in 2016 as the main framework. For details, please refer to the GRI Content Index in Appendix 1 of this Report.

Period of Disclosure GRI 102-50

This Report discloses the corporate social responsibility actions and performances of EMC in the dimensions of society, environment and corporate governance in 2020 (from January 1 to December 31, 2020), responding to the issues concerned by stakeholders.

Scope

1. Guanyin Plants of Elite Material Co., Ltd. (including Plant 1, Plant 2, and Plant 3 located at No. 18, Datong 1st Rd., Guanyin Dist., Taoyuan City, Taiwan; No. 10, Yuanyuan St., Guanyin Dist., Taoyuan City, Taiwan; No. 3, Jingjian 2nd Rd., Guanyin Dist., Taoyuan City, Taiwan, respectively.

2. Hsinchu Plant of Elite Material Co., Ltd. (located at No. 14, Wenhua Rd., Hukou Township, Hsinchu County, Taiwan)

The financial data presented in this Report is regarded as parent-only financial report, and the performance of non-financial data is based on the two operating bases mentioned above.

Information and Data Quality

The statistical data disclosed in the Report is based on self-analyzed statistics and survey results. Only the financial data has been certified by a CPA prior to its disclosure, which is presented with conventional numerical descriptive techniques. (The financial data presented in this Report is regarded as parent-only financial report)

Data verification

Financial data KPMG Taiwan

- Greenhouse gas information ISO 14064-1:2006
- Occupational Safety and Health Management System ISO 45001:2018
- Environmental Management System ISO 14001:2015
- Quality Management System ISO 9001:2015, QC 080000:2015

Report Verification

This Report has been complied in accordance with the GRI standards: Core Option issued by the Global Reporting Initiative (GRI), and the direction of information disclosure for this Report is also in line with international standards such as the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”.

We entrusted bsi. Taiwan branch to conduct verification and to obtain the assurance statement. After verification, this Report complies with GRI Standards: Core Option and AA1000AS v3/Type 1/Moderate standards.

Contact Information GRI 102-51, GRI 102-52, GRI 102-53

We welcome you to read the 2020 Corporate Social Responsibility (CSR) Report of EMC, which is the first CSR report of EMC. This Report has also been submitted to the GRI Content Index Service as well as the Materiality Disclosures Service. We will continue to issue CSR Report every year, and the next report will be issued in June 2022.

For any questions or comment about this Report, please contact us at:

Elite Material Co., Ltd.

Corporate Social Responsibility Team

Address：No. 18, Datong 1st Rd., Guanyin Dist., Taoyuan City, Taiwan

Telephone：+886-3-4837937 Email：ia2@mail.emctw.com

Message from the Chairman

This is the first Corporate Social Responsibility Report of EMC. This Report follows the sustainability reporting framework issued by GRI and is compiled by taking into consideration the characteristics of the industry. To bring the value of corporate sustainability, we believe enterprises need to improve continuously, fulfill their "environmental, social and corporate governance" goals in the course of rapid development, and take the initiative to exert their positive influence.

Operation Management

Since 2020, the raging COVID-19 epidemic has made severe impact on the global economy, forcing industries around the world to usher new challenges and changes. The post-epidemic period soon follows, gradually changing the way businesses carry out their production, operation, marketing, business promotion, and customer services. In 2020, we have not been defeated by the epidemic; instead, we have made substantial growth in performance since we believe environmental protection is the global trend of future development. Even though there were no laws and regulations to follow at the time, and only the long-term plans proposed by the European countries and the United States were available for reference, we decided to stick to our path. In 2020, our revenue reached a record high, with an annual increase of 9.4%, while our gross margin reached 25.9%, with an annual increase of 1.4%.

Sustainable Supply Chain

EMC is the world’ s largest manufacturer of halogen-free substrates. Our products are environmentally friendly and are applied to high-end HDI (High Density Interconnect) PCBs. What supports us to become a leading halogen-free substrate manufacturer is our strong raw material supply chain. Our major raw materials include copper foil, glass cloth, and chemicals, among which the copper foil and glass cloth are 100% domestically made. High-end HDI manufacturing process and halogen-free environmentally friendly substrate have been applied to areas other than mobile phones, including automotive materials, infrastructure and Netcom products, expanding the applications of EMC’ s products. We will continue to work together with our suppliers in making another great achievement.

Environmental Protection

EMC is capable of controlling and managing the air pollution problems created from various manufacturing processes, services and activities. In addition to complying with relevant environmental protection laws and regulations such as the Waste Disposal Act, the Water Pollution Control Act, and the Air Pollution Control Act, we also invest a considerable amount of money in protecting the environment of the plant areas every year and implement pollution preventing measures to ensure the quality of our environment. We continue to pay attention to the impact of production and operation activities on climate change, and formulate energy saving as well as carbon/greenhouse gas reduction strategies and goals. In 2019 and 2020, the plants of EMC have conducted improvement projects for energy saving and carbon reduction, which greatly reduced the electricity consumption by a total of about 500 tons of CO_2e in the past two years.

Safe Workplace

EMC strives to create a safe and healthy workplace, allowing every employee to go to work and return home safely. A safe working environment is not just about software or hardware upgrades, but following the set rules and regulations by all employees regardless of their positions. Adhering to the philosophy of "improving the safety and hygiene of the working environment, and reducing the occupational injuries of workers", EMC has promoted our infrastructure comprehensively and improved the working environment of employees year by year, allowing our employees to feel safe in their work. EMC conducts employee health checkup every year and implement the "friendly workplace" inspection to actively eliminates potential workplace hazards through mechanisms such as "improvement proposal ", "safety observation", and "false alarm incident notification". In addition, EMC continues to review and improve our emergency response procedures, automatic inspections, safety and health education and training, and working environment examination every year, striving to create a healthy and safe working environment for our employees.

Since the COVID-19 epidemic in 2020, the plant areas and offices of EMC have implemented strict epidemic-prevention measures, making every effort to ensure the normal operation of the company. Looking further ahead, the substrate industry worldwide is facing two major trends. Firstly, the global communications market is upgrading from 4G to 5G communications technology, which will cause a rapid change in the requirements of substrate specifications, leading to the phenomenon of “the winner takes it all”. Secondly, since environmental protection laws are becoming more stringent, the demand for halogen-free substrates will continue to grow in the future. EMC has become the world's largest environmentally friendly substrate manufacturer, and has strong R&D as well as market development capabilities. We have accumulated substantial technologies and product strengths, which are essential for the substrate market in the future, making the prospect of EMC promising.

Chairman

Corporate governance performance

1. There have been no illegal acts or corruption incidents that violate the principle of good faith in 2020.
2. The earnings per share in 2020 was NT$ 11.33. Both the revenue and the after-tax earnings per share have reached record highs.
3. In 2020, the "Corporate Social Responsibility Committee" (referred to as the CSR Committee) was established to implement corporate social responsibilities and carry out specific plans for sustainable operations.

Sustainable supply chain performance

1. The major raw materials used in 2020 were copper foil, glass cloth, and chemicals, among which the copper foil and glass cloth were 100% purchased locally (not imported).
2. In 2020, a total of 48 major raw material suppliers signed the "Declaration of Metal Conflict-Free", accounting for 98%.
3. In 2020, a total of 48 major raw material suppliers signed the "Social Responsibility Commitment Agreement", accounting for 98%.
4. In 2020, 17 suppliers have been audited in accordance with the annual plan, and all of them have passed the qualification.

Environmental protection performance

1. Total energy consumption was reduced by more than 5% compared with 2019.
2. Air pollutant emission was reduced by more than 20% compared with 2019.
3. In 2020, there was no violation of laws and regulations or breach of contract for waste disposal contractors.
4. The amount of waste generated was reduced by more than 10% compared with 2019.

Employee caring performance

1. The average education and training hours per person in 2020 was 17.99 hours.
2. The turnover rate in 2020 was 26%, which is lower than that in 2019.
3. In 2020, the rate of return for parental leave was 100%.

Safe workplace performance

1. Every year, comprehensive hazard identification is carried out for operations of various departments that may cause personnel injuries or accidents.
2. Occupational safety and health education and training hours have reached more than 20 hours (including general safety and health training and emergency response training).
3. The disabling injury frequency rate (DIFR) in 2020 was lowered compared with 2019.

Contents

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Communication with Stakeholders

1-1Identify Stakeholders GRI 102-40, GRI 102-42

EMC identifies the main stakeholders based on the degree of dependence, responsibility, influence, multiple perspectives, and the degree of attention. The stakeholders are divided into six categories including investors, competent authority, customers, suppliers, neighboring communities, and employees for the basis of conducting communication.

The ideas and needs of stakeholders are important references for EMC to carry out operation and management. To understand the issues concerned by the stakeholders and their feedbacks, we have established sound communication channels and provided the corresponding contact person for all stakeholders on our official website. The following table lists the channels and frequency of communication as well as the issues of concern between EMC and the stakeholders:

Stakeholders	Communication channel	Frequency	Issues of concern
Investors (shareholders)	1. Annual General Meeting	Once/year	1. Corporate governance 2. Corporate business strategy and sustainable development 3. Corporate financial status and profitability 4. Technology R&D and Innovation 5. Information disclosure and transparency
	2. Release of quarterly financial report/annual report in accordance with regulations	Four times/year	
	3. Reply to phone or e-mail inquiries and requests	Anytime when needed	
	4. Important messages revealed on the company's external website	Anytime when needed	
Investors (Board of Directors)	1. Board of Directors	Six times in 2020	
	2. Audit report	Regularly	
	3. Annual Statement of Internal Control	Regularly	
	4. Remuneration Committee	Two times in 2020	
Competent authority (Financial Supervisory Commission or Taiwan Stock Exchange)	1. Market Observation Post System 2. Phone 3. E-mail 4. Official documents 5. Public meetings	Not regularly	1. Sustainable development strategy 2. Risk management 3. Ethics and integrity
Competent authority (Department of Environmental Protection)	1. Written letter 2. Policy advocacy meeting 3. On-site inspection	Not regularly	1. Pollution source management (emission or discharge of exhaust gas/wastewater/waste/ greenhouse gas) 2. Energy management 3. Compliance with environmental protection regulations
Competent authority (Office of Labor Inspection)			1. Occupational safety and health management 2. Occupational accident /work injury 3. Occupational safety regulations compliance
Competent authority (Industrial Park ServiceCenter)			Environmental safety and health management, regulatory
Customers	1. Customer Audit 2. Various business meetings 3. Customer satisfaction survey 4. Technical seminars 5. CSR/RBA audit	Regularly/ not regularly	1. Integrity management 2. Environmental safety and health management 3. Product quality 4. Information Security 5. Customer relationship management
Suppliers	1. Regular supplier meetings 2. Regular audit, evaluation and coaching 3. Supplier complaint channels 4. Technical seminars 5. Project horizontal expansion	Regularly/ not regularly	1. Corporate Governance 2. Supply chain management 3. Corporate financial status and profitability 4. Information disclosure and transparency
Neighboring communities	1. Complaint hotline 2. Local seminars (not regularly)	Not regularly	1. Community involvement and feedback 2. Regulatory compliance 3. Environmental pollution prevention and control
Employees	1. Direct supervisor 2. Dedicated staff of the Human Resources Department 3. Company website 4. Company bulletin board 5. Employee suggestion mailbox 6. Employee meeting/regular employer-employee meeting 7. Monthly/weekly meetings of each department 8. Employee complaint channels 9. Employee Welfare Committee 10. Training courses and policy advocacy meetings	Not regularly	1. Labor relations and employee caring 2. Occupational safety and health caring for employees 3. Regulatory compliance 4. Human rights 5. Corporate image 6. Employee career development 7. Employee compensation and benefits

1-2 Identification of Material Issues and Scope Boundaries GRI 102-47

This year is the first time for EMC to issue a Corporate Social Responsibility Report. We follow the context of sustainability, materiality, integrity, and stakeholder inclusiveness to carry out assessment on material issues and their boundaries. The assessment process for material issues is as follows:

1 Step Select related topics and questionnaires

The CSR Team of EMC held a questionnaire survey on the impact and concern of sustainability topics. Suggestions were provided through internal discussions and from external experts. Base on the GRI standards, characteristics of the industry, international trends and development within the industry, issues in the dimensions of economy, environment, and society were selected, which were then designed into questionnaires.

2 Step Sorting and identification of material issues

The questionnaires returned by CSR members of various units were sorted and a matrix analysis was conducted based on the degree of concern of various issues to different stakeholders as well as the degree of immediate or potential impact on the company. By doing so, the degree of concern of stakeholders on various issues and the degree of impact on the company can be better understood to identify material issues.

Based on the valid questionnaires, a matrix of material issues was completed, with a total of 11 material issues.

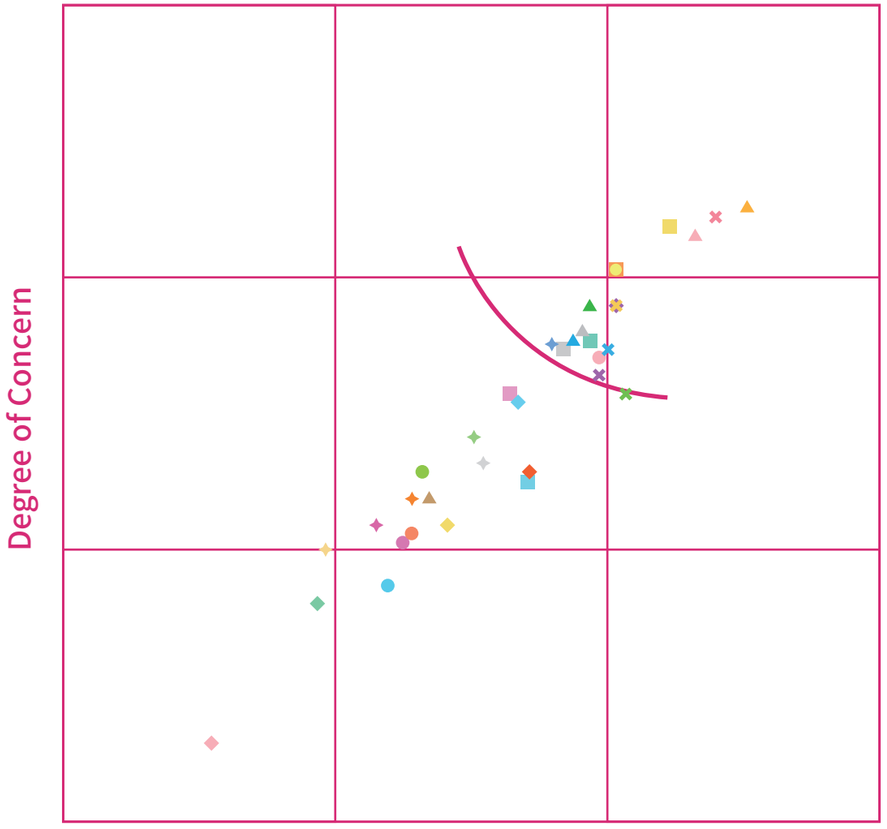
3 Step Confirmation of material issues

The identified material issues were compared with the GRI Standards and used as the basis for disclosing the corporate sustainability report, so that the concerns of the stakeholders can be responded accurately and appropriate management plan for material issues can be formulated.

Summary of the questionnaires on various issues raised by the stakeholders, including the following issues:

Dimension	Issues	High materiality	Dimension	Issues	High materiality
Corporate governance	Sustainable development strategy		Employees	Employer-employee relations	✓
	Risk management	✓		Labor relations	
	Ethics and integrity			Occupational health and safety	✓
	Grievance procedure			Training and education	✓
Economic performance	Economic performance	✓		Diversity and gender equality	
	Market image			Equal pay for work of equal value	
	Indirect economic impact		Huma rights	Investment	
	Local purchase			Non-discrimination	
Environ-mental protection	Raw materials			Freedom of association and collective bargaining	
	Energy and greenhouse gas management	✓		Forced and compulsory labor	
	Water resources management			Human rights assessment	
	Waste management	✓	Products and services	Customer health and safety	
	Exhaust emissions and odor	✓		Green products and services	✓
	Environmental regulation compliance	✓		Customer satisfaction survey	
	Transportation			Marketing communication	
	Environmental protection expenditure			Customer relationship	
Society	Community involvement			Product regulation compliance	
	Corruption			Supplier management	✓
	Public policy			Product tracking	
	Social regulation compliance				

◆ CSR Material Issue Investigation



- Risk management
- Ethics and integrity
- Grievance mechanism
- Corruption
- Price war and monopoly
- Taxation
- Corporate economic performance
- Indirect economic impact
- Local purchase
- Materials, raw materials
- Biodiversity
- Air pollution control
- Water resources management
- Waste management
- Legal compliance in environmental dimension
- Employer-employee relations
- Labor relations
- Occupational health and safety
- Training and education
- Diversity and gender equality
- Equal pay for work of equal value
- Security practice
- Market status
- Non-discrimination
- Freedom of association and collective bargaining
- Forced and compulsory labor
- Friendly workplace
- Community participation and development
- Public policy
- Customer health and safety
- Legal compliance in social dimension
- Supplier management
- Information system security management
- Green products and services
- Energy management and greenhouse gas management

Material issues in 2020: GRI 102-47

●Direct impact ○Indirect impact

Dimension	Material issue	Report boundary: Investors	Competent authority	Customers	Suppliers	Neighboring communities	Employees	Corresponding GRI Standards	Corresponding chapter	Significance to EMC
Corporate governance	Sustainable development strategy	●		●	○		●	None	2. Corporate governance performance	Develop high-speed, high-frequency, and low-signal loss substrates to meet needs of data centers, edge computing applications, and 5G networks. Continue to consolidate EMC's leading position in the global HDI market. Improve the internal control system and enhance management efficiency.
Economic performance	Economic performance	●		●	●		●	201-1 201-3	2. Corporate governance performance	Maintaining a stable financial performance is the commitment of EMC to its stakeholders.
Environmental protection	1. Energy and greenhouse gas management 2. Waste management 3. Exhaust emissions and odor 4. Environmental regulation compliance	○	●	●	○	●	●	302-1 302-3 305-1 305-2 305-4 305-7 306-2 306-4 307-1	4. Environmental protection responsibility	In the course of operation, EMC is committed to pollution prevention and control, reducing energy and resource consumption, developing a circular economy, and meeting the expectation of the society.
Employees	Employer-employee relations	○	○	○	○		●	202-1 202-2 401-1 401-2 401-3 403-1~ 403-10 404-1	5. Employee caring 6. Safe workplace	Employees are the most important companions of EMC. In addition to protecting employees' work rights and providing competitive compensation, we also shown great respect and offer good care for our employees, hoping to attract more outstanding talents.
	Occupational health and safety		●	●	●		●			Maintaining workplace safety and hygiene and establishing employee health management plans are EMC' s top priority for our employees.
	Training and education	○	○	○			●			Long-term development of talents will be our ultimate goal. Talents will be cultivated from scratch, with a sound supporting mechanism and cultivation plan to accelerate the vision and development of talents.

Material issues in 2020: GRI 102-47

●Direct impact ○Indirect impact

Dimension	Material issue	Report boundary: Investors	Competent authority	Customers	Suppliers	Neighboring communities	Employees	Corresponding GRI Standards	Corresponding chapter	Significance to EMC
Products and services	Green products and services	○		●	●		●	None	3. Sustainable supply chain	EMC not only continues to develop high-end application materials, but also assumes its social responsibility by adopting halogen-free environmentally friendly materials as the main development direction, reducing the impact of materials on the environment.
	Supplier management			●	●		●	204-1 308-1 308-2 414-1 414-2	3. Sustainable supply chain	EMC standardizes the management process of the supply chain, establishes supplier management procedures, and incorporates labor rights, environmental protection, safety and health management into the assessment and audit criteria for suppliers. Based on the assessment results, improvement measures will be formulated to assist suppliers in continuous improvement, hoping to improve the sustainable management of the supply chain, reduce the supply chain operational risks, and establish a partnership with the suppliers for sustainable development.

A total of 11 material issues were identified and compared with the GRI Standards, serving as the basis for disclosing the corporate sustainability report, so that the concerns of the stakeholders can be responded accurately. The management of material issues are explained in each chapter, and the attached GRI indicator index is explained in each indicator.

02

Corporate Governance

Material Issue of this Chapter

Risk Management

Responsible Unit: Financial Department

Management Mechanism

Under the Board of Directors, there is an Audit Committee and a Remuneration Committee composed of independent Directors to continuously improve corporate governance. Risk management is conducted through the internal audit control system of the Audit Office, ensuring that the operational performance and efficiency (including profit and performance), the reliability of financial reports and the compliance of relevant laws and regulations can be achieved.

Corporate Governance Performance

1. There have been no illegal acts or corruption incidents that violate the principle of good faith in 2020.
2. The earnings per share in 2020 was NT$ 11.33. Both the revenue and the after-tax earnings per share have reached record highs.
3. In 2020, the "Corporate Social Responsibility Committee" (referred to as the CSR Committee) was established to implement corporate social responsibilities and carry out specific plans for sustainable operations.

Future Strategic Goals

1. We are optimistic about the rising volume of 5G mobile phones and the recovery of the automotive market. Hence, our revenue is expected to reach another record high in 2021.
2. EMC will continue to serve as the world's largest manufacturer of environmentally friendly substrate, with strong R&D and market development capabilities. We have accumulated substantial technologies and product strengths, which are essential for the substrate market in the future, making the prospect of EMC promising.
3. In addition to EMC's leading position in 5G mobile phone materials as well as the continuous increase in the market share of server materials, the Netcom companies in the US have been actively purchasing high-end switch materials, which is expected to boost the percentage of high gross margin products.

2-1 EMC Profile GRI 102-1, GRI 102-2, GRI 102-3

2-1-1 Basic Information

Basic Information	
Company name	Elite Material Co., Ltd.
Date of establishment	March, 1992
Location of headquarters	No. 18, Datong 1st Rd., Guanyin Dist., Taoyuan City, Taiwan
Capital	NT$ 3,329,183,000
Revenue in 2020 (Individual financial report)	NT$ 6,930,636,000
Main products	Copper clad laminate, prepreg, multiplayer laminate, etc.
Number of employees	The total number of employees is 926, of which 767 are men (accounting for 82.83% of the total employees) and 159 are women (accounting for 17.17% of the total employees).
Operating bases	Asia: Taiwan, China, Japan, South Korea Americas: the US Europe: France, Germany, the UK (For detailed contact information of each operating base, please refer to the official website of EMC) (https://www.emctw.com/zh-TW/contact_us/index#tw)

Main product	Operating income (NT$ 1000)	Percentage of operating income (%)
Copper clad laminate	2,696,485	38.91
Prepreg	3,036,645	43.81
Multilayer laminate	758,502	10.94
Others	439,004	6.34
Total	6,930,636	100.00

The composition and number of shareholders of EMC GRI 102-5

Shareholder composition	Number of people	Number of shares	Percentage of shares
Government agency	6	32,704,008	9.82%
Financial institution	33	47,584,147	14.29%
Other legal person	244	60,618,714	18.21%
Foreign institution and foreigner	292	95,242,219	28.61%
Individual	30,364	96,769,211	29.07%
Treasury stocks	0	0	0%
Total	**30,939**	**332,918,299**	**100%**

Elite Material Co., Ltd. (EMC) was founded in 1992. After 29 years, it has become a leading material supplier in the world. EMC is dedicated mainly to the development, manufacturing, and sales of copper clad laminate (CCL) and prepreg, both of which are the essential materials for fabricating printed circuit board (PCB). PCB is an electronic component that that has highest global market share; it is required by all electronics and communications products. The performance of a PCB depends on the quality as well as the characteristics of the copper clad laminate and the prepreg.

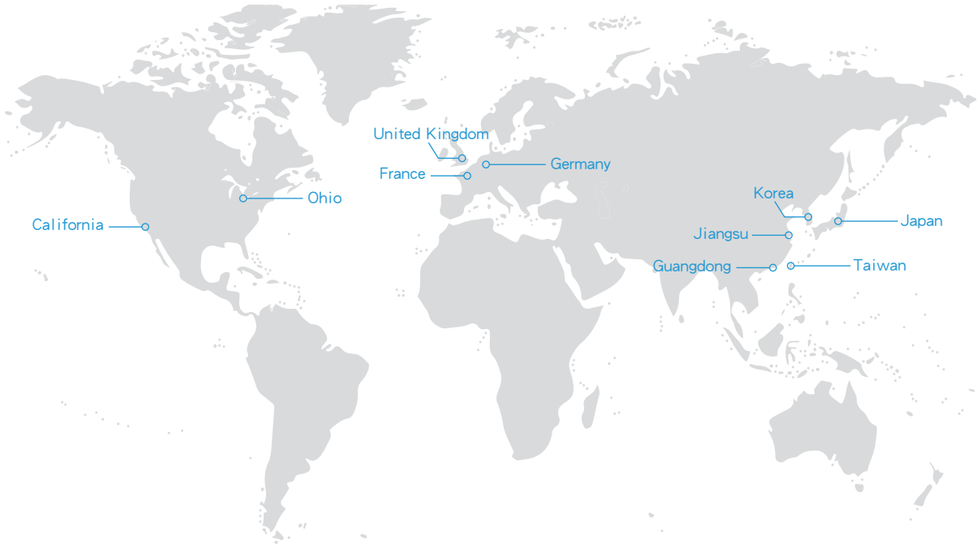
With the increasing market demand and rapid advancement of technology, electronic products continue to evolve toward light-weight, thin, compact, and multi-functional design. After the popularization of big data and cloud computing, the demand for high-frequency, high-speed and ultra-high reliability substrates has grown substantially. Moreover, with the rising awareness of environmental protection as well as the increasingly stringent laws and regulations, the demand for environmentally friendly substrates is rising year by year. The halogen-free environmentally friendly substrates provided by EMC can be applied to HDI PCBs, high layer count PCBs, IC substrates, etc., meeting the material demand of the current PCB industry.

2-1-2 History of EMC

1992	Elite Material Co., Ltd. was established in Taoyuan, Taiwan.
1993	Elite Material Co., Ltd. began its mass production (production capacity of CCL was 200,000 pieces/month).
1996	Elite Material Co., Ltd. successfully launched its IPO and was listed on the Taipei Exchange (TPEX).
1998	Elite Material Co., Ltd. was officially listed on the Taiwan Stock Exchange (TWSE), with stock c symbol of 2383.
1999	Elite Material (Kunshan) Co., Ltd. began its mass production, expanding the market to China.
2002	Cooperated with Japanese company to transfer halogen-free substrate production technology. The EM-280 halogen-free product was officially produced.
2005	Hsinchu Plant of Elite Material Co., Ltd. began its mass production, offering lamination services.
	Elite Material (Zhongshan) Co., Ltd. began its mass production, providing services the southern region of China.
2009	MSCI listed Elite Material Co., Ltd. as a constituent stock of the MSCI ACWI Small Cap Index.
2010	Obtained Sanmina-SCI ZBC-2000® certification.
2011	Kunshan and Zhongshan Plants obtained the High-Tech Enterprise Certificate in China
2012	Completed the Electronic Signal Laboratory to meet the testing standards of Cisco S3, IBM SPP, and Intel Set2DL.
2013	According to the survey conducted by the Prismark Partners LLC, the EMC Group has become the world's largest supplier of halogen-free substrates.
2015	The Electronic Signal Laboratory met the testing standards of Intel Delta-L and Cisco 40 GHz.
2016	Elite Material Co., Ltd. was included in the TSEC Taiwan Mid-Cap 100 Index compiled by the Taiwan Stock Exchange and the FTSE Index
2017	The CCL production line of the Hsinchu Plant was officially put into operation, increasing the Group's CCL production capacity by 150,000 pieces per month.
2018	Elite Material (Huangshi) Co., Ltd. started its construction.
2019	Elite Material (Huangshi) Co., Ltd. started trial production in the fourth quarter.
2020	Without affected by the COVID-19 epidemic, the annual revenue of Elite Material Co., Ltd. hit a new high.

2-1-3 Global Market Strategy of EMC GRI 102-4

After more than 20 years of hard work and operation, EMC has turned into a global enterprise with production bases in Taiwan and China (Zhongshan, Kunshan, and Huangshi). In addition, it also established offices in Europe, the US, Japan and South Korea. In response to the rapid changes in global economy and industrial development, the Huangshi Plant of EMC was built in 2018, and its mass production began in 2020.



Continent	Country	Operating base
Asia	Taiwan	Headquarters, Guanyin Plant, Hsinchu Plant
	China	Kunshan Plant, Zhongshan Plant, Huangshi Plant
	Japan	Agent：Imanaka Ltd., Molymer SSP Co., Ltd.
	South Korea	Agent：Landmark International Corp
America	the US	Agent：Technica, USA, Tracey Rodriguez Contact office：Ohio, Liaison Office
Europe	France	Agent：CCI Eurolam S.A., Roland Jacquet
	Germany	DetlevKüBLER
	the UK	Mark Gordon

Note: Please refer to the official website of EMC for detailed contact information of each operating base (https://www.emctw.com/zh-TW/contact_us/index#tw)

Percentage of copper clad laminate (CCL) sales in 2020

Domestic sales	America	Asia				Others
		China	South Korea	Japan	Vietnam	
70.6%	1.4%	8.6%	12.4%	1.3%	5.1%	0.6%

Percentage of lamination OEM sales in 2020

Domestic sales	Export		
	Europe	America	Others (China/South Korea)
81.8%	3.1%	15%	0.1%

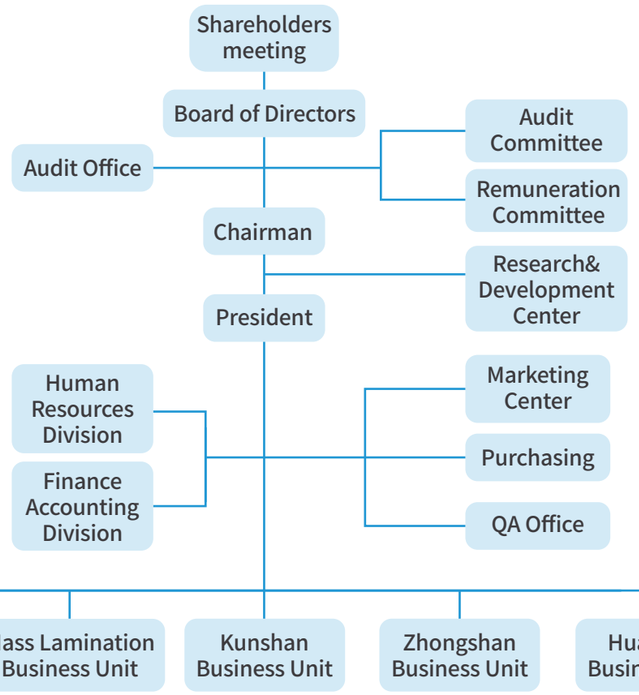
EMC has a wide range of products, mainly including copper clad laminate for double-sided PCB, inner copper clad laminate, prepreg, and multilayer laminate for multilayer PCB. The trend of product and technology development originates from the market demand. In addition to the continuous development of electronic products with light-weight, thin, compact, high reliability, and multi-functional design, the trend of high-frequency, high-speed and environmentally friendly products is becoming more popular. The application of high-density interconnection technology (HDI PCB), high layer count PCB, IC substrate, and rigid-flex board to mobile phones, consumer electronics and other portable products generates higher demand in environmental protection. High-functional and environmentally friendly substrates have strong growth potential and will be the focus of PCB development in the future.

In response to the advent of the 5G era, the demand for 5G handheld devices/servers/base stations/Netcom and other electronic equipment has grown. The high-speed, high-frequency, and low-signal loss substrate materials required by these electronic equipment have been prepared in advance. Among them, 5G handheld devices that use environmentally friendly substrates have been certified and the certification of 800 GHz switch, sub 6GHz and millimeter wave antenna materials have been actively promoted to customers. In the future, besides engaging in the development of high-speed substrates, we will also invest in the R&D of high-frequency and high-end substrates to meet the needs of our customers. EMC not only continues to develop high-end application materials, but also assumes its social responsibility by adopting halogen-free environmentally friendly materials as the main development direction, reducing the impact of materials on the environment.

2-2 Governance Organization of EMC GRI 102-18

▶ 2-2-1 EMC Organizational Structure and Board of Directors

Organizational Structure



Businesses of Various Units

Chairman’ s Office	Coordinate the operations and strategic planning of the Group
President’ s Office	Responsible for annual business policies and management strategies, evaluation and analysis of business performance, and planning of major investment projects.
Financial and Accounting Department	Coordinate the planning and management of the Group's accounting, information operations of the Guanyin Plant, and the management of investor relations.
Human Resources Department	Coordinate the planning of the Group's human resources, training, general affairs and welfare system.
Various Business Units (Guanyin, OEM, Kunshan, Zhongshan, Huangshi)	Perform annual business policies, goals, business management strategies and environmental safety and health tasks.
Audit Office	Implement all internal audit plans of the Group and provide improvement suggestions for the system.
Procurement Department	Responsible for all procurement, import and export, customs operation implementation, follow-up, supplier evaluation, and reduce purchase costs.
R&D Center	Responsible for planning and managing the operations of R&D units in various operating bases of the Group.
Marketing Center	Responsible for the market research and marketing strategy planning of the Group’ s products.
Quality Assurance Department	Responsible for the integration of the Group's quality system and the establishment of product characteristics database.

Operation of the Board of Directors

Since 2020, EMC has established a "Board of Directors", a "Remuneration Committee" and a "CSR Committee" in accordance with the Code of Integrity. The Directors and Committee members are selected on a regular basis according to relevant regulations, and resolutions will be made to generate the greatest benefit for the sustainable development of EMC.

The Board of Directors is the highest governance unit of EMC. It is led by the Chairman to implement and supervise various businesses of the company. The Chairman also serves as the President of the company to enhance the overall operating efficiency and decision-making power of the Group. To improve the functions as well as the supervision of the Board of Directors, the following measures have been implemented by EMC：

1. More than half of the Board members are not managers or employees of EMC.
2. The three Independent Directors of EMC account for 3/7 of all Directors of the company. They are well experienced in the fields of finance, accounting, and operation management, and can effectively perform their supervisory duties.
3. Members of the Audit Committee and the Remuneration Committee of EMC are composed of Independent Directors. Each Committee can carry out full discussion and propose recommendations for the Board of Directors to make the best decisions in implementing corporate governance.

The Board of Directors of EMC has convened 6 meetings in 2020 to review and supervise the decision-making on major issues in the aspects of corporate operations, society, and the environment, creating the greatest benefits for the shareholders of the company. In addition, if the matters discussed in the meeting are related to the interest of the Directors, or the interest of the legal person they represented to, the importance of such interest shall be explained during the corresponding Board of Directors meeting. If the Directors involved in such case are harmful to the company' s interests, they shall not participate in the discussion and voting, and shall recuse themselves to avoid conflicts of interest. Moreover, they shall not act on behalf of other Directors to exercise their voting rights.

Name	Title	Gender	Work experience (education)
Ding-Yu Dong	Chairman	Male	PhD degree in Engineering, Stanford University Assistant Professor in San José State University
Yu-Chang Investment Co., Ltd. Representative: Hui-Liang Cai	Vice Chairman	Male	Master degree in Chemical Engineering, National Tsing Hua University General Manager of Taiwan Union Technology Corporation
Yu-Chang Investment Co., Ltd. Representative: Wen-Xiong Li	Director	Male	Department of Chemical Engineering, Tamkang University Director of Unimicron Technology Corporation President of Isola Asia Pacific (Taiwan) Inc.
Meng-Zhang Xie	Director	Male	Master of International Affairs, Columbia University Chairman of Food Industry Research and Development Institute Director of the Eisenhower Fellows Association in the Republic of China Director of the Chinese National Federation of Industries
Ping Shen	Independent Director	Male	Master degree in Harvard Business School Financial Analyst of World Bank Investment Supervisor of International Bank Executive Director of Morgan Stanley Taiwan Vice President of China Development Industrial Bank General Manager of CDIB & Partners Investment Holding Corporation
Dun-Qian Zheng	Independent Director	Male	Master of Business Administration in Columbia University General Manager of UMC Capital Corporation Director and President of Joint Management Consulting Investment Co., Ltd. Executive Director and President (Taiwan) of Morgan Stanley Asia Limited Executive Director of Goldman Sachs Asia L.L.C.
Rong-Dong Cai	Independent Director	Male	Master of Business Administration in Indiana University General Manager of Ta Chong Commercial Bank Co., Ltd. General Manager of the Corporate Banking Business Unit of Taishin International Bank /General Manager of Taishin International Bank Executive Vice President of Deutsche Bank AG, Taipei Branch and Director of the Corporate Financial Department Senior Vice President of Union Bank of Switzerland, Taipei Branch and Director of the Corporate Financial Department

Note 1: For more detailed information please refer to the 2020 Annual Report
Note 2: The Board of Directors consists of 0 female and 7 males; 2 Directors are under 60 years old and 5 Directors are at the age of 60 or above, giving a total of 7 Directors.

Attendance of the Board Meetings

Title	Name	Actual attendance (B)	Attendance by delegate	Rate of actual attendance (%)【B/A】
Chairman	Ding-Yu Dong	6	0	100
Vice Chairman	Yu-Chang Investment Co., Ltd. Representative: Hui-Liang Cai	5	1	83
Director	Yu-Chang Investment Co., Ltd. Representative: Wen-Xiong Li	6	0	100
Director	Meng-Zhang Xie	6	0	100
Independent Director	Ping Shen	6	0	100
Independent Director	Dun-Qian Zheng	6	0	100
Independent Director	Rong-Dong Cai	6	0	100

Operation of the Audit Committee

The Audit Committee of EMC is composed of 3 Independent Directors. The Audit Committee aims to assist the Directors in supervising the quality as well as the integrity of the accounting, auditing, financial reporting operations and financial controls implemented by the company. The Audit Committee held a total of 6 meetings in 2020, and the main items discussed in the meetings include:

1. Major asset transactions and foreign investment
2. Internal control system, and related policies and procedures
3. Revision of procedures for acquiring or disposing of assets and information security
4. Endorsement and guarantee
5. Review of the CPA’ s fee
6. Review of the financial report

The Board of Directors prepared the EMC's 2020 Business Report, Financial Statements, and Surplus Earnings Distribution Proposal, among which the Financial Statements have been verified by KPMG Taiwan, and a verification report has been issued. The above-mentioned Business Report, Financial Statements and Surplus Earnings Distribution Proposal have been checked by the Audit Committee and no discrepancies have been found.

Remuneration Committee

EMC established the Remuneration Committee in accordance with the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter”. The members of the Committee are composed of 3 Independent Directors for a term of 3 years. The Committee shall hold at least 2 meetings per year to evaluate and review whether the company's internal compensation system complies with relevant laws and regulations and is sufficient to attract and retain outstanding talents.

(1) The Remuneration Committee of EMC consists of 3 members.

(2) The service term of the current members is from June 10, 2019 to June 9, 2022. The Remuneration Committee held 2 meetings in 2020. The title and attendance of the Committee members are as follows:

Title	Name	Actual attendance	Rate of attendance
Independent Director	Ping Shen	2	100%
Independent Director	Dun-Qian Zheng	2	100%
Independent Director	Rong-Dong Cai	2	100%

In addition, EMC's remuneration policies, standards and combinations, procedures for determining remuneration, and the correlation with business performance and future risks are as follows:

(1) Director:

The remuneration of Director provided by EMC is based mainly on compensation of the Director. Besides taking into account the overall operating performance of the company as well as the future business risks and development trends of the industry, the contribution of an individual to the company is also considered when formulating the remuneration policy for Directors. The remuneration of Directors is reviewed by the Remuneration Committee as well as the Board of Directors, and the remuneration system is checked at any time based on the actual operating conditions in order to reach a balance between corporate sustainable operation and risk control.

(2) President and Vice President:

EMC has formulated compensation-related regulations. When hiring President and Vice President, their remuneration shall be determined based on the compensation provided to similar positions in the industry.

(3) EMC prepares the budget for the next year at the end of each year by taking into account the current economic situation as well as the risks involved in future operations, and appropriately adjusts the remuneration of managers to achieve the targeted operational performance.

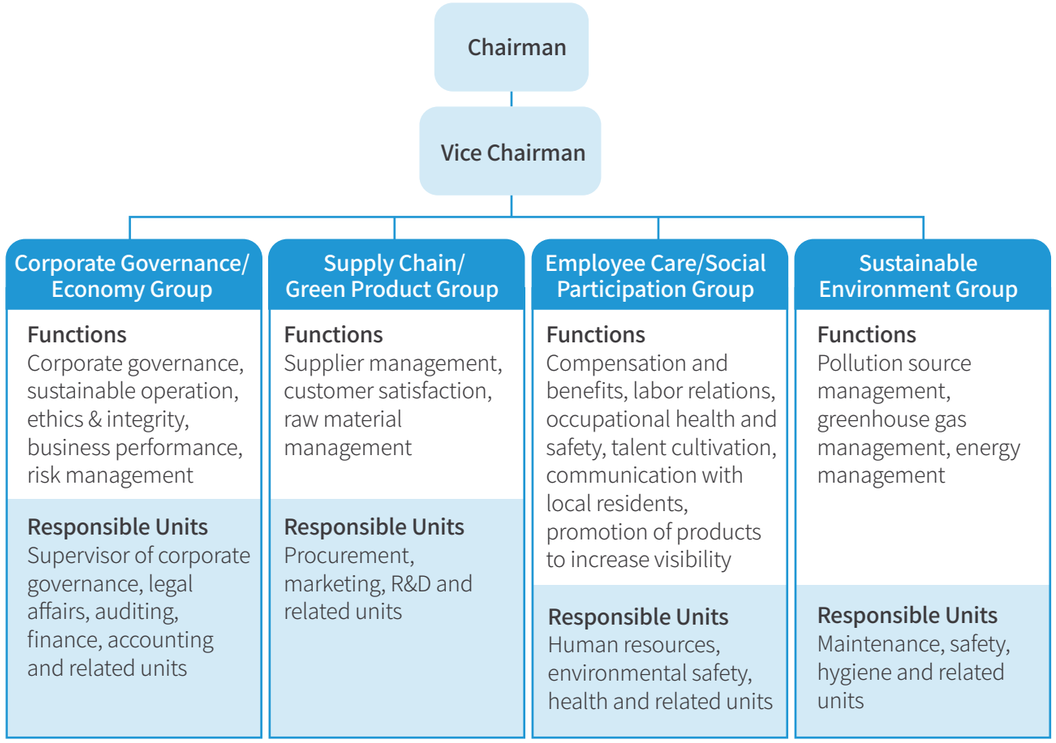
Due to the increasing impact of climate change on the environment worldwide, more and more standards have been formulated around the world to control the impact of enterprises on the environment, leading to the rapid change of issues that are concerned by stakeholders. EMC adheres to the business philosophy of sustainable operation and actively participates in related activities organized by various associations. Through the involvement with various associations, we can share our operating experience with other companies in the industry to create mutual-benefit partnerships, making contribution to the industry and promoting sustainable development.

Association involved in 2020：GRI 102-12、GRI 102-13

Name of the initiative	Association	Degree of involvement
◎Responsible Business Alliance (RBA)	Taiwan Printed Circuit Association (TPCA)	Member

▶ 2-2-2 Corporate Social Responsibility Governance and CSR Committee

To fulfill corporate social responsibility and implement the business philosophy of sustainable operation, the Board of Directors of EMC has passed the "Corporate Social Responsibility Best Practice Principles" and established a "Corporate Social Responsibility Committee" (referred to as the CSR Committee) in 2020 to implement corporate social responsibility and launch specific plans for sustainable operation. There are four working groups under the CSR Committee: Corporate Governance/Economy Group, Supply Chain/Green Product Group, Employee Care/Social Participation Group, and Sustainable Environment Group. The members of each Group are composed of supervisors from related departments or their representatives, who are responsible for the data collection, planning, evaluation and implementation of various topics.



Working Group	Responsible Units	Functions
Corporate Governance/ Economy Group	Supervisor of corporate governance, legal affairs, auditing, finance, accounting and related units	Corporate governance, sustainable operation, ethics & integrity, business performance, risk management
Supply Chain/ Green Product Group	Procurement, marketing, R&D and related units	Supplier management, customer satisfaction, raw material management
Employee Care/ Social Participation Group	Human resources, environmental safety, health and related units	Compensation and benefits, labor relations, occupational health and safety, talent cultivation, communication with local residents, promotion of products to increase visibility
Sustainable Environment Group	Maintenance, safety, hygiene and related units	Pollution source management, greenhouse gas management, energy management

2-3 Corporate Operating Performance GRI 201-1

EMC adopts the International Financial Reporting Standards. The operating data of parent-only financial reports for the past three years are as follows (Please refer to the Market Observation Post System of the Taiwan Stock Exchange (http://mops. twse.com.tw) for the accountant-verified financial reports and annual reports of EMC). The increase in net profitability and earnings per share in 2020 is mainly due to the increase in the market share of handheld devices and the expansion of the HDI high-end manufacturing process as well as the application of halogen-free environmentally friendly materials. In addition, driving by the demand for 5G communication infrastructure, EMC is planning to gradually expand its production capacity, hoping to further improve its operating performance in the future.

Financial data for the past 3 years (Parent-only financial reports)

Unit: NT$ 1000

Item	Year		
	2018	2019	2020
Operating income	6,221,721	7,186,702	6,930,636
Operating cost	5,474,462	5,877,528	5,562,113
Operating expenses	555,823	724,654	985,019
Operating net profit	185,173	591,708	383,753
Net profit for the period	1,751,378	3,240,845	3,688,999
Earnings per share (NTD)	5.48	10.14	11.33

Note: For the payment of employee salaries and benefits as well as the payment of government fees in 2020, please refer to pages 27 and 42 of EMC' s 2020 Parent-only Financial Report. For the payment of shareholder dividends, please refer to EMC' s 2020 Annual Report. The expenditure for community participation in 2020 was zero.

Important financial ratios in the past 3 years (Financial analysis--International Financial Reporting Standards)

Item		Year		
		2018	2019	2020
Financial structure	Ratio of liabilities to assets (%)	32.71	33.28	23.66
	Ratio of long-term funds to real estate, plant and equipment (%)	637.49	676.30	849.31
Solvency	Ratio of current assets (%)	116.15	83.04	121.37
	Ratio of quick assets (%)	94.41	68.19	94.10
Profitability	Return on assets (%)	10.40	17.24	17.58
	Return on equity (%)	14.73	25.50	24.38
	Ratio of net profit before tax to paid-in capital (%)	75.66	114.31	125.69
	Profit margin (%)	28.15	45.10	53.23

The subsidiaries included in this Consolidated Financial Report are as follows：GRI 102-45

Name of subsidiary	Main business
EMC OVERSEAS HOLDING INCORPORATED	General investment business
Da-Wuhan Co., Ltd.	General import/export business and general investment business
EMC INTERNATIONAL HOLDING INCORPORATED	General investment business
Elite Material (Huangshi) Co., Ltd.	Production of prepreg and Copper clad laminate for printed circuit boards
Da-Zhuhai Co., Ltd.	General import/export business and general investment business
Da-Shanghai Co., Ltd.	General import/export business and general investment business
Da-Zhongshan Co., Ltd.	General import/export business and general investment business
Elite Material (Kunshan) Co., Ltd.	Production of prepreg and Copper clad laminate for printed circuit boards
Elite Material (Zhongshan) Co., Ltd.	Production of prepreg and Copper clad laminate for printed circuit boards
EMC SPECIAL APPLICATION INCORPORATED	General investment business
EMD SPECIALTY MATERIALS, LLC	Production of prepreg and Copper clad laminate for printed circuit boards

2-4 Long-Term and Short-Term Business Development Plan

EMC has a wide range of products, mainly including copper clad laminate for double-sided PCB, inner copper clad laminate, prepreg, and multilayer laminate for multilayer PCB. The trend of product and technology development originates from the market demand. In addition to the continuous development of electronic products with light-weight, thin, compact, high reliability, and multi-functional design, the trend of high-frequency, high-speed and environmentally friendly products is becoming more popular. The application of high-density interconnection technology (HDI PCB), high layer count PCB, and IC substrate to mobile phones, consumer electronics and other portable products generates higher demand in environmental protection. High-functional and environmentally friendly substrates have strong growth potential and will be the focus of PCB development in the future.

In response to the advent of the 5G era, the demand for 5G handheld devices/servers/base stations/Netcom and other electronic equipment has grown. The high-speed, high-frequency, and low-signal loss substrate materials required by these electronic equipment have been prepared in advance. Among them, 5G handheld devices that use environmentally friendly substrates have been certified and the certification of 800 GHz switch, sub 6GHz and millimeter wave antenna materials have been actively promoted to customers. In the future, besides engaging in the development of high-speed substrates, we will also invest in the R&D of high-frequency and high-end substrates to meet the needs of our customers. EMC not only continues to develop high-end application materials, but also assumes its social responsibility by adopting halogen-free environmentally friendly materials as the main development direction, reducing the impact of materials on the environment.

EMC upholds the principle of good faith to maintain good relationship with customers, achieving the goal of mutual benefits. The management team of EMC brainstorms to construct a future vision, core values and long/medium/short-term development strategies as follows:

1 Short-term development strategies:

1. Complete the budget in 2020.
2. Increase the sales of high-frequency/high-temperature substrates, automotive substrates, and thermal conductive substrates.
3. Implement integrated marketing to meet customer needs.

2 Long/medium-term development strategies:

1. Expand foreign markets and enhance competitiveness.
2. Expand sales channels for diversified products.

3 Factors that will impact future business development：

The three major development strategies of EMC in the future are as follows:：

1. Develop high-speed, high-frequency, and low-signal loss substrates to meet needs of data centers, edge computing applications, and 5G networks.
2. Continue to consolidate EMC's leading position in the global HDI market.
3. Improve the internal control system and enhance management efficiency.

Looking further ahead, the substrate industry worldwide is facing two major trends. Firstly, the global communications market is upgrading from 4G to 5G communications technology, which will cause a rapid change in the requirements of substrate specifications, leading to the phenomenon of “the winner takes it all”. Secondly, since environmental protection laws are becoming more stringent, the demand for halogen-free substrates will continue to grow in the future. EMC has become the world's largest environmentally friendly substrate manufacturer, and has strong R&D as well as market development capabilities. We have accumulated substantial technologies and product strengths, which are essential for the substrate market in the future, making the prospect of EMC promising.

Advantages	Disadvantages
1. Copper clad laminate is essential for electronic products and there is currently no substitute. The product life cycle is long. 2. The popularization of halogen-free product has boosted its market share, creating high added value. 3. EMC offers a wide variety of products to meet the future development needs of customers. 4. EMC has manufacturing plants in both Taiwan and China, and sales offices in the United States, South Korea, Japan and Europe.	The price of raw materials changes greatly, which will affect gross profit.

Countermeasures

1. Provide percentage of sales for materials of high-end products to increase added value.
2. Spread the sources of raw materials to reduce risks, and negotiate with suppliers to reach a long-term procurement agreement based on the demand of the entire Group, achieving the goal of stable cost and supply.

2-5 Internal Risk Management System

2-5-1 Implement integrity management and anti-corruption GRI 102-16, GRI 205-3

Since its establishment, EMC has been upholding "integrity" as the basis and core values of the code of conduct for its employees. We have established and announced relevant internal regulations such as the "Procedures for Ethical Management and Guidelines for Conduct" and the "Code of Ethical Conduct". To provide rules on rewards and punishments for employees to follow for their behaviors and work, the "Measures for the Report on Illegal, Unethical and Dishonest Conducts" were issued by EMC, which specify the reporting of any illegal behaviors that violate the Code of Ethical Conduct or the Code of Integrity Management, and the filing of individual complaints. In addition, the official website provides private e-mail address and dedicated hotline for internal and external personnel of EMC to file complaints. If there is a reporting case, it will be handled by the dedicated unit. Employees are required to abide by relevant laws and regulations and internal norms. To further improve corporate culture, the values of loyalty and integrity are also promoted.

In addition to advocating the importance of integrity to internal personnel, external personnel, such as suppliers, are required to sign the "Supplier Integrity Commitment", stating that improper or dishonest transactions shall not be allowed in business activities. Those who fail to fulfill the Integrity Commitment will be regarded as the debarred suppliers. Moreover, integrity related regulations shall be stipulated in the company's standard sales contract to prevent dishonest transactions. In 2020, there were no illegal acts or corruption incidents that violated the principle of integrity, and all employees complied with ethical laws and regulations to fulfill the business philosophy of corporate integrity management.

▶ 2-5-2 Corporate Risk Management

In response to changes in the global economic environment and sustainability risks, EMC adopts a complete risk management organizational structure and sound implementation to identify and grasp the three major dimensions of economy (including corporate governance), environment and society that may affect corporate sustainability. Through related management strategies and corresponding measures such as risk transfer, reduction and avoidance, potential risks may be minimized, or even turned into operational opportunities.

The risk management policy of EMC is to define various risks in accordance with the company’ s overall operating strategy, establish a risk management mechanism for early identification, accurate measurement, effective supervision and strict control, and prevent possible losses within the tolerable risks. As the internal and external environment changes, we will continue to adjust and improve the best risk management practices to protect the interests of our employees, shareholders, partners and customers, increasing the value of the company, and achieving the goal of optimizing the allocation of the company’ s resources.

1. Identification of risk type

EMC may encounter various risk at different levels depending on the authority and responsibilities of each unit. In accordance with the principle of materiality, the CSR Committee further divide the risks in the three major dimensions of economy (including corporate governance), environment, and society based on the risk types, as shown in the following table.

Dimension	Risk type	Risk description
Economy (including corporate governance)	1.1 Market risk	1.1.1 Political and economic dimension: Including the risk of financial or business impact on the company due to domestic/international political, economic and regulatory requirements. 1.1.2 Industrial dimension: Including the risk of financial or business impact on the company due to domestic/international technological and industrial changes. 1.1.3 Financial dimension: Including the risk of losses resulted from the changes of the company’ s financial assets or liabilities (including on- and off-balance sheet assets and liabilities) due to fluctuations in market risk factors (interest rates, exchange rates, stock prices, commodity prices, electricity prices, etc.).
	1.2 Operational risk	1.2.1 Operational dimension: Including the risks that cause impact on the company due to changes in the business model, adjustment of organizational structure, over-concentrated sales/purchasing, product replacement, product/service design, quality management, and major risk management of business contracts, etc. 1.2.2 Financial dimension: Including the risks that cause impact on the company due to asset evaluation, credit and solvency, liquidity risks and accounting policies, etc. 1.2.3 Internal control dimension: Including risks related to the company's internal control. 1.2.4 Supply chain dimension: Including the risks that cause impact on the company due to issues such as supplier quality, price, delivery and corporate social responsibility.
	1.3 Investment risk	1.3.1 Investment dimension: Including the risk of short-term investment market price fluctuation impact on the company due to over-concentrated reinvestment targets, high-risk and high-leverage operations, transactions of derivative financial product, financial planning, etc., or the operational management risks involved in the long-term investment of the company to be invested.
	1.4 Regulatory compliance risk	1.4.1 Regulatory compliance dimension: Including the risks of failure to comply with relevant laws and regulations, including but not limited to the Labor Act, Company Act, Securities and Exchange Act, import/export regulations, industry code of conduct, anti-corruption regulations, etc. 1.4.2 Legal dimension: Including the risks that may be resulted from the failure to comply with various legal norms, or various legal risks that may infringe the company's rights and interests.

Dimension	Risk type	Risk description
Environment	2.1 Environmental risk	2.1.1 Including the risks related to greenhouse gas emission management, carbon rights management, energy management that are conducted in response to climate change and natural disaster issues; and the risks for complying with international and local environmental protection laws such as the emission/discharge management of gas, water, waste, poison, and noise or the requirements of Environmental Impact Assessment.
Society	3.1 Workplace hazard risk	3.1.1 Operational dimension: Including the risks to the company caused by occupational safety, hygiene and health, chemical management, safety protection and emergency response, and other improper management operations or errors. 3.1.2 Workplace dimension: Including risks caused by issues related to the safety of workplace for employees or contractors.
	3.2 Human resources risk	3.2.1 Including human rights issues of employees or suppliers, including but not limited to risks derived from labor relations, child labor, forced labor; as well as the risks resulted from the cultivation of talents, such as the mechanisms for the recruitment, retention and development of talents.

2. Formulate control measures based on risk type

Dimension	Risk type	Risk control measures
1. Economy (including corporate governance)	1.1 Market risk 1.2 Operational risk 1.3 Investment risk 1.4 Regulatory compliance risk	1. The trend of product and technology development originates from the market demand. In addition to the continuous development of electronic products with light-weight, thin, compact, high reliability, and multi-functional design, the trend of high-frequency, high-speed and environmentally friendly products is becoming more popular. 2. The application of high-density interconnection technology (HDI PCB), high layer count PCB and IC substrate to mobile phones, consumer electronics and other portable products generates higher demand in environmental protection. High-functional and environmentally friendly substrates have strong growth potential and will be the focus of PCB development in the future. 3. Provide percentage of sales for materials of high-end products to increase added value. 4. Spread the sources of raw materials to reduce risks, and negotiate with suppliers to reach a long-term procurement agreement based on the demand of the entire Group, achieving the goal of stable cost and supply.
2. Environment	2.1 Environmental risk	1. EMC not only continues to develop high-end application materials, but also assumes its social responsibility by adopting halogen-free environmentally friendly materials as the main development direction, reducing the impact of materials on the environment. 2. In response to environmental protection issues, continue to improve the manufacturing process to reduce gas, water, waste, poison, noise and carbon emissions. 3. Adopt life cycle perspective to identify the environmental risks that may have a significant impact on the environment, and carry out the corresponding measures for improvement, control and supervision.
3. Society	3.1 Workplace hazard risk	1. Comply with relevant laws and regulations, and formulate key items for operation management. 2. The Workplace Safety and Health Committee regularly reviews compliance with environmental/occupational safety laws and regulations.
	3.2 Human resources risk	1. Regularly conduct manpower check and review. 2. Plan and implement employee education, training and development plans. 3. Design competitive compensation and employee benefit measures. 4. Complete training and local talent development plan.

03

Sustainable Supply Chain

Material Issue of this Chapter

Green products and services, supplier management

Responsible Unit: R&D Department, Procurement Department

Management Mechanism

1. The "Hazardous Substance Management Procedure" was formulated and the HSF (Hazardous Substance Free) policy was issued for the company to follow. Effective control measures were taken in design, manufacturing, testing and supply chain management, and the corresponding management system was established.
2. Operations are carried out in accordance with the "Supplier Management Procedure". Major raw material suppliers shall be reviewed, evaluated and audited in order to control their risks and ensure sustainable management. Through reviewing, evaluating and auditing the environmental/labor/human rights/social aspect of the suppliers, suitable suppliers can be selected to fulfill the management responsibility.

Sustainable Supply Chain Performance

1. The major raw materials used in 2020 were copper foil, glass cloth, and chemicals, among which the copper foil and glass cloth were 100% purchased locally (not imported).
2. In 2020, a total of 48 major raw material suppliers signed the "Declaration of Metal Conflict-Free", accounting for 98%.
3. In 2020, a total of 48 major raw material suppliers signed the "Social Responsibility Commitment Agreement", accounting for 98%.
4. In 2020, 17 suppliers have been audited in accordance with the annual plan, and all of them have passed the qualification.

Future Strategic Goals

EMC has become the world’s largest supplier of halogen-free environmentally friendly materials for HDI copper clad laminate, and has taken the initiative to expand the development of halogen-free environmentally friendly materials for 5G, Netcom infrastructure and automotive-related applications. It continues to seek niche products for each plant, increasing the added value of the products to create the blue ocean market in sales.

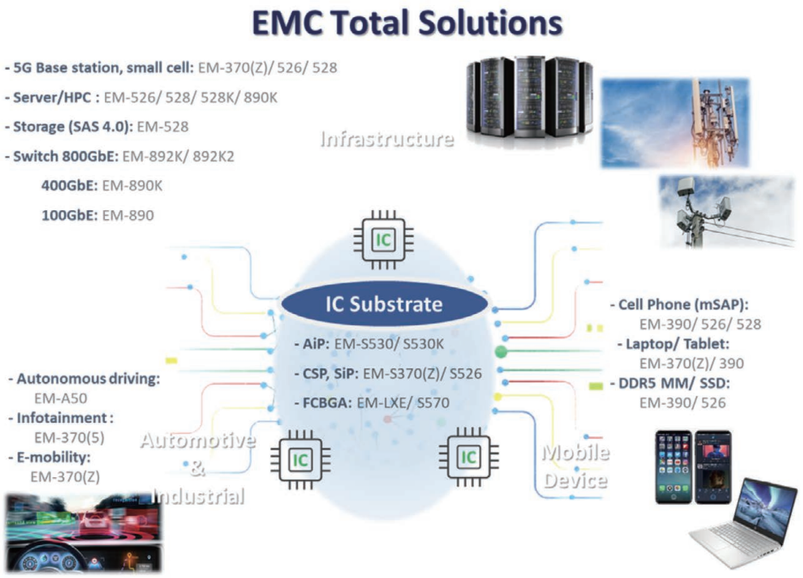
3-1 Green Product Design GRI 102-11

Since its establishment, EMC has taken innovative value as the cornerstone to actively build an innovative culture and construct a creative working environment in responding to the rapidly changing nature of the electronic materials industry. In addition to strengthening the advantage of EMC in technological leadership, the internal innovation rewarding mechanism was also adopted to encourage employees to practice various innovations and patent applications in their work, enhancing continuously the creativity of the organization. Furthermore, EMC also assists customers, industries and academia to conduct cross-field innovation, including the jointly-developed products with the customers.

As the technical challenges faced by 5G become more and more difficult, EMC continues to invest in R&D resources and provide advanced material technology and design solutions to help customers launch their products successfully and quickly, increasing their chance of winning in today's challenging market conditions. Moreover, our R&D team continues to promote technological innovation, maintaining EMC’s leading position in the industry. The development of 5G substrate technology is in line with the schedule and trial production has begun in 2020. The HDI PCBs of EMC for handheld devices have entered a full development stage, and the PCBs for 5G AI Netcom infrastructure have been continuously mass-produced by several customers. In addition, we have extensively developed other high-end copper clad laminate technologies to meet the needs of different products and provide the substrate materials required for various applications.

In response to the rising awareness of environmental protection worldwide and the increasingly competitive industrial environment after the implementation of RoHS regulations by the European Union, EMC has worked hard over the years to meet the requirements and has become the world' s largest supplier of halogen-free environmentally friendly materials for HDI copper clad laminate. It has taken the initiative to expand the development of halogen-free environmentally friendly materials for 5G, Netcom infrastructure and automotive-related applications. EMC continues to seek niche products for each plant, increasing the added value of the products to create the blue ocean market in sales. In addition, to provide customers with the latest product information, the results of product development are displayed on the company's website.

The following diagram shows the total solution of EMC's halogen-free products for the PCB Industry



3-1-1 Green Product GRI 102-11

EMC is committed to fulfilling its responsibilities as an international citizen. In view of the rising awareness of environmental protection and the rapid development of international environmental protection laws and regulations, it is necessary to fully grasp the environmental protection directives of various countries, as well as the hazardous substance controls for the industry and customers. We are committed to producing products that meet the standards of international environmental protection laws and conventions and meet the requirements of customers' hazardous substance management. We have established a hazardous substance management mechanism and issued the HSF policy for the company to follow. Effective control measures were taken in design, manufacturing, testing and supply chain management, and the corresponding management system was established. We transform external requirements into internal standards, and carry out the prohibition/restriction management of hazardous substances for products, packaging materials and materials, ensuring that products from R&D and design, raw material acquisition to product packaging and delivery are in compliance with relevant laws and regulations as well as customers' requirements for green products.

3-1-2 Hazardous Substance Management

The "Hazardous Substance Management Procedure" of EMC covers the Restriction of Hazardous Substances Directive of EU (EU RoHS), the chemicals policy of EU (Registration, Evaluation, Authorization and Restriction of Chemical, REACH), IEC 61249-2-21 halogen-free regulations, and other international environmental protection regulations and industry standards. To make the quality of product in line with the green-product related environmental protection regulations, EMC has formulated material incoming inspection procedures and set up the fluorescent X-ray hazardous substance analyzer to measure the content of hazardous substances in raw materials, packaging materials, semi-finished products, and finished products by a non-destructive method. Suppliers are also required to ban the use of hazardous substances in their production and in the products, and are required to sign an Environmental Assurance Agreement (Declaration of Non-use) to ensure that the products can meet the requirements of RoHS, REACH and other relevant environmental regulations.

In addition, the raw materials used, packaging materials, semi-finished products produced in the factory, and finished products will be analyzed by an independent verification body every year to ensure that the products produced by EMC are 100% compliant with the requirements of RoHS and REACH.

3-2 Supply Chain Management Policy GRI 102-9, GRI 102-10

Ensure that the raw materials supplied by suppliers can meet EMC's quality requirements, including compliance with RoHS and Hazardous Substance Free (HSF) related regulations as well as customer requirements, enhancing EMC's productivity and competitiveness.

The raw materials supplied by suppliers will directly affect EMC’ s products, services and operations; in addition, the supplier’ s social responsibility behavior will also indirectly affect EMC’ s reputation or potential risks. Therefore, EMC standardizes the management process of the supply chain and establishes supplier management procedures to incorporate suppliers' labor rights, environmental protection, safety and health management into the selection and audit requirements for suppliers, and formulates improvement measures based on the evaluation results to assist suppliers in continuous improvement. It is hoped that by doing so, the sustainability management of the supply chain can be improved and the operational risks of the supply chain can be reduced, creating a partnership for sustainable growth. Although the COVID-19 epidemic struck the world in 2020, except for the adjustment of shipping costs, no other significant changes have occurred.

▶ 3-2-1 Implement Local Procurement Principles GRI 204-1

The suppliers of EMC are all well-known domestic and international manufacturers who offer excellent quality of products. In addition to collaborating with our existing suppliers continuously to maintain good cooperative relations, we also actively develop new suppliers, ensuring that there is no shortage of raw materials. Furthermore, we continue to promote localized procurement, which not only can save costs and ensure the delivery time, but also can bring about the benefit of reducing carbon emissions during the transportation stage and offering more domestic employment opportunities. In 2020, local procurement of raw materials and equipment accounted for 90% of the total procurement, and all engineering procurement projects are based on local suppliers. In terms of the use of raw materials, our main raw materials are copper foil, glass cloth and related chemicals (such as resin and solvents, etc.). A summary of the purchase volume in 2020 is as follows:

Purchase volume of main raw materials

Type of raw material	Unit	Purchase volume in 2020
Copper foil	kg	3,902,176
Glass cloth	m	38,306,245
Chemicals (including resin and solvents)	kg	12,142,340

The main raw materials used to fabricate EMC's products are copper foil, glass cloth, and chemicals, referred to as the three major raw materials. Copper foil and glass cloth are purchased locally (not imported), while chemicals are mainly imported with domestic suppliers only account for 14% of the total suppliers. This is because the chemicals currently used are all high-end products, and the related technologies are still owned by the suppliers. It is difficult to find suitable local suppliers within a short period of time. The details are summarized in the following table:

Three major raw materials	Suppliers
Copper foil	100%
Glass cloth	100%
Chemicals (number of domestic suppliers)	14%

Main supply chain characteristics and local procurement

Type of suppliers		Main raw materials	Engineering	Auxiliary materials	Equipment
Number of suppliers		51	138	471	76
Percentage of transaction amount		86.6%	3.4%	6.6%	3.4%
Percentage of local and overseas purchases	Local	76.5%	100.0%	99.2%	94.7%
	Overseas	23.5%	0.0%	0.8%	5.3%

3-3 Supplier Management Process

To ensure that the raw materials supplied by the suppliers can meet EMC's quality requirements, RoHS and Hazardous Substances Free (HSF) requirements, relevant laws and regulations and customer requirements, a supplier management process was formulated. EMC attaches great importance to environmental and social protection, and extends its responsibilities to the supply chain. Over the years, we have established a complete supplier management system, requiring all suppliers to comply with our quality requirements and abide by the general social ethics, the principle of good faith, and the environmental protection regulations for products and operations, fulfilling corporate social responsibility.

We adopt the Responsible Business Alliance (RBA) and relevant international regulations as references, and incorporate the content of the existing supplier evaluation and audit operations to formulate the "Supplier Management Procedure". Major raw material suppliers shall be reviewed, evaluated and audited in order to control their risks and ensure sustainable management. Through reviewing, evaluating and auditing the environmental/labor/human rights/social aspect of the suppliers, suitable suppliers can be selected to fulfill the management responsibility.

Work process	Responsible unit	Related document	Output (form/record/document)
Supplier development	Supplier Evaluation Team	CCL Supplier Management Procedure	New supplier development and risk assessment form
Group study: Quality management system; technical capability; Production capacity; Risk analysis			
Risk level determination			
1. Field/Written evaluation 2. Evaluation score>80% or conditional approval		CCL Supplier Management Procedure Supplier Quality Evaluation Specification	Supplier Evaluation Report
Review of the unconformities from audit	Supplier Evaluation Team		Review Form for Unconformities from Audit
Countersigning for new supplier survey		CCL Supplier Management Procedure	Supplier Quality System Status Survey Form Manufacturer Basic Information Survey Form Agent/Trader Basic Information Survey Form
Raw material evaluation completed		CCL Material Approval Procedure	
Listed as a qualified supplier			Social Responsibility Agreement New Supplier Survey Countersigning Form Environmental Assurance Agreement (Declaration of Non-use) List of Qualified Suppliers
Case closed , No evaluation for now			

▶ 3-3-1 New Supplier Evaluation GRI 308-1、GRI 414-1

1. Supplier Evaluation and Audit Team: The Team is composed of members from various units, and the qualifications of the auditors must be certified. The evaluation of supplier must be completed before the formal order is placed.

2. Content of supplier evaluation：

① When evaluating a new supplier, the Procurement Department should include the following six major items for review. The new supplier approval procedure will be completed after the evaluation results have been countersigned by related units. After approval, the new supplier can be registered in the list of qualified suppliers. The evaluation is used to better understand the supplier’s operating conditions, financial stability, operational continuity planning, etc., reducing procurement risks.

No.	Evaluation Item
1	New Supplier Development Risk Assessment Form
2	Supplier Quality System Status Survey Form
3	Manufacturer Basic Information Survey Form
4	Agent/Trader Basic Information Survey Form
5	Social Responsibility Agreement, Declaration of Metal Conflict-Free
6	Supplier Evaluation Report

② Among the evaluation items, Item No. 6--"Supplier Audit Evaluation Report", covers 11 major items for auditing, including quality system, resource management, design and development, procurement, production control, monitoring and measurement, continuous improvement of performance, operation and management, corporate social responsibility, hazardous substance management, and environmental safety and health management system.

3. Evaluation rating

Rating		Description	Description			
			2019		2020	
			No. of supplier	Percentage	No. of supplier	Percentage
Pass qualification	Score: 80%---100%	Collaboration with the supplier is allowed	1	100%	1	100%
Approved conditionally	Score: 70%---79%	Collaboration with the supplier is allowed only if the supplier can make improvement. Re-audit will be carried out within 6 months; if the score is still below 80%, collaboration will be stopped.	0	0	0	0
Fail	The score is below 70% or the score of individual item is below 70%	Collaboration with the supplier is not allowed	0	0	0	0

4. In addition, EMC requires its major raw material suppliers (except traders/agents) to sign a "Social Responsibility Commitment Agreement", requiring its suppliers to comply with the Labor Act and social ethics, and reinforcing the suppliers to implement social responsibilities. EMC also requires its suppliers to sign the "Declaration Metal Conflict-Free", ensuring that the supplied products are metal conflict-free products.

EMC requires all of its major raw material suppliers to sign and return the "Declaration Metal Conflict-Free," stating and guaranteeing that the supplier has not obtained gold, tantalum, tungsten, cobalt, tin, palladium through anarchy or illegal groups, or from the mining area in the conflict zone of the Democratic Republic of the Congo, or through illegal smuggling. The metals exported from the following countries ("conflict areas") do not comply with the "conflict-free norms": Democratic Republic of Congo, Luanda, Uganda, Burundi, Tanzania, and Kenya.

Management goal	Strategic action	Result			
		2019		2020	
		No. of supplier	Percentage	No. of supplier	Percentage
Sign “Declaration Metal Conflict-Free”	(1) Carry out supplier evaluation and audit, and follow up on the results until the improvement of the key issues is completed (2) Conduct supplier education and training	41	80%	50	98%
Sign “Social Responsibility Commitment Agreement”		41	80%	50	98%

3-3-2 Evaluation of Qualified Suppliers GRI 308-2, GRI 414-2

EMC performs evaluation on qualified suppliers regularly. The evaluation items include:

1. Monthly evaluation items:

Responsible unit	Evaluation items
Quality Assurance Department	Perform evaluation on incoming material quality, process quality, customer quality, VCAR response, abnormal recurrence, data provision, and summarize the scores with ratings.
Procurement Department	Responsible for carrying out the evaluation on price satisfaction, delivery control, service/degree of cooperation/future collaboration and summarize the scores with ratings.

2. Annual evaluation items

The "Supplier Evaluation Report" covers 11 major items for audit, including quality system, resource management, design and development, procurement, production control, monitoring and measurement, continuous improvement of performance, operation and management, corporate social responsibility, hazardous substance management, and environmental safety and health management system. Among the suppliers that have completed the audit in 2020, there are no unqualified suppliers due to their performance in corporate social responsibility or the environmental safety and health management system.

3. Evaluation rating

Rating		Description	Result	
			2019	2020
A Grade	Excellent: 90.01 or higher	Strengthen the area and scope of cooperation between the two parties	97 times	223 times
B Grade	Good: 90.00~75.01	Strengthen trading	178 times	125 times
C Grade	Require support: 75.00~60.01	If the specific results are not reached within the deadline, the supplier will be downgraded to D Grade	None	None
D Grade	Limited: 60.00~00.00	Remove the qualification of the supplier and no purchase of materials is allowed	None	None

Note: If the supplier has been rated as C Grade for 3 consecutive months, the volume of purchase will be reduced, and the supplier will be requested to conduct in-factory review and improvement.

EMC will conduct annual supplier evaluation by the Supplier Evaluation and Audit Team. The Team is composed of members from various units including quality assurance, production, technology, material development, and procurement, and additional units will be included if necessary. If the evaluation score reaches 80 points or more (qualified), the procurement from the supplier can continue; if the score is 70 points or more but less than 80 points (approved conditionally), improvement of the supplier is required; if the score is less than 70 points (unqualified), the procurement from the supplier will be stopped and the supply will be removed from the Qualified Suppliers List. After the supplier completes the improvement, re-evaluation can be carried out in accordance with the evaluation procedures for new suppliers. In 2020, EMC added a new raw material supplier. As for the existing suppliers, 17 suppliers have been audited according to the annual plan, and all of them have obtained B Grade or above, passing the qualification.

04

Environmental Protection

Material issues of this chapter

Energy and greenhouse gas management, waste management, waste gas emissions and odors

Responsible Units: Safety and Health Department (Environmental Protection Division)

Management Mechanism

1. The Company implements the management in accordance with various standard procedures required by ISO 14001:2015 Environmental Management System to seek business growth and achieve the goal of environmental protection. In response to global climate change, diminishing water resources and all sorts of environmental pollution issues, the company thoroughly reviews all business activities involving raw materials, production, services and recycling, etc. and carefully considers the impacts of these activities on the society and environment so as to develop various strategies and objectives for the creation of green competitiveness.
2. Conduct the organization's GHG emissions quantification and inventory in accordance with ISO 14064-1:2006 standards and develop GHG reduction measures.
3. Regularly confirm the compliance status with EHS-related regulations according to "Identification & Management Procedures for EHS Regulations and other Requirements".

Environmental Protection Performance

1. Total energy consumption reduced by more than 5% compared to 2019
2. Air pollution emissions reduced by more than 20% compared to 2019
3. The waste removal & disposal service providers had not been involved in any violation of laws/regulations and contracts
4. The amount of waste generated reduced by more than 10% compared to 2019
5. The company did not suffer any big fines or non-monetary penalties for violations of environmental regulations in 2020

Future Strategic Objectives

1. Adjust production process/procedures and continue to reduce total energy consumption by the use of renewable energy/fuels.
2. Pay close attention to global climate change trends, assess the derivative risks and opportunities and invest resources in implementing effective control measures for energy and water conservation. Take eco-friendly actions to continuously improve the performance in energy/resource consumption, waste management and pollution prevention.
3. Conduct the organization's GHG emissions quantification and inventory in accordance with ISO 14064-1:2018 standards.

EMC’ s Environmental Health and Safety Policy

Legal Compliance, Risk Control
Pollution Prevention, Waste Reduction
Consultation & Communication, Continuous Improvement

With the aim of accomplishing the EHS policy, the company makes the following commitments:

1. Comply with EHS laws and regulations, protect workers’ safety and health and control the risks of potential environmental pollution and safety accidents.
2. Prevent pollution and reduce energy/resource consumption for energy/resource conservation through the implementation of system management.
3. Take appropriate management measures to control the risks of hazards such as confined space, falling, chemical hazards, fire & explosion, mechanical equipment injuries and electric shocks, etc.
4. Provide opportunities for consultation and communication through various meetings for all employees and collaborative companies to be aware of and understand our EHS Policy and its meaning, and set goals for continuous improvement.

Our vision: Promoting environmental sustainability and becoming a world-grade benchmark business for environmental protection and energy/resource conservation.

Our mission: Seeking the best utilization efficiency in energy, water and other resources, and actively investing in waste reduction and pollution prevention.

Implementation policy: Follow or exceed the standards stipulated in relevant domestic and foreign laws and regulations on environmental protection and efficiency in energy consumption, and demand of suppliers to cooperate in maximizing the recyclable materials and containers generated from plants and production lines. Pay close attention to global climate change trends, assess the derivative risks and opportunities and invest resources in implementing effective control measures for energy and water conservation. Take eco-friendly actions to continuously improve the performance in energy/resource consumption, waste management and pollution prevention. Actively cooperate with customers and suppliers to jointly establish a green supply chain which starts from designing, manufacturing to products and services. Reinforce the awareness, responsibility and commitment of all employees and subsidiaries on environmental protection. Share outwardly accumulated knowledge and experiences and respond to the severe challenges arising from environmental protection and climate changes through the collaboration with business partners and the society.

4-1 Energy Management

▶ 4-1-1 Electricity Consumption Management GRI 302-1；GRI302-3

EMC (Elite Material Co., Ltd.) implements control over the use of all electrical and mechanical equipment in the company to save the consumption of electricity, water, oil or fuel to avoid waste of resources. In order to enhance employees' awareness of resource saving and appreciate the available resources around us, the company's Maintenance Department compiles statistics on energy consumption on a regular basis for EMC to make improvements in energy conservation. The energy currently used by EMC is all purchased from external energy providers; no non-renewable fuel is used; and there is no sale of energy.

1. Elite Material Co., Ltd.- Guanyin Plant

① Elite Material Co., Ltd. Plant 1 and Plant 3

Item	Power Purchased from External Provider	
Year	2019	2020
Electricity consumption (1000 kWh /Year)	23,832	23,710
Electricity consumption (joule/year)	8.58×1010^{10}	8.54×10^{10}
Prepreg production volume (metric tons)-A	9,990.45	8,636.74
CCL production volume (metric tons)-B	4,378.99	3,625.40
Emission equivalent (metric tons CO_2e /year)	13,202.76	13,226.92
Electricity consumption of per unit production-A	2.39	2.75
Electricity consumption of per unit production-B	5.44	6.54

② Elite Material Co., Ltd.- Plant 2

Item	Power Purchased from External Provider	
Year	2019	2020
Electricity consumption (1000 kWh /Year)	3,068	3,200
Electricity consumption (joule/year)	1.1×1010^{10}	1.15×1010^{10}
CCL production volume (metric tons)	971.68	847.49
Emission equivalent (metric tons CO_2e/year)	1,699.73	1,772.52
Electricity consumption of per unit production	3.16	3.78

2. Elite Material Co., Ltd.- Hsinchu Plant

Item	Power Purchased from External Provider	
Year	2019	2020
Electricity consumption (1000 kWh /Year)	23,201.60	22,325.20
Electricity consumption (joule/year)	8.35×1010^{10}	8.04×1010^{10}
Prepreg production volume (metric tons)-A	7,014.29	5,372.59
CCL production volume (metric tons)-B	2,418.83	2,157.27
Multi-layer boards OEM production volume (metric tons)-C	519.18	1,072.63
Emission equivalent (metric tons CO_2e /year)	11,809.61	11,363.53
Electricity consumption of per unit production-A(%)	3.31%	4.16%
Electricity consumption of per unit production-B(%)	9.59%	10.35%
Electricity consumption of per unit production-C(%)	44.69%	20.81%

▶ 4-1-2 Oil Consumption (Heavy Oil) Management GRI 302-1；GRI 302-3

Heavy oil is mainly used in the boilers heating process for the generation of water vapor. The boiler type used in the company’ s plants is fire tube steam boiler. In order to ensure that boilers can smoothly supply the steam needed for production lines, relevant management measures have been stipulated and regular equipment maintenance is implemented. The "Operation Record Chart" and "Self-inspection Checklist" are set up for the Maintenance Department to easily stay on top of the equipment status. Moreover, the Boiler Association also conducts regular inspections every year. Boilers can only be used when the confirmed approval is obtained. Currently heavy oil is only used in Elite Material Co., Ltd. (Plant 1). The heavy oil consumption data in the past two years is disclosed as follows:

Item	Boiler Steam Process	
Year	2019	2020
Heavy oil consumption (liter/year)	2,308,500	1,824,000
Heavy oil consumption (kL of oil equivalent/year)	2,338.24	1,847.50
Heavy oil consumption (joule/year)	8.98×10^{13}	7.09×10^{13}

Reference: Bureau of Energy (MOEA) - Table of Energy Products Heating Value (Updated on 2019-10-15)

▶ 4-1-3 Natural Gas Management GRI 302-1；GRI 302-3

With the consideration for increasingly rigorous environmental pollution/emission standards and sustainable operations of the business, the company has developed step-by-step plans to replace oil boilers with natural gas boilers. The consumption of natural gas in 2019 and 2020 is as follows:

1. Elite Material Co., Ltd.- Guanyin Plant

① Elite Material Co., Ltd. Plant 1 and Plant 3

Item	Boiler Steam Process	
Year	2019	2020
Natural gas consumption (1,000 cubic meter/year)	1,894,214	2,119,454
Natural gas consumption (kL of oil equivalent/year)	1,858.22	2,079.18
Natural gas consumption (joule/year)	7.13×10^{13}	7.98×10^{13}

② Elite Material Co., Ltd.- Plant 2

Item	Boiler Steam Process	
Year	2019	2020
Natural gas consumption (1,000 cubic meter/year)	395,419	329,864
Natural gas consumption (kL of oil equivalent/year)	387.91	323.60
Natural gas consumption (joule/year)	1.49×10^{13}	1.24×10^{13}

2. Elite Material Co., Ltd.- Hsinchu Plant

Item	Boiler Steam Process	
Year	2019	2020
Natural gas consumption (1,000 cubic meter/year)	921.18	923.88
Natural gas consumption (kL of oil equivalent/year)	0.9037	0.9063
Natural gas consumption (joule/year)	3.47×10^{10}	3.48×10^{10}

▶ 4-1-4 Total Energy Consumption*

Item		Year	
		2019	2020
Electricity Consumption Management (joule/year)		1.803×10^{11}	1.773×10^{11}
Oil Consumption Management (joule/year)		8.98×10^{13}	7.09×10^{13}
Natural Gas Management (joule/year)		8.63×10^{13}	9.23×10^{13}
Total (joule/year)		1.762803×10^{14}	1.633773×10^{14}
Production volume (metric tons)z	Prepreg production volume (metric tons)-A	17,004.746	14,009.326
	CCL production volume (metric tons)-B	7,769.502	6,630.156
	Multi-layer boards OEM production volume (metric tons)-C	519.18	1,072.63
Consumption (Joule) for per production unit**	Prepreg production volume (metric tons)-A	1.04×10^{10}	1.17×10^{10}
	CCL production volume (metric tons)-B	2.27×10^{10}	2.46×10^{10}

Note:
* The company uses energy purchased from external providers only; no non-renewable fuel is used; and there is no sale of energy.
** Energy intensity is calculated based on the energy consumption within the organization.

4-2Climate Change and Greenhouse Gas Management GRI 305-1; GRI 305-2; GRI 305-4

▶ 4-2-1Greenhouse Gas Management GRI 305-1; GRI 305-2; GRI 305-4

By following ISO 14061-1: 2006 and the "Management Measures for Greenhouse Gas Inventory" issued by the Environmental Protection Administration, EMC stays on top of the company's greenhouse gas emissions based on the results obtained in the inventory process. Besides, various environmental management procedures and inspection measures are also developed to continuously improve non-compliance defects. Moreover, in-service education and training courses related to environmental management are also provided to propagate information on environmental issues to all employees and contractors.

EMC has conducted greenhouse gas inventory since 2017. Professional consultants are commissioned to assist in reviewing the inventory to ensure that every source of emissions from the plants is included and to verify the reasonableness of the greenhouse gas emissions data of the year. By conducting "Greenhouse Gas Inventory" (the inventory encompasses seven gases: carbon dioxide, methane, nitrous oxide, fluorohydrocarbons, perfluorocarbons, sulfur hexafluoride and nitrogen trifluoride), the company can stay on top of its GHG emissions status and propose feasible solutions for greenhouse gas reduction. EMC also aims at precisely implementing greenhouse gas reduction projects and identifying the largest source of carbon emissions by means of the inventory so as to draw up specific plans for improvement.

The greenhouse gas emissions included in EMC's "Greenhouse Gas Inventory" are those generated in business operations 100% controlled by the company. There are two scopes in the quantified inventory: Scope 1 is the Direct Greenhouse Gas Emission which includes emissions from the fuel (heavy oil No. 4-6) and natural gas used for oil boilers, fuel used for cooking in staff canteen (liquefied petroleum gas), exhaust gas treatment facilities (VOCs), acetylene used for maintenance operations, work tools, diesel used for emergency generators, company vehicles, petrol used for work tools, septic tanks gas leakage, refrigerants (R-134a) used for refrigerators, ice water dispensers and transport equipment, and refrigerants (R-410a) for air-conditioners; Scope 2 is the Indirect Greenhouse Gas Emission which comes from the power purchased from external providers.

1. Elite Material Co., Ltd. Plant 1 and Plant 3

Year		2018 (Base year)	2019	2020
Scope 1 (metric tons CO_2e/year)		11,135.4379	11,329.7435	12,312.2116
Scope 2 (metric tons CO_2e/year)		12,938.8362	13,202.7618	13,135.5062
Total		24,074.2741	24,532.5053	25,447.7178
7 Major GHG Emissions	CO_2 (metric tons CO_2e/year)	23,465.829	24,378.9631	24,956.2202
	CH_4 (metric tons CO_2e/year)	74.6575	56.33	76.525
	N_2O (metric tons CO_2e/year)	304.1984	44.0146	308.579
	HFCs (metric tons CO_2e/year)	229.5892	53.1976	106.3936
	PFCs (metric tons CO_2e/year)	0	0	0
	SF_6 (metric tons CO_2e/year)	0	0	0
	NF_3 (metric tons CO_2e/year)	0	0	0
Product production volume (tons)		15,189.95	14,369.44	12,262.14

2. Elite Material Co., Ltd.- Plant 2

Year		2018 (Base year)	2019	2020
Scope 1 (metric tons CO_2e/year)		981.3065	799.1715	699.7518
Scope 2 (metric tons CO_2e/year)		1,692.5254	1,699.7274	1,772.523
Total		2,673.8319	2,498.8989	2,472.2748
7 Major GHG Emissions	CO_2 (metric tons CO_2e/year)	2,595.8475	2,442.9914	2,394.5644
	CH_4 (metric tons CO_2e/year)	24.31	2.3225	24.185
	N_2O (metric tons CO_2e/year)	0.4768	0.3874	0.3278
	HFCs (metric tons CO_2e/year)	53.1976	53.1976	53.1976
	PFCs (metric tons CO_2e/year)	0	0	0
	SF_6 (metric tons CO_2e/year)	0	0	0
	NF_3 (metric tons CO_2e/year)	0	0	0
Product production volume (tons)		1,174.77	971.68	847.49

3. Elite Material Co., Ltd.- Hsinchu Plant

Year		2018 (Base year)	2019	2020
Scope 1 (metric tons CO_2e/year)		2,074.2316	2,768.2127	2,843.1868
Scope 2 (metric tons CO_2e/year)		4,485.738	11,809.6144	11,363.5268
Total		6,559.9696	14,577.8271	14,206.7136
7 Major GHG Emissions	CO_2 (metric tons CO_2e/year)	6,416.0725	14,347.1238	13,977.3457
	CH_4 (metric tons CO_2e/year)	38.0425	43.3525	41.9575
	N_2O (metric tons CO_2e/year)	29.5914	1.3112	1.3708
	HFCs (metric tons CO_2e/year)	76.2632	186.0396	186.0396
	PFCs (metric tons CO_2e/year)	0	0	0
	SF_6 (metric tons CO_2e/year)	0	0	0
	NF_3 (metric tons CO_2e/year)	0	0	0
Product production volume (tons)		2,899.74	9,952.308	8,602.482

4. Total Emission Intensity

Year	2018 (Base year)	2019	2020
Total GHG emissions (metric tons CO_2e/year)	33,308.0756	41,609.2313	42,126.7062
Total sales amount (NT$1,000)	6,221,721	7,186,702	6,930,636
Carbon intensity per unit of sales (metric tons of carbon dioxide emissions per NT$1,000 sales amount)	0.005353515	0.005789753	0.006078332

Note:

(一): The calculation unit for gas emission is metric tons CO_2e/year.

(二): The formula for calculating GHG emission intensity is "Emissions (metric tons CO_2e/year) divided by total consolidated revenue (NT$1,000/year)" (GHG emissions per unit of revenue). The lower the value is, the better the environmental protection efficiency will be.

(三): With respect to other indirect GHG emissions (Scope 3) generated in outsourcing activities, due to the difficulty in data collection and the involvement of external supply chain, only qualitative inventory is used for the emissions estimation. The main sources of EMC's Scope 3 emissions include outsourcing operations which are not owned or controlled by EMC such as outsourced restaurants, transportation vehicles and disposal of sewage sludge and waste, etc., and some business activities such as employees' commuting, business visits and business trips, etc.

(四): The GWP values referenced for the calculation of greenhouse gases come from the 2007 IPCC Fourth Assessment Report.

4-2-2 Risks and Opportunities of Climate Change

The Intergovernmental Panel on Climate Change (IPCC) has listed a number of scientific evidences in its published assessment reports to prove that climate change has become a fact that cannot be changed. The most representative evidence is that the global average temperature has increased in the past 150 years (from the 1860s to the 2000s), and the speed at which it increases is getting faster and faster; and observations show that the global average sea level has risen due to the melting of glaciers. EMC realizes that it is impossible to stay out of the issue of climate change. In terms of the products, we have achieved the production of halogen-free Copper-Clad Laminate; regarding the climate change issues faced by the plants, we spare no effort in finding out countermeasures.

Our risks and opportunities in the face of climate changes according to the inventory conducted by CSR Committee are as follows:

Type	Climate Change Issues	Potential Impacts
Risks	Natural disasters (such as typhoons, earthquakes and floods, etc.)	Operating costs ↑ Incidence of occupational disasters ↑ Incidence of environmental pollution ↑ Anomaly incidence of machinery/equipment ↑
	Greenhouse Gas Emissions	Operating costs ↑ Incidence of environmental pollution ↑
	Abnormal temperature and air pressure changes	Operating costs ↑ Incidence of environmental pollution ↑ Anomaly incidence of machinery/equipment ↑
Opportunities	Customers' regular inspections and requirements	Incidence of occupational disasters ↓ Incidence of environmental pollution ↓ Anomaly incidence of machinery/equipment ↓
	Participation in energy-saving & waste-reduction projects and the stipulation of related objectives	Operating costs ↓ Incidence of environmental pollution ↓
	Announcement and enforcement of new environmental regulations	Incidence of environmental pollution ↓ Anomaly incidence of machinery/equipment ↓
	Development of green products (halogen-free CCL)	Revenue ↑ Incidence of environmental pollution ↓
	High-efficiency plant and equipment	Revenue ↑ Incidence of occupational disasters ↓ Incidence of environmental pollution ↓ Anomaly incidence of machinery/equipment ↓

4-2-3 Countermeasures against Climate Change (Energy efficiency improvement measures taken in plant areas) GRI 305-5

Climate change has already been an issue which needs to be faced by the whole world and responded to by EMC with all efforts. EMC has set up Environmental Safety Department to work with maintenance units of the plants in maintaining and improving the equipment used in areas that consume more energy of the plants according to the results of annual GHG inventory.

Ongoing attention has been paid by our plants to the impacts that our production and operation activities impose on climate change. Moreover, strategies and objectives for energy efficiency, carbon reduction and GHG reduction have also been formulated for the whole company to implement. In 2019 and 2020, improvement projects for energy efficiency & carbon reduction were implemented and the relevant benefit evaluations were conducted by all our plants. (The "Power Saving" shown in the table below is an estimate of the electricity consumption difference before and after a certain replacement, while Carbon Reduction = Power Saving x Electricity Emission Factor (which is 0.509 metric tons CO2e/1000 kWh as published in 2019)

	2019		2020	
	Power Saving (1000 kWh/year)	Carbon Reduction (metric tons CO_2e/year)	Power Saving (1000 kWh/year)	Carbon Reduction (metric tons CO_2e/year)
Elite Material Co., Ltd. - Plant 1 and Plant 3	295.956	150.644	288.648	146.923
Elite Material Co., Ltd. - Plant 2	1.0	0.509	120.9	61.538
Elite Material Co., Ltd.- Hsinchu Plant	189.0	96.201	152.89	77.821
Total	**485.956**	**247.354**	**562.438**	**286.282**

Elite Material Co., Ltd. Plant 1 and Plant 3 -- Energy Saving & Carbon Reduction Measures in Plant Area

Year	2019	
Item	Power Saving Electricity (1000 kWh/year)	Carbon Reduction (metric tons CO_2e/year)
LED energy efficient lighting devices are used in the whole factory; total: 100 devices	13.824	7.038
Add an inverter to the Hot Water PUMP 7.5HP in Plant 3, saving 30% of electricity	11.232	5.717
Adjust and control the loads of air compressors/water chillers to optimize the efficiency and pipeline arrangement	193.3	98.390
Add inverters to TR-4 hot kerosene pumps	29.3	14.914
Add inverters to the air conditioners/hot water pumps used for public facilities in Area 1	30.2	15.372
Air compressor pipeline leak inspection and repair	14.2	7.228
Participate in the Demand Bidding Measures promoted by Taipower	3.9	1.985
Total	295.956	150.644

Elite Material Co., Ltd. - Energy Saving & Carbon Reduction Measures in Plant Area

Year	2020	
Item	Power Saving Electricity (1000 kWh/year)	Carbon Reduction (metric tons CO_2e/year)
Project to convert No. 3 Oil Burner to natural gas burner	33.5	17.052
Add an inverter to the TR-8 EPC water chiller pump motor	5.3	2.698
Add inverters to Area 1 grinder spindles	108	54.972
Add inverters to Plant 3 grinder spindles	108	54.972
Participate in the Demand Bidding Measures promoted by Taipower	5.5	2.800
LED energy efficient lighting devices are used in the whole factory; total: 120 devices	16.588	8.443
Add an inverter to #8TR Glasshouse Intake Ventilation 7.5HP	11.76	5.986
Total	**288.648**	**146.923**

Elite Material Co., Ltd.- Plant 2 - Energy Saving & Carbon Reduction Measures in Plant Area

Year	2019	
Item	Power Saving Electricity (1000 kWh/year)	Carbon Reduction (metric tons CO_2e/year)
Use inverters in water supply system to reduce water and electricity consumption	1.0	0.509
Total	**1.0**	**0.509**

Elite Material Co., Ltd.- Plant 2 - Energy Saving & Carbon Reduction Measures in Plant Area

Year	2020	
Item	Power Saving Electricity (1000 kWh/year)	Carbon Reduction (metric tons CO_2e/year)
Linkage use of water cleaning machines motors	12.9	6.566
Add inverters to grinder spindles	108	54.972
Total	**120.9**	**61.538**

Elite Material Co., Ltd.- Hsinchu Plant - Energy Saving & Carbon Reduction Measures in Plant Area

Year	2019	
Item	Power Saving (1000 kWh/year)	Carbon Reduction (metric tons CO_2e/year)
Change the air conditioning in the second floor storage room to normal temperature mode. Move the PP materials that require a temperature/humidity-controlled environment to 2A storage room	152.88	77.816
Change the vacuum pumps of exposure machines to centralized water-sealed vacuum pumps; one vacuum pump can serve four exposure machines	36.12	18.385
Total	**189.0**	**96.201**

Elite Material Co., Ltd.- Hsinchu Plant - Energy Saving & Carbon Reduction Measures in Plant Area

Year	2020	
Item	Power Saving (1000 kWh/year)	Carbon Reduction (metric tons CO_2e/year)
LED energy efficient lighting devices are used in the whole factory	19.38	9.864
Replace an old 100HP air compressor	15.73	8.007
Repair cooling towers & replace cooling fins	107.45	54.692
100HP Central Dust Collection System 24HR continuous operation Shut down production lines for 0.5 hours a day	10.33	5.258
Total	**152.89**	**77.821**

4-3 Management of Pollution Sources

▶ 4-3-1 Air Pollution Control GRI 305-7

EMC can control and manage the air pollution caused by its production, services and activities, and implements improvement measures in compliance with regulatory requirements. In 2019, EMC Guanyin Plant changed the fuel used in A003 Exhaust Gas Incinerator from heavy oil to natural gas. Besides, in order to improve the collection of exhaust gas in production areas and reduce the emissions of volatile organic compounds, the EMC Hsinchu Plant installed a closed-loop collection system in 2020, by which the air pollution emissions were reduced.

1. Elite Material Co., Ltd.- Guanyin Plant (M01)

Pollutants (kg)	2018	2019	2020
NOx (Nitrogen oxides)	7,386.02	12,575.66	14,641.40
SOx (Sulfur oxides)	8,950.39	20,826.88	25,579.94
VOCs (Volatile Organic Compounds)	528,479	482,524	310,503.5
PM (Particulate matters)	1,363.09	2,748.45	2,866.22
Total (kg)	**546,178.5**	**518,675**	**353,591.1**

2. Elite Material Co., Ltd.- Guanyin Plant (M02)

Pollutants (kg)	2018	2019	2020
NOx (Nitrogen oxides)	474.80	633.45	480.77
SOx (Sulfur oxides)	0	0	0
VOCs (Volatile Organic Compounds)	0	0	0
PM (Particulate matters)	0	0	0
Total (kg)	**474.80**	**633.45**	**480.77**

3. Elite Material Co., Ltd.- Hsinchu Plant

Pollutants (kg)	2018	2019	2020
NOx (Nitrogen oxides)	88,679.51	35,629.34	5,442.86
SOx (Sulfur oxides)	0	6,867.32	15,076.86
VOCs (Volatile Organic Compounds)	492,044.9	533,232.5	364,418.9
PM (Particulate matters)	268.59	679.72	651.64
Total (kg)	**580,993**	**576,408.8**	**385,590.2**

Calculation explanation

1. Calculation of NOx (Nitrogen oxides): Materials consumption*Emission factor <published by the Environmental Protection Administration>
2. Calculation of SOx (Sulfur oxides): Materials consumption*Emission factor <published by the Environmental Protection Administration>*The percentage of sulfur contained in materials
3. Calculation of VOCs (Volatile Organic Compounds): Σ Process Emissions (Materials consumption*Emission factor <published by the Environmental Protection Administration>)
4. Calculation of PM (Particulate matters): Σ Process Emissions (Materials consumption*Emission factor <published by the Environmental Protection Administration>)

4-3-2 Waste Management GRI306-2；GRI 306-4

EMC's industrial waste includes General industrial Waste and Hazardous Industrial Waste. The management strategies for the waste generated in production process focus on "legal removal & disposal" and "waste reduction & reuse". All waste in the plants must be cleared, transported and disposed of by government-approved waste removal/disposal service providers in compliance with laws and regulations. The waste that can be recycled and reused shall be classified by category and then disposed of by contracted service providers. The relevant records shall be filed for the competent authority to inspect.

Relevant operations on the plants' waste are all implemented in accordance with the "Industrial Waste Cleanup Plan" approved by the Department of Environmental Protection of Taoyuan City and the Environmental Protection Bureaus of Hsinchu County. The waste is disposed of by government-approved waste removal/disposal service providers. The company performs regular checks on the routes of the removal/disposal service providers' vehicles to ensure that the waste arrives at legal final disposal sites.

The recyclable (or rejected product) waste including fiberglass cloth, recycled solvents, scrap solvents, empty plastic buckets and buckets with deposits on the bottom, etc. These items are collected and classified by category and then recycled by lawful recyclers so that the life cycle of resources can be extended through recycling and reuse. Additionally, a resource classification/recycling system has also been established to improve the awareness of resource recycling.

The waste removal & disposal service providers were not involved in any violation of laws/regulations and contracts in 2020. There was no incident of chemical, oil or fuel leakage. The waste treatment methods implemented in Guanyin Plant and Hsinchu Plant during 2019~2020 are disclosed as follows:

1. Elite Material Co., Ltd. Plant 1 and Plant 3

Waste Category	Waste Treatment Method	2019	2020
Hazardous industrial waste (tons)	Reuse in the plant	160.32	71.04
	Reuse	0	5.44
	Incineration	379.09	511.02
	Physical treatment	689.714	613.405
	Thermal treatment	0.45	0.45
General industrial waste (tons)	Reuse in the plant	0	0
	Reuse	500.84	509.33
	Incineration	0.95	32.58
	Physical treatment	420.01	361.07
	Thermal treatment	0	0
Total		2151.374	2104.335

Hazardous Industrial Waste Flows	2019	2020
Transported Hazardous Industrial Waste (tons)	1,229.574	1,201.355
Imported Hazardous Industrial Waste (tons)	0	0
Exported Hazardous Industrial Waste (tons)	0	0
Treated Hazardous Industrial Waste (tons)	1,229.574	1,201.355
Hazardous industrial waste that has been shipped abroad (%)	0%	0%

Data source: Environmental Protection Administration, Executive Yuan-Industrial Waste Declaration and Management Information System

2. Elite Material Co., Ltd.- Plant 2

Waste Category	Waste Treatment Method	2019	2020
Hazardous industrial waste (tons)	Reuse in the plant	0	0
	Reuse	14.28	0
	Incineration	0	0
	Physical treatment	64.61	42.55
	Thermal treatment	0	0
General industrial waste (tons)	Reuse in the plant	0	0
	Reuse	14.28	0
	Incineration	0	0
	Physical treatment	11.99	13.26
	Thermal treatment	0	0
Total		90.88	55.81

Hazardous Industrial Waste Flows	2019	2020
Transported Hazardous Industrial Waste (tons)	78.89	42.55
Imported Hazardous Industrial Waste (tons)	0	0
Exported Hazardous Industrial Waste (tons)	0	0
Treated Hazardous Industrial Waste (tons)	78.89	42.55
Hazardous industrial waste that has been shipped abroad (%)	0%	0%

3. Elite Material Co., Ltd.- Hsinchu Plant

Waste Category	Waste Treatment Method	2019	2020
Hazardous industrial waste (tons)	Reuse in the plant	97.57	21.06
	Reuse	11.43	6.03
	Incineration	29.64	69.23
	Physical treatment	495.33	361.918
	Stabilization	16.21	13.82
	Thermal treatment	677.77	971.54
	Washing	0	13.80
General industrial waste (tons)	Reuse in the plant	0	0
	Reuse	3,963.56	3,268.82
	Incineration	53.82	42.76
	Physical treatment	287.782	266.9049
	Thermal treatment	0	0
Total		5633.112	5035.883

Hazardous Industrial Waste Flows	2019	2020
Transported Hazardous Industrial Waste (tons)	1,327.95	1,457.398
Imported Hazardous Industrial Waste (tons)	0	0
Exported Hazardous Industrial Waste (tons)	0	0
Treated Hazardous Industrial Waste (tons)	1,327.95	1,457.398
Hazardous industrial waste that has been shipped abroad (%)	0%	0%

Compared with the past year, although the total quantity of waste generated has slightly decreased, there is still waste generated, which is inevitable in production. Thus, it is our most important task to reduce the hazardous impacts of the waste on the environment

Waste Management Measures

① Carry out inspections on an irregular basis to make sure whether the company's waste is properly handled or not at the disposal sites. Moreover, regularly inspect (at least once a year) the outsourced service providers on the operation and management of storage, removal, treatment and reuse of the contracted waste in accordance with the "Waste Management Procedures" specified in ISO14001 Environmental Management System.

② Since online reporting and filing is required by law for the clearance of each batch of waste, the company makes reports on the waste treatment status on a monthly basis as required by the Environmental Protection Administration.

③ Suppliers are required to provide documents concerning the proper disposal of each batch of waste entrusted by the company.

④ Commission recycling agencies based on the published categories to deal with the company's recyclable (or rejected product) waste.

⑤ Precisely implement waste classification and recycling to reduce the types and quantities of waste that needs to be cleared.

⑥ Introduce eco-friendly consumables and raw materials in a step-by-step manner.

⑦ Reduce the use of disposable utensils; give each employee a set of cutlery for personal use; and staff canteen uses stainless steel tableware for repeated use.

In addition to the basic compliance with Waste Disposal Act, Water Pollution Control Act, Air Pollution Control Act and other related environmental laws and regulations, EMC also spends funds in protecting the environment of the plants every year to implement pollution prevention and maintain environmental quality. The company did not suffer any big fines or non-monetary penalties for violations of environmental regulations in 2020.

Pollution Control Costs

Item	2019	2020
	Amount (NT$1,000)	Amount (NT$1,000)
Remediation cost for soil and groundwater pollution	295	261
Cost for stationary air pollution sources	24,039	10,296
Cost for water pollution prevention and control	0	602
Cost for sewage treatment	3,637	2,932
Cost for waste disposal	67,955	86,403
Total	**95,925**	**100,494**

Unit: NT$1,000

05

Employee Caring

Material issues of this chapter

Employment, Training and Education

Responsible Unit--- Human Resource Department

Management Mechanism

1. Create tailor-made educational training programs starting from those for new employees based on "Education and Training Management Procedure"
2. Establish an employee care platform

Employee Care Performance

1. The average per capita training hours in 2020 was 17.99 hours
2. The turnover rate in 2020 was 26%, which was lower than that in 2019
3. The retention rate after unpaid paternity leave in 2020 was 100%

Future Strategic Objectives

1. The short-term aim of the company’ s employee educational training is to reinforce EMC's corporate cohesion to reduce the turnover rate and increase the retention rate. The scope of educational training will then be expanded to operative level of management, middle level of management and top level of management to narrow the gap between the company’ s managerial positions.
2. The short-term aim of the company’ s employee care is to help new employees adapt to the work environment, thereby promoting a sense of identity within the company. The long-term aim is to improve care for employees, provide appropriate advice on employees’ situations and establish an employee care system to promote peace and reliance in workplace for employees.

5-1 Human Resource Structure GRI 401-1

As a global corporate citizen, EMC upholds the Responsible Business Alliance (RBA), Social Accountability 8000 (SA 8000) and other internationally recognized human rights norms including "Universal Declaration of Human Rights", "International Labour Organization" and "UN Guiding Principles on Business and Human Rights." Moreover, the company formulates its fundamental labor standards and stipulates "Labor and Ethical Management Code of Conduct", "Corporate Social and Environmental Responsibility Policy Statement" and "Corporate Social Responsibility Best Practice Principles" as guidelines for practicing corporate social responsibility by reference to the above-mentioned guidelines and regulations applying in the places of business operations. The use of child labor is explicitly prohibited to ensure that no labor under the legal working age is employed. The physical and psychological health and safety of underage employees is protected, and it is prohibited to assign them to dangerous work. In terms of employee recruitment, all candidates should be treated equally regardless of gender, religion, political affiliation or marital status. Employees should be provided with a good work environment and be free from discrimination and harassment. The company also promotes free choice of employment, and all work is taken voluntarily. An Employee Complaint Management System is established to deal with cases related to employee complaints. Moreover, the Employee Mailbox is set to collect employees’ suggestions for the expansion of communication channels.

Number of employees (as calculated by the end of the year)

Year	2019				2020			
Gender	Male		Female		Male		Female	
Total number of employees	902				926			
Age Structure	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage
<30	178	24.0%	16	10.5%	167	21.8%	22	13.8%
30~50	519	69.0%	117	76.5%	543	70.8%	115	72.4%
>50	52	7.0%	20	13.0%	57	7.4%	22	13.8%
Subtotal	**749**	**100.0%**	**153**	**100.0%**	**767**	**100.0%**	**159**	**100.0%**
Managerial Position	122				157			
Age Structure	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage
<30	0	0.0%	0	0.0%	10	7.0%	0	0.0%
30~50	82	77.0%	8	50.0%	106	76.0%	9	52.9%
>50	24	23.0%	8	50.0%	24	17.0%	8	47.1%
Subtotal	**106**	**100.0%**	**16**	**100.0%**	**140**	**100.0%**	**17**	**100.0%**
Non-managerial Position	777				767			
Age Structure	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage
<30	178	28.0%	16	11.7%	157	25.0%	22	15.5%
30~50	434	68.0%	109	79.5%	435	70.0%	106	74.6%
>50	28	4.0%	12	8.8%	33	5.0%	14	9.9%
Subtotal	**640**	**100.0%**	**137**	**100.0%**	**625**	**100.0%**	**142**	**100.0%**
Minority or disadvantaged groups	3		0		2		0	

The "managerial position" means a position above the company managers; the managerial position holders are all local residents (Taiwanese)

Employee Structure by Nationality

Year	2019	2020
Taiwan	749	796
Philippines	119	108
Vietnam	30	20
Others	4	2
Total	902	926

Statistics of new employees by year

Plant		EMC (Guanyin Plant)				EMC (Hsinchu Plant)			
Year		2019		2020		2019		2020	
Number of employees at the end of the year		575		607		327		319	
Number of employees under age of 18 at the end of the year		0		0		0		0	
Number of new employees		100		192		76		130	
New hire rate		17.4%		31.6%		23.2%		40.8%	
Gender	Male	84	84%	147	76.6%	66	86.8%	106	81.5%
	Female	16	16%	45	23.4%	10	13.2%	24	18.5%
Age Structure	<30	27	27.0%	62	32.3%	34	44.7%	37	28.5%
	30~50	71	71.0%	123	64.1%	42	55.3%	93	71.5%
	>50	2	2.0%	7	3.6%	0	0.0%	0	0.0%
	Subtotal	**100**	**100.0%**	**192**	**100.0%**	**76**	**100%**	**130**	**100%**

Statistics of employee turnover rate by year

Plant		EMC (Guanyin Plant)				EMC (Hsinchu Plant)			
Year		2019		2020		2019		2020	
Number of resigned employees		116		162		94		143	
Turnover Rate		20.2%		26.7%		28.7%		44.8%	
Gender	Male	104	89.7%	124	76.6%	80	85.1%	116	81.1%
	Female	12	10.3%	38	23.4%	14	14.9%	27	18.9%
Age	<30	26	22.4%	40	24.7%	32	34.0%	41	28.7%
	30~50	83	71.6%	114	70.4%	59	62.8%	99	69.2%
	>50	7	6.0%	8	4.9%	3	3.2%	3	2.1%
	Subtotal	**116**	**100.0%**	**162**	**100.0%**	**28%**	**100%**	**44%**	**100.0%**

(Note)
The data of EMC (Guanyin Plant) include the sum of Elite Material Co., Ltd. and Elite Material Co., Ltd.-Plant 2.
Note 1: New Hire Rate = Total number of new employees / Total number of employees of the year
Note 2: Turnover Rate = Number of resigned employees / Total number of employees of the year

Unpaid Paternity Leave GRI 401-3

	2019 EMC (Guanyin Plant)			2019 EMC (Hsinchu Plant)		
	Male	Female	Total	Male	Female	Total
Number of employees who applied for unpaid paternity leave in 2019	1	1	2	0	3	3
Number of employees supposed to resume work in 2019 (A)	0	1	1	0	1	1
Number of employees who resumed work in 2019 (B)	0	1	1	0	1	1
Work resumption rate (B/A)	0	100%	100%	0	100%	100%
Number of employees who resumed work in 2018 after unpaid paternity leave (C)	0	1	1	1	0	1
Number of employees who resumed work in 2018 after unpaid paternity leave and had been working for one year in 2019 after work resumption (D)	0	0	0	1	0	1
Retention rate (D/C)	0%	0%	0%	100%	0%	100%

	2020 EMC (Guanyin Plant)			2020 EMC (Hsinchu Plant)		
	Male	Female	Total	Male	Female	Total
Number of employees who applied for unpaid paternity leave in 2020	0	1	1	0	1	1
Number of employees supposed to resume work in 2020 (A)	1	2	3	0	3	3
Number of employees who resumed work in 2020 (B)	1	2	3	0	1	1
Work resumption rate (B/A)	100%	100%	100%	0	33%	33%
Number of employees who resumed work in 2019 after unpaid paternity leave (C)	1	1	2	0	1	1
Number of employees who resumed work in 2019 after unpaid paternity leave and had been working for one year in 2020 after work resumption (D)	1	1	2	0	0	0
Retention rate (D/C)	100%	100%	100%	0%	0%	0%

(Note)
The data of EMC (Guanyin Plant) include the sum of Elite Material Co., Ltd. and Elite Material Co., Ltd.-Plant 2.
Note 1: The workforce statistics shown in this report only demonstrated data gathered from Taiwan area (including foreign workers).
Note 2: Employees taking unpaid leave are not included in turnover rate calculation.

5-2 Employee Benefits and Remuneration GRI 401-2

▶ 5-2-1 Employee Benefits

In order to become an excellent and sustainable enterprise, EMC upholds the people-oriented principle and is committed to providing employees with a remuneration system that is superior to that of peers. The company strives to improve employee benefits, cares about employees' physical and mental health and quality of life, and aims to create a friendly work environment that demonstrates gender equality, multicultural integration and multi-generational composition. The company develops various systems for employees' safety and provides employees with retirement benefits (labor pension) and labor insurance & health insurance as well as complete educational training and incentive compensation in accordance with the laws. The relevant remuneration policies are as follows:

- Employees' remuneration and year-end bonus are given based on the achievement rate of annual business goals
- Management bonuses are offered for management cadres based on the achievement rate of annual business goals and employees' performance achievements.
- Monthly performance bonus is given based on performance achievements.
- A retirement system is implemented in accordance with the Labor Standards Act.
- Provide labor insurance, national health insurance and employee group insurance (term insurance, accident insurance and medical & occupational accident insurance)
- Conduct regular health checks for employees
- Provide various employee training courses and hold reading workshops on a regular basis
- Offer healthy, nutritious and delicious free meals for lunch and dinner
- Free employee uniforms
- Provide parking for motorbikes (free) and parking for cars
- Provide dormitories
- Year-end banquets

5-2-2 Employee Remuneration

The employee salary standards are formulated by human resource departments based on market salary, the company's financial status and organizational structure. The overall remuneration is determined according to employees' individual professional skills, job responsibilities, work performances and achievement status of the company's operating goals. The salaries of new employees will not differ on account of gender, race, political affiliation, ideology, religious beliefs, gender identity or marital status. The starting salary is higher than the basic salary regulated by the government. The core principle for salary calculation lies in a comprehensive consideration of employees' expertise and the positions being held.

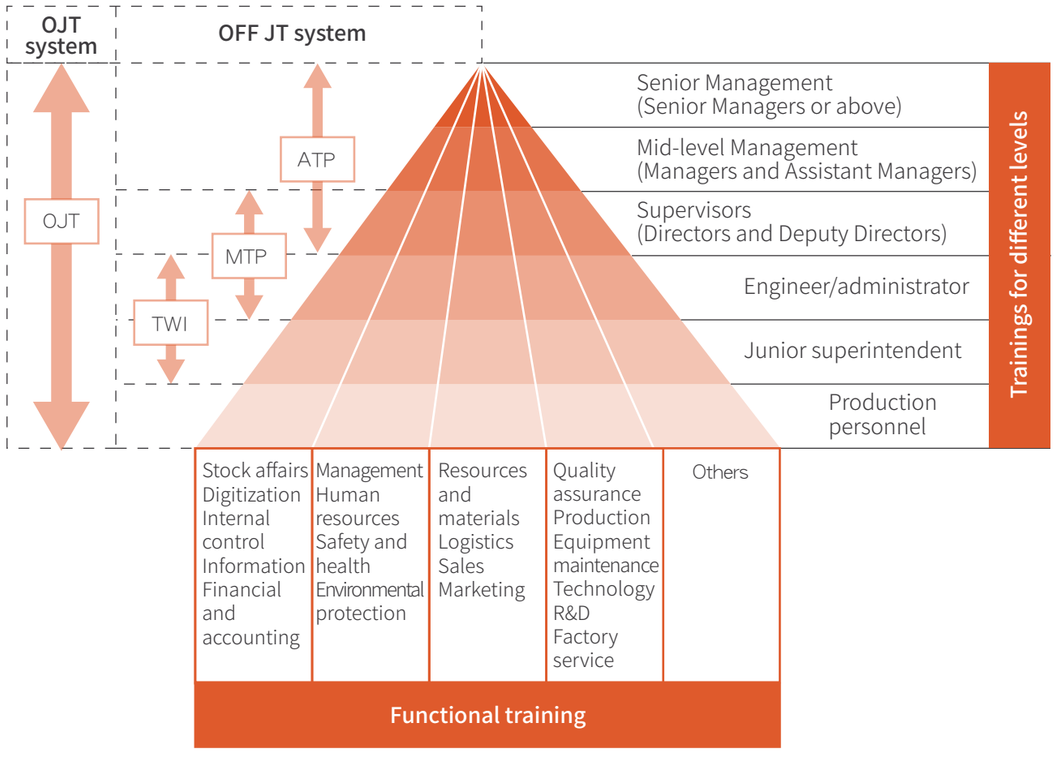
Employee Type	Male		Female	
	Salary	Pay-ratio	Salary	Pay-ratio
Base-level employees' basic salary	39,677	1	39,091	0.98
(Statutory) Base-level employees' basic salary	24,000	1	24,000	1
Exceeding multiples of statutory minimum salary	165.3%		162.9%	

Note 1: Only the salary of workforce in Taiwan was calculated, not including expatriate employees.
Note 2: Definition of base-level employees: including foreign workers but not including team leaders above supervisors, deputy supervisors and higher.

5-3 Human Resource and Talent Development GRI 404-1, GRI 404-3

5-3-1 Employees' Further Education and Training

EMC has formulated "Educational Training Operating Procedures" as guidelines and basis for the implementation of employees' educational training, which aim at enriching employees' knowledge and skills through educational training so as to improve work efficiency and quality. Besides, human resources are effectively utilized and explored to facilitate the integration of employee growth and corporate development goals. The company invests sufficient resources in different stages of employee training starting from the training for new employees and then various training programs such as on-the-job training and self-study programs, etc. for the achievement of best effectiveness. The "Directions for Employee Training Subsidies" are also stipulated to encourage employees to continuously improve themselves and keep progressing.



Year	2019			2020		
Gender	Male	Female	Total	Male	Female	Total
Managerial position (hours)	1001.93	499.02	1500.95	904.63	280.13	1184.76
Non-managerial position (hours)	20307.55	2112.52	22420.06	13832.1	2482.13	16314.25

Note: With the impact of the COVID-19 pandemic, part of the training courses held in designated institutions were cancelled in 2020 for the protection of employees' health, which resulted in a decline of overall training hours compared to 2019.

▶ 5-3-2 Performance Management

Performance appraisal is a step that helps an organization understand the progress and status of the implementation of scheduled programs through objective performance standards and fair appraisal procedures, which can be used as a reference for organizational human resource planning such as salary adjustment, change, promotion and other operations. Performance appraisal can also provide employees with developmental feedback information for employees to understand the relationship between performance goals and organizational development strategies, by which employees can be guided and assisted in realizing their potential through performance appraisal feedback and be encouraged improve and develop themselves.

Appraisal items and frequency are determined based on the targets being appraised, and the content of which is summarized in the table below:

Structure of Employee Appraisal	Items for Appraisal	Appraisal Timing	Appraisal Procedures
Direct Labor	1. Work performance 2. Work attitude assessment 3. Competence 4. Motivation	Monthly	Notification from HR for appraisal → Team leaders carry out appraisal → approved by leaders with approval authority → HR processes the results and takes them as the basis for bonus/promotion/salary adjustment
Indirect Labor	1. Work performance 2. Attitude assessment 3. Competence assessment 4. Motivation	Quarterly	Notification from HR for appraisal → Team leaders carry out appraisal → approved by leaders with approval authority→ HR processes the results and takes them as the basis for bonus/promotion/salary adjustment
Managerial Leaders	1. Work performance evaluation 2. Competence development evaluation	Yearly	Notification from HR for appraisal → Team leaders carry out appraisal → approved by leaders with approval authority→ HR processes the results and takes them as the basis for bonus/promotion/salary adjustment

Appraisals are carried out according to scheduled timings during employees' tenure. All employees have completed 100% of the appraisals.

Retirement System

In order to encourage employees' professional commitment and assure employees of stable living after retirement, EMC has formulated "Directions for Employee Retirement" and allocates pensions for all employees in accordance with regulations. In addition, a "Pension Supervisory Committee" has been set by law to take the responsibility for the implementation of pension management and retirement measures under the old system. According to the old pension system, 2% of the monthly pay of employees with tenure acknowledged by the old pension system will be allocated to the old-system retirement pension account in Bank of Taiwan on a monthly basis. Actuaries are appointed and actuarial reports are submitted on a yearly basis to ensure that sufficient fund has been allocated to protect the rights and interests of employees. Furthermore, in accordance with the new labor retirement system, the company allocates 6% of employees' monthly pays every month to the individual retirement account according to the employee's pension level. In addition to the regular allocation made by the company, employees can also choose to deposit 6% or less of their pension fund in special accounts for tax exemption.

Employees who meet the statutory retirement conditions may apply for retirement. After the retirement procedures are completed, those with tenure acknowledged by the old pension system can receive their pensions from the old system, and the pensions deposited in the individual special accounts can also be withdrawn by law when employees reach the age of 60. There were 9 employees applying for retirement in 2020, receiving about NT$21.7 million of pensions of the old system.

5-4 Employee Communication and Care GRI 404-1, GRI 102-11

Labor-Management Meetings

EMC has formulated "Regulations for Implementing Labor-Management Meeting" in accordance with Article 83 of Labor Standards Act, and relevant regulations announced by Ministry of the Interior, based on which labor-management meetings are held regularly by law for labor-management negotiation and discussion on labor-related issues. The labor-management meeting participants include the same number of representatives of both labor and management sides, based on a principle of minimum of 5 and maximum of 15 representatives of each side. Labor representatives are directly elected by all workers and serve a 4-year term. The representatives may serve a following term if reelected. Labor-management meetings are held every three months. Currently there are 10 management representatives and 10 labor representatives of the two plants. All employees can make suggestions on company's issues through management/labor representatives. With the quarterly held labor-management meetings, labor representatives can clearly learn about the company's recent important operational information, workforce status, and labor-related communication issues, which is beneficial to the establishment of harmonious labor-management relations and the promotion of labor-management collaboration.

In addition, Employee Mailboxes are set in the company's Guanyin Plant and Hsinchu Plant to facilitate effective labor-management communications.

Plant	EMC Guanyin Plant	EMC Hsinchu Plant
Total number of employees	No labor union has been set in EMC, so no collective bargaining agreement has been signed	
Committee representatives	The communication is carried out in the form of Labor-Management Meeting (10 management representatives and 10 labor representatives)	

Moreover, the company has formulated "Measures for Employee Mailbox Management", according to which "Employee Opinion Form" can be filled out and submitted in the following situations:

① Employees would like to make suggestions on issues in relation to the company's management, benefits, work and environment, etc. or something about individual' s life.
② Employees would like to report illegal practices or complain about inequality in the workplace.
③ Employees' doubts or expectations fail to be dealt with or transferred to a higher level of management after the issues are fully described and communicated with their team leaders; or the issues that concern the employees are related to their team leaders.

The Employee Mailboxes are placed in the employee canteens of the company's plants, the keys of which are kept by the heads of human resource departments to collect the mails once a week. Employees can send mails to hr-emc@mail.emctw.com as well. The company maintains confidentiality about the employees who submit their opinions, and promises that the employees will not suffer from any reprisal or unfair treatment on account of this. If a submitted opinion is helpful to the company, the submitter shall be rewarded after the submission is recognized, and the case shall be handled in a public or confidential manner depending on the nature of the case. Submitters shall be replied in writing or by other means within two weeks after the submissions are received. A duplicate copy of the submission shall be sent to the President' s office. No complaint was made in 2020.

5-5 Comprehensive Employee Health Management

EMC is "people-oriented" and always attaches great importance to the health and safety of personnel. With respect to employee health management, besides providing health checks and graded health management in accordance with laws and regulations, nurses are appointed in plant areas and on-site services offered by occupational health specialists are arranged on a monthly basis to provide employees with work-related health consultations, medical guidance and improvement suggestions as well as follow-up attention to the improvement status after health checks. Maternal health protection programs are promoted for female employees to protect the health of pregnant or postnatal employees, which include the provision of Breastfeeding (Breast Milk Collection) Room, relevant health guidance and health education/consultation as well as assessments in relation to hazardous risks in operations, health status and fitness-for-work assessment.

The statistics of the number of employees participating in general health checks and special health checks in 2020 are as follows:

Item		EMC Guanyin Plant	EMC Hsinchu Plant
General Health Check	General Health Check	125	68
	Prolonged night shift work	132	95
Special Health Check	Dusty operations	22	11
	Operations related to manganese and its compounds	-	4
	Ionizing radiation operations	-	15
Number of employees whose general health check results are categorized as Level 1 Management		General 52/Prolonged night shift 43	General 18/ Prolonged night shift 27
Number of employees whose general health check results are categorized as Level 2 Management		General 47/ Prolonged night shift 60	General 30/ Prolonged night shift 39
Number of employees whose general health check results are categorized as Level 3 Management		General 8/ Prolonged night shift 15	General 10/ Prolonged night shift 11
Number of employees whose general health check results are categorized as Level 4 Management		General 18/ Prolonged night shift 14	General 10/ Prolonged night shift 18
Special health check-Level 2 Management (Dusty operations)		-	2
Special health check-Level 2 Management (Ionizing radiation operations)		-	1
Overload - Level 2 Management		-	2
Overload - Level 3 Management		-	2

Occupational health specialists are invited to the plants every month to provide on-site services concerning employees' health check results, which include relevant health consultations, medical guidance and improvement suggestions as well as follow-up attention to the improvement status after health checks.

1. EMC Guanyin Plant – Service items provided by onsite occupational health specialists and number of participants

Item	Quarter 1 (person)	Quarter 2 (person)	Quarter 3 (person)	Quarter 4 (person)
Review of new employees' physical examination reports	35	53	32	52
Review of foreign workers' entry and regular health examination reports	18	22	14	22
Consultation (about overload)	0	0	0	0
Consultation (about maternity protection)	2	1	0	0
Consultation (about special operations)	0	18	0	0
Consultation (about work-resumption assessment)	1	3	0	1
Consultation (about follow-ups to annual health checks)	0	0	13	11
Consultation (about other health issues)	0	1	0	1
Total	312			

2. EMC Hsinchu Plant – Service items provided by onsite occupational health specialists and number of participants

Item	Quarter 1 (person)	Quarter 2 (person)	Quarter 3 (person)	Quarter 4 (person)
Review of new employees' physical examination reports	17	21	7	48
Review of foreign workers' entry and regular health examination reports	7	0	22	5
Consultation (about overload)	1	0	0	11
Consultation (about maternity protection)	3	0	0	0
Consultation (about special operations)	0	0	4	0
Consultation (about work-resumption assessment)	0	2	0	0
Consultation (about follow-ups to annual health checks)	0	12	0	14
Consultation (about other health issues)	12	0	6	5
Total	197			

06

Safe Workplace

◆ Material issues of this chapter

Occupational Safety and Health

Responsible Unit: Safety and Health Department

◆ Management Mechanism

1. The Company is committed to building a safe workplace in accordance with various standard procedures required by ISO 45001:2018 Occupational Safety Management System to enable every employee to work under safe conditions. A safe work environment requires not only the establishment of relevant soft and hard safety facilities, but also the coordination of every company member.
2. Safety and Health Department and on-site units have established standard operating procedures for workplace safety and employees health management. Besides, regular educational training on safety and health and simulation exercises aiming at the education, training and promotion of management related to work environment, equipment and hazardous substances are also held to ensure the safety and health of employees. The company also focuses on equipment operation management, personnel training and inspection /maintenance routines as well as improvement of dust collection system so as to ensure the normal operation of all environmental protection equipment. With the aim of carrying out the occupational safety policy, relevant investments are made and objectives are set every year based on annual goals to examine the effectiveness of the implementation.

◆ Safe Workplace Performance

1. Carry out comprehensive hazard identification every year for various department work items that may cause personnel' s injuries or accidents.
2. Conduct more than 20 hours OSH educational training (including general educational training on safety and health and emergency response training)
3. The Disabling Frequency Rate (FR) declined in 2020 in comparison with that in 2019

◆ Future Strategic Objectives

1. EMC carries out comprehensive construction projects based on the principles of "improving the safety and health of work environment, protecting employees and reducing occupational injuries" to step-by-step improve employees' work environment for employees to commit themselves in the workplace with ease.
2. EMC demands that every part of the production must strictly abide by the safety principles, employees' safety awareness must be reinforced, and workplace safety should never be overlooked. The internal managerial units must thoroughly analyze the causes of every occupational accident, and figure out prevention strategies and post-incident management measures.
3. All units should make work safety as one of their strategic objectives and aim to achieve the goal of 'zero work hour loss due to occupational safety issues'.
4. Continuously care about employees' health and be supportive and caring in tracking health risk factors

6-1 Occupational Safety and Health Management System GRI 403-1

EMC strives to create a safe and healthy workplace for every employee to work at ease and return home safe and sound after work. However, a safe work environment requires not only the upgrade of relevant soft and hard safety facilities but also the coordination of every company member. Safety and Health Department and on-site units have established standard operating procedures for workplace safety and employees health management. In terms of the managerial training on work environment, equipment and hazardous substances, regular educational training and simulation exercises are held to ensure the safety and health of employees. In order to ensure the normal operation of machinery and equipment, the company strengthens the equipment operation management, personnel training and inspection/maintenance routines and also improves the dust collection system. The above work guidelines are implemented based on the established annual goals and the effectiveness of implementation shall be examined to ensure the realization of ESH policy.

EMC gives importance to the occupational safety and health management performance and is committed to providing efficient operating services which emphasize the safety and comfort of stakeholders such as employees, customers, communities and related operating partners. By upholding the principles of "improving the safety and health of work environment, protecting employees and reducing occupational injuries", EMC carries out comprehensive construction projects to step-by-step improve employees' work environment for employees to commit themselves in the workplace with ease. The Occupational Safety and Health Management System has been established based on the management requirements set by international standards and related laws and regulations announced by the Ministry of Labor in Taiwan, and was successfully migrated to ISO 45001:2018 in 2020. According to the requirements of standardized operating procedures, the company demands that every part of the production must strictly abide by the safety principles, employees' safety awareness must be reinforced, and workplace safety should never be overlooked. The causes of occupational accidents must be clarified and thoroughly analyzed so as to develop follow-up prevention strategies and handling procedures.

EMC sets up occupational safety and health management units and dedicated personnel to take the responsibility for drafting, planning, supervising and promoting safety and health management work items, and guiding relevant units to implement corrective and preventive measures for disasters/accidents in hope that workplace hazards can be reduced and safety and health management level can be enhanced.

CERTIFICATE

This is to certify that

Elite Material Co., Ltd.
No. 18, Datong 1st Rd
Taoyuan City 32849
Taiwan (R.O.C.)

with the organizational units/sites as listed in the annex

has implemented and maintains an
Occupational Health and Safety Management System.

Scope:
The occupational health and safety activities and supporting processes associated with the design and manufacturing of copper-clad laminates and prepregs (bonding sheets).

Through an audit, documented in a report, it was verified that the management system fulfills the requirements of the following standard:

ISO 45001 : 2018

Certificate registration no. 20000686 OHS18
Date of original certification 2013-01-13
Date of revision 2020-12-08
Date of certification 2018-09-05
Valid until 2021-09-04

DQS Inc.

Brad McGuire
Managing Director

Accredited Body: DQS Inc., 1500 McConnor Parkway, Suite 400, Schaumburg, IL 60173 USA
Administrative Office: DQS Taiwan Inc., 6F, 23, Yuan Huan West Road, Feng Yuan Dist., Taichung City, Taiwan 420

1 / 3

6-2 Hazard identification, Risk Assessment and Incident Investigation

▶ 6-2-1 Hazard Identification & Risk Assessment Procedures GRI 403-2

EMC gives importance to the safety and health of workers' work environment based on the principles of "advance preparation", "zero accident" and "zero disaster". The scope of the said principles encompasses the company's routine operations and other personnel who are involved with activities on EMC's worksites (including contractors and visitors). The results of hazard identification and risk assessment are reviewed by the promotion team of the Occupational Safety and Health Management System in accordance with the "Hazard Identification & Risk Assessment Management Procedures" on a yearly basis. Relevant management and control measures are taken for unacceptable risks, and workers are allowed to leave the work conditions and places that they think may cause injury or ill health without having to suffer punitive treatments such as pay deduction, salary cut or leave deprivation.

There were 19 items assessed as "unacceptable risk" in 2020, mainly arising from the non-compliance with standard operating procedures when operating machines and equipment, or harms caused by human factors such as being drawn in/caught, being cut, being hit, falling, etc. The potential hazardous factors of the unacceptable risks are analyzed, and management programs and improvement measures are developed to reduce the hazardous risks in operations in the hope of creating a safe and comfortable work environment for employees and enhancing the overall safety of the plant area.

NO.	Management Program	Scenario Description	Improvement Measures
1	Addition of "Chemical Concentration Sensor" in the laboratory	Fire accident caused by inappropriate operation of laboratory staff when making solvent vapors concentration higher than the flammability limit	Install chemical concentration sensors and alarms to reduce the risks when the concentration of chemical gases in the air reaches LEL and causes fire/explosion
2	Addition of safety protection devices for machines and equipment	Cutting machine is not protected by safety devices, resulting in the risk of cutting injuries	Add blade guards to cutting machines. Operators must wear gloves when operating the machines.
3	Roadways and footpaths being clearly separated	Roadways and footpaths are not separate in plant entrances/exits, which increases the incidence of traffic accidents.	Divide the roads around the plants into roadways, footpaths and pedestrian crossings. Set speed limits for vehicles in plant areas. Add road corner safety convex mirrors for a wider viewing angle.
4	Formulation of operating standards for safety	Personnel gets electric shocks during electrical maintenance operation	Revise the Instructions for Regular Maintenance of Public Facilities, which stipulates that electrical maintenance personnel should have received qualification certificates, wear electrical personal protective equipment, and follow the “lockout tagout” procedures and other protective measures to reduce the hazards of electric shock during operation.
5	Enhance contractors' awareness of the hazards of high-risk operations	Falling hazards occur in outsourced high-altitude piping operations	Carry out the Contractors Plant-entry Educational Training system. Contractors can be approved as qualified after passing training tests.
6	Improvement of operating procedures	Risk of hand cuts/contusions caused by packing machines	Use cartons to collect waste paper tubes, and use three-tier trolleys to load them.

▶ 6-2-2 Incident Investigation GRI 403-2, GRI 403-8, GRI 403-9, GRI 403-10

Establish an Occupational Accident Reporting System according to ISO45001:2018 Occupational Safety and Health Management System, and designate dedicated units for the management of OSH performance and occupational accident indicators. The statistics of occupational accidents classified by accident type are shown in the table below. The accident type with the highest occurrence during 2019 to 2020 is "traffic accident", followed by "fall (trip)" and "falling/tumbling".

Compared with 2019, the total accident cases in 2020 decreased by one case. Although the overall degree of injury has been reduced, the reduction is still not significant, which means that there is still room for improvement. With the frequent occurrence of "traffic accidents", activities in relation to road safety awareness are regularly held in plants, hoping that personnel’ s safety awareness can be enhanced and the incidence of traffic accidents can be reduced. Occurrence of the occupational accidents "Fall" and "Falling/Tumbling" shows that there is still room for improvement in plant areas work environment safety and protection. Causes of the accidents have been comprehensively analyzed and examined by reference to similar accidents that happened in other companies of the same industry, and improvement measures have been taken in hope that the goal of "zero occupational accident" can be truly achieved in our workplace.

EMC Major Types of Occupational Injury in 2019

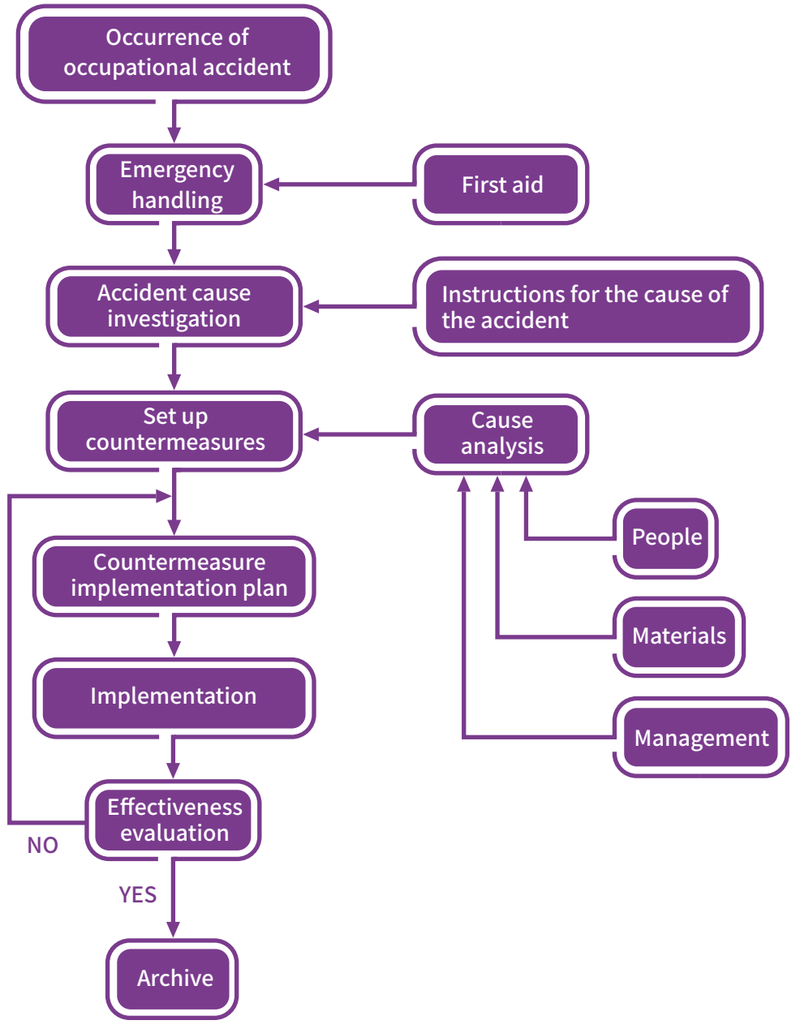
Hazard Category	EMC	EMC Plant 2	EMC- Hsinchu Plant
Chemical spills	0	0	0
Fire accidents	0	0	0
Traffic accidents	4	0	2
Object falling	0	0	0
Object collapsing/toppling down	0	0	0
Object fracturing/rupturing	0	0	0
Being caught/being drawn in	0	0	0
Being pressed/smashed	0	0	0
Being pricked/gashed /scratched	0	0	0
Being hit	0	0	0
Fall (trip)	1	0	0
Electric shock	0	0	0
Contact with high (low) temperature	0	0	0
Contact with hazardous substances	0	0	0
Falling/Tumbling	0	0	0
Crash	0	0	0
Others	0	0	0
Total	5	0	2

EMC Major Types of Occupational Injury in 2020

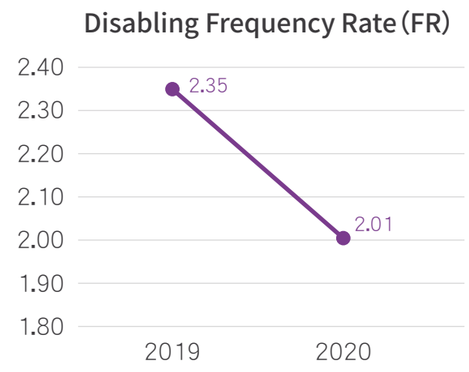
Hazard Category	EMC	EMC Plant 2	EMC- Hsinchu Plant
Chemical spills	0	0	0
Fire accidents	0	0	0
Traffic accidents	1	0	4
Object falling	0	0	0
Object collapsing/toppling down	0	0	0
Object fracturing/rupturing	0	0	0
Being caught/being drawn in	0	0	0
Being pressed/smashed	0	0	0
Being pricked/gashed /scratched	0	0	0
Being hit	0	0	0
Fall (trip)	0	0	0
Electric shock	0	0	0
Contact with high (low) temperature	0	0	0
Contact with hazardous substances	0	0	0
Falling/Tumbling	1	0	0
Crash	0	0	0
Others	0	0	0
Total	2	0	4

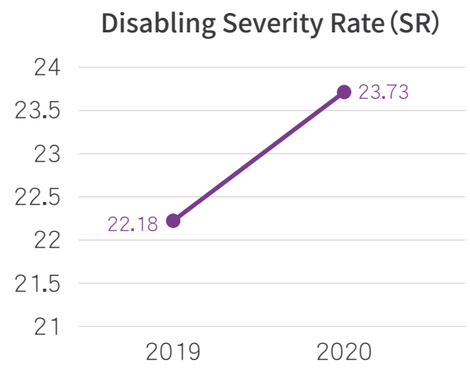
EMC carries out comprehensive hazard identification every year for various department work items that may cause personnel' s injuries or accidents, and further examine existing safety and health protection facilities and review their control effectiveness. By assessing the risk level of each hazard, the company actively explores the unacceptable risks, based on which objectives are set to improve the occupational safety and health risks.

However, occupational accidents may still happen due to human, environmental, managerial and other factors. Therefore, in order to correctly grasp the causes and impacts of ESH accidents, relevant management directions are stipulated for accident investigation, analysis and control. The procedures of incident investigation of an occupational accident are shown in the flow chart below. In order to keep complete records of accident occurrences for the prevention of accident recurrences and company' s losses of property and resources, activities that promote "zero major accidents" are also held to encourage employees to actively identify anomalies and report safety concerns and non-conformities to reduce the incidence of occupational accidents.



No fatal occupational accidents occurred in Elite Material Co., Ltd. during 2019-2020, and the Occupational Disease Rate (ODR) of the same period was 0%. In 2019, the Loss of Work Days due to disabling injuries was 66 days, Absence Rate (AR) in relation to work-related injury & ill health was 0.03%, average Disabling Frequency Rate (FR) was 3.40 and average Disabling Severity Rate (SR) was 32.05. The statistics of Elite Material Co., Ltd. show that in comparison with the previous year, the Disabling Frequency Rate (FR) decreased and the Disabling Severity Rate (SR) increased in 2020, which is because the number of cases related to work injuries decreased but the work day loss due to work injuries increased. Therefore, in 2021, the company will continue the advocacy of safety and work with supervisors of on-site units to carry out constructional improvements and strengthen administrative management. More importantly, it is necessary to make "safety awareness" deeply rooted in employees' mind and further internalized into daily habits, by which long-term effectiveness shall be realized. After all, a zero occupational accident and low-risk workplace is still our ultimate goal to achieve.





Employee

Summary of Work-related Injury Statistics	2019		2020	
Gender	Male	Female	Male	Female
Total working hours (hrs)	2,975,512		2,991,832	
Disabling Frequency Rate (FR)	3.40	0	2.87	0
Occupational Disease Rate (ODR)	0%	0%	0%	0%
Disabling Severity Rate (SR)	32.05	0	33.99	0
Absence rate (AR)	0.03%	0%	0.03%	0%
Death toll from work-related injury	0	0	0	0
Death rate from work-related injury	0%	0%	0%	0%

Contractor

Summary of Work-related Injury Statistics	2019		2020	
Gender	Male	Female	Male	Female
Total working hours (hrs)	616,232		1,077,272	
Disabling Frequency Rate (FR)	0	0	0	0
Occupational Disease Rate (ODR)	0%	0%	0%	0%
Disabling Severity Rate (SR)	0	0	0	0
Absence rate (AR)	0%	0%	0%	0%
Death toll from work-related injury	0	0	0	0
Death rate from work-related injury	0%	0%	0%	0%

Note:

1. Disabling Frequency Rate (FR) = (total work-related injury cases/total working hours) $\times 10^6$
2. Disabling Severity Rate (SR) = (total loss of work days/ total working hours) $\times 10^6$
3. Occupational Disease Rate (ODR) = Total number of people with occupational diseases $\times 10^6$ / total working hours
4. Absence rate (AR) = (Total days of absence / Total work days) $\times$ 100%
5. Data included in occupational safety statistics: Employees' disasters caused by work-related injuries or ill health, not including approved leaves, maternity leaves, paternity leaves, funeral leaves, general sick leaves and traffic accidents during commuting.
6. Since a large percent of the company's workforce is male, men's work-related injuries are the main indicators of occupational accidents.
7. EMC conducts employee health checks every year, implements "friendly work environment" testing, and actively eliminates potential workplace hazards through "Improvement Proposal", "Safety Observation", "Near Miss Reporting" and other systems. With respect to emergency response procedures, self-inspection, educational training on safety and health, operating environment testing and other related operations, ongoing reviews and improvements are carried out every year in the hope of creating a healthy and safe work environment for employees.

6-3 Educational Training on Occupational Safety and Health GRI-5

By complying with OSH educational training rules and related regulations, EMC provides new employees with OSH educational training which includes general educational training on safety and health and educational training on hazard communication. In addition, training courses are also organized in accordance with laws and regulations for the initial training and on-the-job re-training required for supervisors of various operations, which include occupational safety and health management staff, supervisors for hypoxia operations, supervisors for organic solvent operations, operators of forklift with capacity of one ton or more, first-aiders, etc., to maintain the validity of their certificates and reinforce their safety and health awareness. Besides, other educational training courses on safety and health are also conducted on an irregular basis. The educational training courses offered by the company are all conducted during normal hours of duty. Employees will not suffer punitive treatments such as pay deduction, salary cut or deprivation of leave for their participation in related training.

1. On-the-job Re-training for ESH Certificate Holders
Target: Personnel with ESH Certificate

Type	Title of Certificate	Number of On-the-job Re-training Participants	
		2019	2020
Occupational Safety	Class-1 Manager of Occupational Safety and Health Affairs	3	0
	Class-A Occupational Safety and Health Management Specialist	1	0
	Class-B Occupational Safety and Health Management Staff	2	1
	Operator of forklift with capacity of 1 ton or more	53	16
	First-aider	18	0
	Supervisor for organic solvent operations	16	2
	Supervisor for specified chemical substance operations	4	3
	Supervisor for roofing operations	0	0
	Supervisor for dusty operations	0	2
	Supervisor for hypoxia operations	2	2
	Personnel transporting dangerous goods by road (Truck)	2	0
	Operator of fixed cranes with capacity more than 3 tons	0	3
	Operator of fixed cranes with capacity less than 3 tons	1	16
	Operators using cranes for slinging operations	5	14
	Class B Operator of boilers	1	12
	Operator of high-pressure gas vessels	1	0
Fire Safety	Security Supervisor	1	1
	Fire Safety Manager	0	0
	Radiation Protection Personnel	5	4
Environmental Protection	Class-A Dedicated Air Pollution Control Specialist	Receive training in accordance with official documents issued by the competent authority	
	Class-A Dedicated Wastewater and Sewage Treatment Specialist		
	Class-B Dedicated Wastewater and Sewage Treatment Specialist		
	Class-A Dedicated Waste Disposal Specialist		
	Class-B Dedicated Waste Disposal Specialist		

2. General Safety & Health and Emergency Response Training
Target: General Employees and Contractors

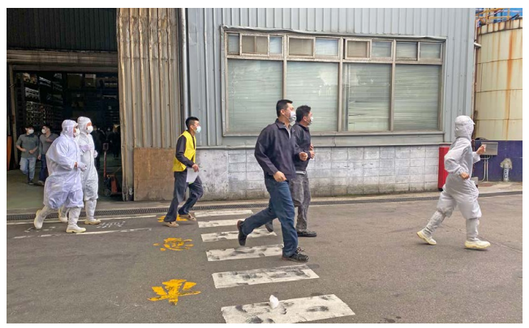
In addition to the training courses conducted in accordance with the laws, Elite Material Co., Ltd. also gives importance to the overall safety of employees, contractors, visitors, etc. In order to actively eliminate potential hazards in the workplace, the whole-plant evacuation drills, fire and chemical accidents emergency drills, firefighting skills training conducted in Hsinchu Fire Training Base and educational training for contractors before entering the plant areas, etc. are regularly conducted on a yearly basis. With ongoing reviews and improvements carried out every year, it is hoped that the company shall create a healthy and safe work environment with all employees.

Plant Area Safety & Health Educational Training held in 2020

Training Item	Training Hours	Number of participants
General educational training on safety and health	3	164
Educational Training on Hazard Communication	3	98
Annual Fire and Chemical Accidents Emergency Drill (whole plant)	2	62
Firefighting Skills Training Conducted in Hsinchu Fire Training Base	7	16
Emergency Evacuation Drill (whole plant)	1	466
Elevated Operations and Falling Accidents Prevention Advocacy	0.5	102
Forklift Operation Hazards Prevention Advocacy	0.5	102
Manual Handling Operation Hazards Prevention Advocacy	0.5	102
Prevention Advocacy on Hazards related to being Drawn in/Caught by Machines	0.5	102
Prevention Advocacy on Hazards related to Punching/Shearing Machines	0.5	102
Electrical Operation Hazards Prevention Advocacy	0.5	102
Confined-space Operation Hazards Prevention Advocacy	0.5	101
Hot Work Operation Hazards Prevention Advocacy	0.5	101
Slinging Operation Hazards Prevention Advocacy	0.5	100
Chemicals Labeling and Communication Management Advocacy	0.5	100
Noise Hazard Prevention Advocacy	0.5	97
Traffic Safety Advocacy	0.5	97
Total	22 hrs	

Emergency Evacuation Drill (whole plant)






Annual Fire and Chemical Accidents Emergency Drill (whole plant)




Firefighting Skills Training Conducted in Hsinchu Fire Training Base







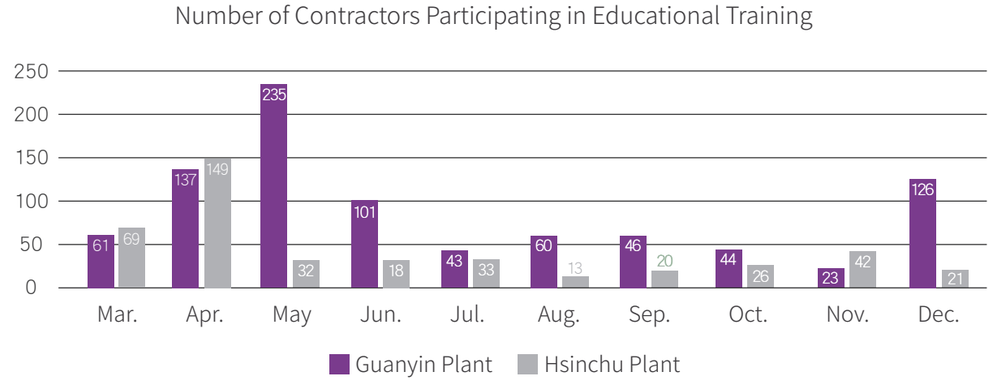

3. Hazard Awareness for Contractors and Training on Consultative Organization Meetings

Target: Contractor

Contractor management is complicated but is an essential part of the company’ s business. On the one hand, the personnel entering the plant areas must be properly controlled; on the other hand, as the contractor personnel are not employees of the company’ s plants, it is a matter of concern whether they have sufficient safety awareness or not. In addition to the safety meetings prior to each construction, Plant-entry Educational Training and Hazard Awareness Workshops are also held by the Safety and Health Department and project organizing units for contractors who enter the plant areas for the first time to ensure that the regulations applying to the plant areas are fully understood.

Moreover, a consultative organization is set up for multiple contractors who carry out projects at the same time and on the same site to coordinate matters with each other so that the contractors’ responsible persons can be aware of the regulation violations and violators of the quarter, by which all organization members can be alerted. The Contractor Assessment has been conducted at the end of each year since 2019 to summarize contractors’ violation cases during the year, based on which the contractors are classified into Class A, Class B and Class C. Contractors with more than five violations shall be assessed as Class C, whose contractorship shall be suspended and no further project shall be contracted for three months from the assessment date. The result of 2019 assessment (224 contractors were assessed): Class A: 221, Class B: 3, and Class C: 0; the result of 2020 assessment (294 contractors were assessed): Class A: 291, Class B: 3, and Class C: 0. The number of contractors’ accidents taking place in Elite Material Co., Ltd. has remained zero since 2017. But the company is not complacent about this result. In addition to achieving the goal of "zero occupational accident" for EMC employees, the company also hopes that contractors can achieve this goal as well.

2020 Number of Contractors Participating in Educational Training



Contractor Assessment Result - Guanyin Plant

Contractor Class	2019	2020
ClassA	221	291
ClassB	3	3
ClassC	0	0
Total	224	294

Contractor Assessment Result - Hsinchu Plant

Contractor Class	2019	2020
ClassA	412	442
ClassB	1	0
ClassC	0	0
Total	413	442

6-4 Prevention and Mitigation of Occupational Safety and Health Impacts GRI 403-7

In order to achieve the goals of the company's OSH planning and management, maintain the continuous operation of the management system, and prevent and mitigate business-related occupational safety and health impacts, EMC upholds the principles of its occupational safety and health policy to set annual OSH goals for the creation of safe and comfortable work environment for employees. Moreover, improvement goals of the next year are also formulated by fully considering the results of hazard identification & risk assessment, internal/external safety and health issues, stakeholders' demands and expectations, regulatory and other requirements, technical and financial issues, etc.

The Safety and Health Department supervises heads of all departments to formulate safety and health management plans based on the company's ESH policy, and fill the plan details in corresponding goal planners. Plans that can be completed within the planning year are viewed as short-term plans, while plans that take years (2-3 years) to complete are classified as long-term plans. With the aim of improving the overall safety and health of plant areas, all departments of EMC have started setting annual safety and health improvement goals for the following year based on their potential hazards since 2012. In 2019, the goals put more emphasis on the implementation of risk control and protection measures at manufacturing sites, which included the addition of safety nets to chemical storage areas, addition of emergency stop buttons, and increase of fire safety and smoke exhaust equipment, etc. These measures not only help eliminate the risk of accidents during operation but also actively promoted personnel's awareness of hazards. The emphasis of 2020 was laid on Contractors Plant-entry Educational Training, in which operation precautions in each area were explained for construction workers that enter the plant areas for the first time to be familiar with the work environment so as to improve workers' safety and health awareness of hazardous operations and help them comply with laws and regulations. Besides, safety and health inspections are also conducted on an irregular basis to ensure all operations are carried out in compliance with regulations in hope that the incidence of contractors' occupational accidents can be reduced and a safe workplace can be established for employees, contractors, customers and all personnel entering the plant areas.

Target Plans for Safety & Health Management Objectives

Year	Objective for Proposal	Action Guideline	Achievement status
2019	Risk Control	● Add safety nets to chemical storage areas ● Add sensors and alarms to laboratories to monitor the concentration of organic solvent gases in the environment ● Add emergency stop buttons to equipment ● Add enclosures/covers to press machines ● Install more static electricity eliminators ● Replace the covered belts of equipment to reduce the noise in work environment	Achieved
	Legal Compliance	● Increase fire safety and smoke exhaust equipment	Achieved
2020	Risk Control	● Add glass fabrics racks ● Add high-temperature furnace vent hoods to laboratories to enhance exhaust efficiency ● Conduct contractors educational training on safety & health and advocacy of safety & health precautions	Achieved

6-5 Worker Participation, Consultation and Communication GRI 403-4

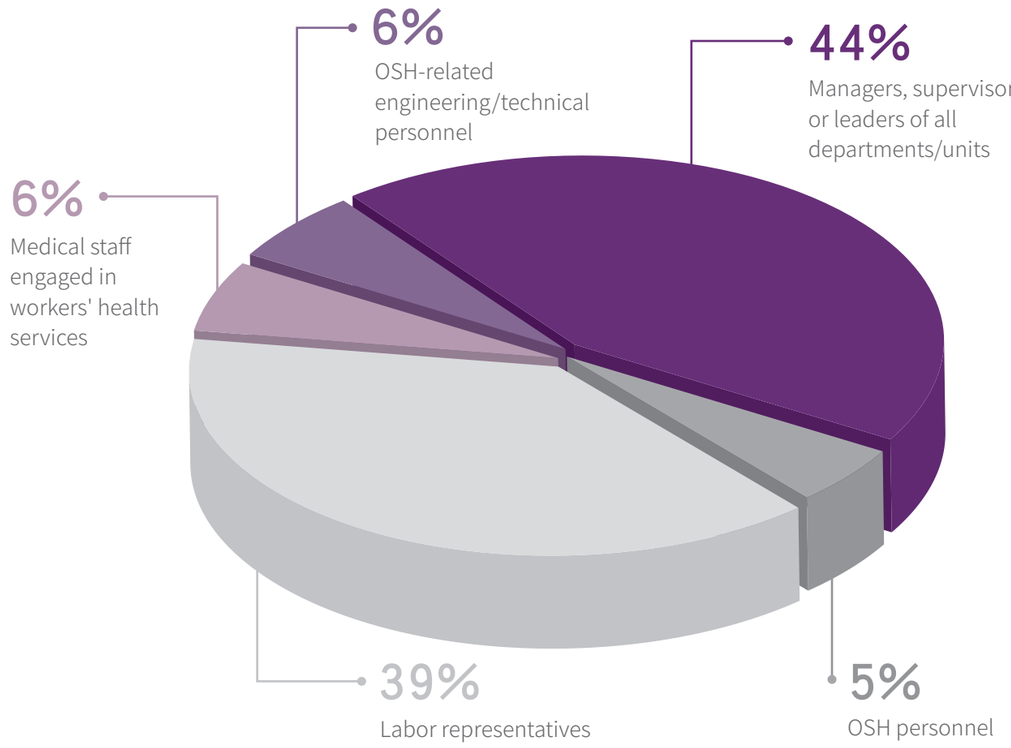
The "Consultation and Communication Management Procedure" has been established to facilitate the consensus in the company through the ESH management system and the company's various management mechanisms, and to establish channels for effective two-way communication with the company's internal employees and related external groups on the company’ s commitment to ESH management and various management mechanisms. Workers should be consulted when any of the safety and health conditions of the workplace changes, and the arrangement of consultation should be documented, for example, in the form of meeting notices or minutes and the interested parties should be notified.

Employees are an important asset of EMC; and health and safety are employees’ primary wealth. EMC set up the "Occupational Safety and Health Committee" to ensure that employees can work in a healthy and safe environment and the company can carry out its safety & health policy. The committee meets every three months and makes suggestions on the following items:

① Occupational safety and health policy
② Occupational safety and health management plan
③ Implementation plan for safety and health educational training
④ Work environment monitoring plan, monitoring results and measures adopted
⑤ Matters in relation to health management, occupational disease prevention and health promotion
⑥ Various safety and health proposals
⑦ Business unit’ s self-inspection and items included in the safety & health inspection
⑧ Preventive measures against hazards arising from machinery/equipment or raw materials/materials
⑨ Occupational Accident Investigation Report
⑩ Assess on-site safety & health management performance
⑪ Matters in relation to the safety and health management of contracted businesses
⑫ Other matters in relation to occupational safety and health management

Labor representatives account for 38% of the total members of the Occupational Safety and Health Committee, the composition of which is as follows:

① OSH personnel
② Managers, supervisors or leaders of all departments/units
③ OSH-related engineering/technical personnel
④ Medical staff engaged in workers' health services
⑤ Labor representatives



Appendix

Appendix 1 : GRI Content Index

GRI Content Index Disclosures	Chapter	Disclosure Status
General Disclosures (2016)		
102-1 Name of the organization	2-1 EMC Profile	
102-2 Major Brands, products and services	2-1 EMC Profile	
102-3 Location of organization headquarters	2-1 EMC Profile	
102-4 Number of countries where the organization operates	2-1-3 EMC’ Global Market Layout	
102-5 Ownership and legal form	2-1 EMC Profile	
102-6 Markets served by the organization	2-1-3 EMC’ Global Market Layout	
102-7 Scale of the organization	2-1 EMC Profile	
102-8 Information on employees and other workers	5-1 Human Resource Structure	
102-9 Supply chain	3-2 Supply Chain Management Policy	
102-10 102-10 Significant changes to the organization or its supply chain	3-2 Supply Chain Management Policy	
102-11 102-11 How the organization applies the precautionary principle or approach	3-1 Green Product Design	
102-12 External initiatives	2-2-1 EMC’ s Organizational Structure and Operation of Board of Directors	
102-13 Membership of associations		
102-14 Statement from senior decision-maker in relation to the sustainability of the organization and its strategies	Message from the Chairman	
102-16 Organization values, principles, standards and conduct norms	2-5 Internal Risk Management System	
102-18 Organization governance structure	2-2-1 EMC’ s Organizational Structure and Operation of Board of Directors	
102-40 Stakeholder groups engaged by the organization	1-1 Identify Stakeholders and Communication	
102-41 Collective bargaining agreements	5-4 Employee Communication and Caring	
102-42 Identifying and selecting stakeholders	1-1 Identify Stakeholders and Communication	
102-43 Approach to stakeholder engagement	1-1 Identify Stakeholders and Communication	
102-44 Key topics and concerns that have been raised	1-1 Identify Stakeholders and Communication	
102-45 Entities included in organization’ s consolidated financial statements	2-3 Corporate Operating Performance	
102-46 Defining the report content and the topic boundaries	1-2 Identification and Management of Material Issues	

GRI Content Index Disclosures	Chapter	Disclosure Status
General Disclosures (2016)		
102-47 List of material topics	1-2 Identification and Management of Material Issues	
102-48 Restatements of information	About this Report	
102-49 Changes from previous report	About this Report	
102-50 Reporting period	About this Report	
102-51 Date of most recent report	About this Report	
102-52 Reporting cycle	About this Report	
102-53 Contact person for questions regarding the report	About this Report	
102-54 Claims of reporting in accordance with the GRI Standards	About this Report	
102-55 The GRI content index	Appendix 1 GRI Content Index	
102-56 External assurance for the report	Appendix 2 Report Verification Statement/Assurance Opinion	

GRI Content Index Disclosures	Chapter	Remark
GRI Management Guidelines (2016)		
103-1 Explanation of the material topic and its Boundaries	Explanation on the first page of each chapter	
103-2 Management Guidelines and its components		
103-3 Evaluation of the management guidelines		

GRI Content Index Disclosures	Chapter	Remark
Specific Standard Disclosure 200/300/400		
GRI 200 Economic		
GRI 201 Economic Performance (2016)		
201-1 Direct economic value generated and distributed	2-3 Corporate Operating Performance	
201-3 Defined benefit plan obligations and other retirement plans	5-2 Employee Compensation	
GRI 202 Market Presence (2016)		
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	5-2 Employee Compensation	
202-2 Proportion of senior management hired from the local community	5-1 Human Resource Structure	

GRI Content Index Disclosures	Chapter	Remark
Specific Standard Disclosure 200/300/400		
GRI 200 Economic		
GRI 204 Procurement Practices (2016)		
204-1 Proportion of spending on local suppliers	3-2-1 Local Procurement Principle	
GRI 300 Environmental		
GRI 302 Energy (2016)		
302-1 Energy consumption within the organization	4-1 Energy Management	
302-3 Energy intensity		
GRI 305 Emissions (2016)		
305-1 Direct (Scope 1) GHG emissions	4-2 Climate Change and Greenhouse Gas Management	
305-2 Energy indirect (Scope 2) GHG emissions		
305-4 GHG emissions intensity		
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	4-3-1 Air Pollution Control	
GRI 306 Effluents and Waste (2016)		
306-2 Waste by type and disposal method	4-3-2 Waste Management	
306-4 Transport of waste	4-3-2 Waste Management	
GRI 307 Environmental Compliance (2016)		
307-1 Non-compliance with environmental laws and regulations	4-3 Pollution Source Management	
GRI 308 Supplier Environmental Assessment (2016)		
308-1 New suppliers that were screened using environmental criteria	3-3-1 New Supplier Assessment	
308-2 Negative environmental impacts in the supply chain and actions taken	3-3-2 Approved Supplier Assessment	
GRI 400 Social		
GRI 401 Employment (2016)		
401-1 New employees and resigned employees	5-1 Human Resource Structure	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	5-2 Employee Compensation	
401-3 Parental leave	5-1 Human Resource Structure	

GRI Content Index Disclosures	Chapter	Remark
Specific Standard Disclosure 200/300/400		
GRI 400 Social		
GRI 403 Occupational Safety and Health (2018)		
403-1 Occupational safety and health management system	6-1 Occupational safety and health management system	
403-2 Hazard identification, risk assessment and incident investigation	6-2 Hazard Identification and Risk Assessment	
403-3 Occupational health services	5-5 Comprehensive Employee Health Management	
403-4 Worker participation, consultation and communication on occupational safety and health	6-5 Worker participation, consultation and communication	
403-5 Worker training on occupational safety and health	6-3 Occupational Safety and Health Education and Training	
403-6 Promotion of worker health	5-5 Comprehensive Employee Health Management	
403-7 Prevention and mitigation of occupational safety and health impacts directly linked by business relationships	6-4 Preventing and Mitigating the Impact of Occupational Safety and Health	
403-9 Work-related injuries	6-2 Hazard Identification and Risk Assessment	
403-10 Work-related ill health		
GRI 404 Training and Education (2016)		
404-1 Average hours of training per year per employee	5-3 Human Resource and Talent Development	
404-3 Percentage of employees receiving regular performance and career development reviews	5-3 Human Resource and Talent Development	
GRI 405 Diversity and Equal Opportunity		
405-1 Diversity of governance bodies and employees	5-1 Human Resource Structure	
405-2 405-2 Ratio of basic salary and remuneration of women to men	5-2 Employee Compensation	
GRI 414 Supplier Social Assessment		
414-1 New suppliers that were screened using social criteria	3-3-1 New Supplier Assessment	
414-2 Negative social impacts in the supply chain and actions taken	3-3-2 Approved Supplier Assessment	

Appendix 2 : Report Verification Statement/Assurance Opinion

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By Royal Charter

INDEPENDENT ASSURANCE OPINION STATEMENT

Elite Material Co., Ltd. 2020 Corporate Social Responsibility Report

The British Standards Institution is independent to Elite Material Co., Ltd. (hereafter referred to as EMC in this statement) and has no financial interest in the operation of EMC other than for the assessment and verification of the sustainability statements contained in this report.

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

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by EMC. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to EMC only.

Scope

The scope of engagement agreed upon with EMC includes the followings:

1. The assurance scope is consistent with the description of Elite Material Co., Ltd. 2020 Corporate Social Responsibility Report.
2. The evaluation of the nature and extent of the EMC's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

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

Opinion Statement

We conclude that the Elite Material Co., Ltd. 2020 Corporate Social Responsibility Report provides a fair view of the EMC CSR programmes and performances during 2020. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the EMC and the sample taken. We believe that the 2020 economic, social and environmental performance information are fairly represented. The CSR performance information disclosed in the report demonstrate EMC's efforts recognized by its stakeholders.

Our work was carried out by a team of CSR report assurors in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that EMC's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

Methodology

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

- a top level review of issues raised by external parties that could be relevant to EMC's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 10 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

Conclusions

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

Inclusivity

This report has reflected a fact that EMC has sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been initiated in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the EMC's inclusivity issues.

Materiality

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

Responsiveness

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

Impact

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

GRI Sustainability Reporting Standards (GRI Standards)

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

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

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

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan

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Statement No: SRA-TW-2020028
2021-05-10

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