# Emc 2021

# **Sustainability Report**



#### About this Report GRI 102-48

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 2021 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 GRI 102-54

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 2021 (from January 1 to December 31, 2021), responding to the issues concerned by stakeholders.

#### Scope

(1)

2

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.

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)

#### 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 "Sustainable Development Best Practice Principles for TWSE/TPEx 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 2021 Corporate Social Responsibility (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 2023.

For any questions or comments about this Report, please contact us at: Elite Material Co., Ltd. Corporate Governance Officer







# **00** Message from the Chairman

#### Message from the Chairman

Over the past few years, in facing the trend toward business sustainability and the circular economy, EMC has endeavored to create profits while also being accountable to shareholders and responsible to all stakeholders, to realize the concepts of both economic prosperity and environmental sustainability. 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 a 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. With the world's top halogen-free eco-friendly materials and the leading advanced HDI technology foundation in the industry, EMC' s Whitley Server Platform market share has expanded in comparison with the previous generation of products. The 2021 gross profit ratio was 26.15%. This indicates a continuous increase, as compared with 25.88% in 2020 and 24.53% in 2019, and represents a new high. In addition to the growing gross profit ratio coming from production and sales, based on the company's full capacity, the significant increase of high-end network communication product shipments and the strong demand for handheld/mobile devices have also further optimized the company's product portfolio.

#### Sustainable Supply Chain

"Maintaining Upstream/Downstream Partnership and Stabilizing Market Mechanism" is our supply chain policy. 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. In response to the global community's carbon reduction trend, we are using natural gas as a transition fuel to shift from high-carbon energy to low-carbon energy sources. By replacing highly polluting heavy oil with natural gas that has less impact on the environment, the purpose of reducing greenhouse gas emissions can be achieved. In addition, when using natural gas as fuel, boilers' combustion efficiency can be enhanced by 0.5–1% as compared with heavy oil. That is, the fuel can be reduced while meeting the same level of thermal energy demand, thus helping achieve environmental sustainability.

### **O** Message from the Chairman

#### 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, EMC will enhance the sales percentages of high-end products/materials and increase the added value, diversify the sources of raw materials to reduce risks, and develop a long-term centralized procurement system with suppliers based on the demand of our corporate group in Taiwan and China, to achieve the goal of stabilized cost and supply.

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



### EMC's Responses to the United Nations Sustainable Development Goals (SDGs)

s	DGs	EMC's approaches in response to SDGs	Corresponding Chapters
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure a sustainable consumption and production model	Endeavor to develop green energy products, reduce the use of hazardous substances, and emphasize HSF (Hazardous Substance Free) production lines	3.1 Green Product Design
13 CLIMATE ACTION	Adopt emergency measures to respond to climate change and its impacts	<ol> <li>Calculate the base year's greenhouse gas emissions in accordance with ISO 14064-1:2018 standards,</li> <li>and develop further energy saving measures based on the results. Set carbon neutrality objectives</li> </ol>	4.1 Climate Change and Greenhouse Gas Management

## **))** 2021 Key Performance Summary

00 01 02 0

2021 Performance

Halogen-free self-adhesive

was deemed ineligible for

relation to corporate social

responsibility or EHS

unsatisfactory performance in

management system practices.

copper foil products have been

Sustainable supply chain performance

Performance

Objective

New types of

products with

green

into

assessment

and audit

criteria

#### Corporate governance performance

1. No illegal act or corruption incident violating the principle of integrity occurred in 2021. All employees complied with ethical regulations and practiced the enterprise's philosophy of ethical management.

Objective	2021 Performance	2022 Objective
	With the driving force from the rising sales amount and quantity in mobile phone market, Whitley	With the world's top halogen-free eco-friendly materials and leading advanced HDI technology foundation in
Continued growth in operating	platform transfer, and the 400G Switch business opportunity in 2021, EMC's product portfolio continued to improve, and the 2021 profit hit a new high driven	the industry, EMC continues to demonstrate excellent performance in the server market not only the traditional server architecture but also the ARM architecture. It is expected that
revenue	by mobile phones and network communication products. The 2021 EPS was NT\$16.50, with both revenue and after-tax earnings per share hitting record highs again.	with the launch of customers' new products, the company's new server platform market share will grow significantly again this year. Moreover, on the strength of the increase in 5G mobile phone sales and recovery of auto

#### 2022 Objective

Gradually reduce the use of glass cloth year by year. According to market information, it is estimated that there will be 400,000 m<sup>2</sup>–800,000 m<sup>2</sup> demand per month in 2024; that is, the annual demand is about 5 million m<sup>2</sup>–10 million m<sup>2</sup>. Relatively speaking, the use of glass cloth can be reduced by about 5 million m<sup>2</sup> to 10 million m<sup>2</sup> per year.

- The percentage of recycled copper contained in copper foil will reach 90% plus.
  - The percentage of manufacturers that sign the "Declaration of Metal Conflict-Free" and "Social Responsibility Commitment Agreement" will reach 100%.
     None of the manufacturers who complete the audit procedures is
  - deemed ineligible for unsatisfactory performance in relation to corporate social responsibility or EHS management system practices.

### Environmental Protection and Sustainability Performance

Performance Objective	2021 Performance	2022 Objective
Continue the nventory of greenhouse gas emissions	Conducting Greenhouse Gas Inventory based on ISO 14064-1:2018 standards and verifying the results, in which the year 2021 was listed as the base year	<ol> <li>Continue to conduct Greenhouse Gas Inventory based on ISO 14064-1:2018 standards and verify the results.</li> <li>GHG emissions intensity will be reduced by 2% compared with 2021.</li> </ol>
Energy Performance Indicator decreases by more than 1%	Implementing energy saving and carbon reduction measures such as upgrading/replacing pumps and lighting devices with energy saving ones, etc., reaching a total reduction of 79.19 metric tons of CO <sub>2</sub> e	With the addition of 180RT water chiller, water pump performance improvement, air compressor performance improvement, etc., the Energy Performance Indicator will decrease by more than 1% compared with 2021
Energy Performance Indicator decreases by more than 1%	Adjusting production processes/procedures and reducing solvent usage; The 2021 air pollution emissions (NOx (nitrogen oxides) + SOx (sulfur oxides) + VOCs (volatile organic compounds) + PM (particulate matters)) reduced by more than 20% compared with 2020	<ol> <li>Substantially reduce the use of fuel oil and replace all oil boilers with natural gas boilers.</li> <li>Reduce air pollutant emissions by more than 15% compared with 2021</li> </ol>

### 2022 Objective

Increase the recovery of rainwater and filter it through a simple process; then use the recovered rainwater for air-conditioning systems, by which about 20 m<sup>3</sup> of water consumption can be reduced per day in a rainy season.

Maintain the status of no big fines or non-monetary penalties caused by violations of environmental regulations

Employee Care Performance

### Safe Workplace Performance

Performance Objective	2021 Performance	2022 Objective	Performance Objective	2021 Performance
100% Implementati on Rate for OSH Educational Training Plan	Complete more than 20 hours OSH educational training (including general educational training on safety and health and emergency response training), achieving a 100% implementation rate	Achieve a 100% implementation rate for OSH Educational Training Plan	Employee Cultivation	Organize educational training to reinforce corporate cohesion, and to further reduce the turnover rate and increase the retention rate. The per capita training hours was 17.99 hours.
Phasing out old machines and optimizing relevant processes	Upgrade plant facilities, add safety protection measures, etc. based on the results of hazard identification and risk assessment. (Add automatic cleaning device to the Extrusion Gluing Wheel, Add dust collection pipes to the Edge Gluing Machine)	<ol> <li>Continue to add relevant safety protection measures to old-type in-service machines in plant areas</li> <li>Achieve the goal of "zero work hour loss due to occupational safety issues"</li> </ol>	Employee Care	1. The short-term aim is to help new employees adapt to the work environment, thereby promoting a sense of identity within the company. The turnover rate in 2021 was 26%, which was lower than that in
Diversified health promotion activities	The participation rate of 2021 health examination activities reached 95.5% plus	Organize at least two health lectures with 100 plus participants		2020 2. The retention rate after unpaid paternity leave was 100%

#### 2022 Objective

Expand the scope of educational training to operative level of management, middle level of management and top level of management to narrow the gap between the company's managerial positions. The per capita training hours will reach 25 hours plus.

- 1. The turnover rate will be under 30%.
- 2. Establish an employee care system to promote peace and reliance in workplace for employees.

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# Identify stakeholders and their communication channels GRI 102-40 and GRI 102-42

Stakeholders' needs are the key to an enterprise's sustainability and success. EMC believes that communicating with stakeholders, understanding stakeholders' needs and expectations, and responding accordingly can assist an enterprise in reviewing and planning short-, medium- and long-term strategies, and creating the value of the enterprise to stakeholders, thereby bringing about new business opportunities for sustainable operations.

By following the AA1000 Stakeholder Engagement Standard (AA 1000 SES), the following key stakeholders have been identified by EMC's various departments: Investors (shareholders, board of directors); the competent authorities; customers; suppliers; and employees. There are no significant changes in the company's key stakeholders in comparison with those specified in the 2021 Report.

Stakeholders	Communication channel	Frequency
Investors	1.Annual General Meeting	1.Once/year
	2.Release of quarterly financial report/annual report in accordance with regulations	2.Four times/year
(shareholders)	3.Reply to phone or e-mail inquiries and requests	3.Anytime when needed
	4.Important messages revealed on the company's external website	4.Anytime when needed
	1. Board of Directors	Six times in 2021
Investors	2. Audit report	Regularly
(Board of Directors)	3. Annual Statement of Internal Control	Regularly
	4. Remuneration Committee	Two times in 2021
Competent	1. Market Observation Post System	
authority (Financial Supervisory	2. Phone	-
	3. E-mail	Not regularly
Commission or Taiwan Sto <u>ck</u>	4. Official documents	
Exchange)	5. Public meetings	

Stakeholders	Communication channel	Frequency
Competent authority (Department of Environmental Protection)	1. Written letter	
Competent authority (Office of Labor Inspection) Competent authority (Industrial Park Service Center)	<ol> <li>Policy advocacy meeting</li> <li>On-site inspection</li> </ol>	Not regularly
Customers	<ol> <li>Customer Audit</li> <li>Various business meetings</li> <li>Customer satisfaction survey</li> <li>Technical seminars</li> <li>CSR/RBA audit</li> </ol>	Regularly / not regularly
Suppliers	<ol> <li>Regular supplier meetings</li> <li>Regular audit, evaluation and coaching</li> <li>Supplier complaint channels</li> <li>Technical seminars</li> <li>Project horizontal expansion</li> </ol>	Regularly / not regularly
Employees	<ol> <li>Direct supervisor</li> <li>Dedicated staff of the Human Resources Department</li> <li>Company website</li> <li>Company bulletin board</li> <li>Employee suggestion mailbox</li> <li>Employee meeting/regular employer-employee meeting</li> <li>Monthly/weekly meetings of each department</li> <li>Employee complaint channels</li> <li>Employee Welfare Committee</li> <li>Training courses and policy advocacy meetings</li> </ol>	Not regularly

01

1.1

#### Procedures for Identifying Material Issues and Scope Boundaries GRI 102-46 and GRI 102-47

EMC follows the GRI Standards set by the Global Reporting Initiative (GRI) to carry out steps of identification, assessment, validation, and review, and conducts materiality analysis to determine the scope of the Report's disclosure and the Company's internal and external major sustainability challenges. Based on this, the effectiveness of sustainable operations shall be comprehensively reviewed.

STEP 1 Identification (Sustainability)

By following GRI Standards, global initiatives and UN's SDGs as well as the Company's business objectives, EMC has summarized 28 sustainability issues that it should focus on, including 8 environmental issues, 12 social issues, and 8 corporate governance issues.

STEP 2

Assessment (Materiality)

EMC assesses the tension of concern and degree of impact in relation to the sustainability issues through questionnaire survey (418 questionnaires being collected) completed by employees, suppliers, and customers.

STEP 3

Validation (Completeness) Determine material issues: 10 material issues have been identified based on the comprehensive assessment results of questionnaire survey on internal and external issues and weighting analysis. In addition, the GRI Standards are followed as the basis for the disclosure of the enterprise's Sustainability Report and the accurate response to stakeholders.

STEP (4)

Review (Sustainability)

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.



01



Green Products and Services (Hazard Substance Management)



### **CSR** Material Issue Investigation

### **Degree of Impact**

▲ 10.Attracting and retaining talented

▲ 12.Human Resource and Talent

▲ 13.Labor-management relations

▲ 14.Community participation and

▲ 11.Diversified and equal opportunities

management

personnel

Development

development

+ 16.Customer privacy

+ 17.Information security

♦ 15.Human rights

- 1. Air pollution/Air Quality Management
- 2.Water Resource Management

5

- 3.Waste Management
- 4.Circular Production
- 5.Sustainable Products
- 6.Climate Change and Energy Management
- 7.Green Products and Services (Hazard Substance Management)
- 8.Ecological Impact

- ▲ 9.Occupational safety and health 21.Business Ethics and Ethical Management
  - 22.Legal Compliance
  - 23.Operational Risk Management
  - 24.Sustainable Development Strategies
  - 25.Supply Chain Management
  - 26.Economic Performance
  - 27.Product Design and Life Cycle Management
  - 28.Technological Innovation and Market Layout
  - (business model flexibility)
- + 18.Distribution channels and prices + 19. Product quality and safety
- ♦ 20.Marketing models and product labeling

A total of 10 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. In comparison with 2020, one material issue (Environmental Compliance) has been removed. The management of material issues are explained in each chapter, and the attached GRI indicator index is explained in each indicator.

Dimension	Material issue	
	Operational Risk Management	Develop high-sp substrates to me applications, and leading position i control system an
Corporate	Economic performance	Maintaining a sta of EMC to its stake
governance	Supplier management	EMC standardizes establishes suppl labor rights, env management in suppliers. Based measures will be improvement, ho of the supply cha and establish a p development.

#### Significance to EMC

beed, high-frequency, and low-signal loss eet needs of data centers, edge computing 5G networks. Continue to consolidate EMC's in the global HDI market. Improve the internal d enhance management efficiency

able financial performance is the commitment eholders.

the management process of the supply chain, er management procedures, and incorporates vironmental protection, safety and health nto the assessment and audit criteria for d on the assessment results, improvement formulated to assist suppliers in continuous ping to improve the sustainable management in, reduce the supply chain operational risks, artnership with the suppliers for sustainable

Dimension Material issue		Significance to EMC			
Environment	Air pollution / Air quality management	EMC is committed to pollution prevention and reducing energy resource consumption in the process of business operations, as well as to developing a circular economy to respond to society's expectations for EMC.			
	Climate change and energy management	Through the inventory of greenhouse gas emissions produced in the process of business operations, the opportunities for cost reduction and effective emission mitigation can be assessed and corresponding objectives can be set. External communication is also conducted on the actions being taken and the status of objective achievement. Determine the relationship between climate change and EMC, modify EMC's business model, develop relevant climate-related thinking, and establish a set of business operating procedures that can be applied in emission reduction, climate risk adaptation, and new business model launching.			
	Waste Management	Ensure that the waste generated by EMC is properly handled by service providers, and the waste does not cause any significant impact on surrounding environment.			
	Green products and services (Hazard substance management)	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.			
	Labor-management relations	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.			
Society	Occupational safety and health management	Maintaining workplace safety and hygiene and establishing employee health management plans are EMC's top priority for our employees.			
	Human Resource and Talent	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 2021: GRI 102-46 GRI 102-47

Ľ		R	epor	port boundary												
Dimensio	Material issue	Investors	Competent authority	Customers	Suppliers	Employees	Corresponding GRI Standards	Corresponding chapter								
ice	Operational Risk Management	•		•	0	•	102-15	2.5 Corporate Risk Management								
vernan	Economic performance	•		•		•	201-1	2.4 Corporate Operating Performance								
Corporate go	Supplier management			•	•	•	102-9 \ 102-10 \ 204-1 \ 308-1 \ 308-2 \ 414-1 \ 414-2	3.2 Supply Chain Management								
	Air pollution / Air quality Management						302-1 \ 302-2 \ 305-1 \ 305-2 \	4.1 Energy Management								
Environment	Waste management	0	0	0	0	0	0	0	0	0	•	•	0	•	305-4 \ 305-7 \ 306-1 \ 306-2 \	4.2 Climate Change and Greenhouse Gas Management
	Climate change and energy management						306-3 \ 306-4 \ 306-5	4.3 Pollution Sources								
	Green products and services (Hazard substance management)			•	•	•	102-11	3.1 Green Product Design								
	Employer-employee relations	0	0	0	$\bigcirc$	•	401-1 \ 401-2 \ 401-3 \ 403-1 \									
Society	Occupational safety and health management		•	•	•	•	403-2 \ 403-4 \ 403-5 \ 403-6 \ 403-7 \ 403-9 \ 403-10 \ 404-1 \	<ol> <li>5. Building a Safe and Healthy Workplace</li> <li>6. Employee Care</li> </ol>								
	Human Resource and Talent Development	0	0	0		•	404-3 \ 405-1 \ 405-2									

●Direct impact Olndirect impact (including induced impact)



#### Management Guidelines GRI 103-1, GRI 103-2 and GRI 103-3

Dimension	Material Issue	Management Guidelines and Components	Evaluation of the Management Guidelines
Corporate	Operational Risk Management	Control/manage risks through the internal audit control system implemented by the Audit Office	Identify and stay on top of the risks that may impact the enterprise's sustainable development, and minimize possible risks through relevant management strategies and countermeasures such as risk transfer, mitigation, avoidance, etc., and even turn risks into business opportunities.
Governance	Economic Performance	Maintain the enterprise's stable operation and continuous profitability to achieve the purpose of sustainable operation	Board of directors regularly monitor the company's financial performance and efficiency (including profitability and various performance indicators), and commission professional CPAs to conduct financial report attesting.

Responsible Unit: The corporate group's Finance/Accounting Department

#### Corporate Governance Performance

1. No illegal act or corruption incident violating the principle of integrity occurred in 2021. All employees complied with ethical regulations and practiced the enterprise's philosophy of ethical management.

Performance Objective	2021 Performance	2022 Objective
Continued growth in operating revenue	With the driving force from the rising sales amount and quantity in mobile phone market, Whitley platform transfer, and the 400G Switch business opportunity in 2021, EMC's product portfolio continued to improve, and the 2021 profit hit a new high driven by mobile phones and network communication products. The 2021 EPS was NT\$16.50, with both revenue and after-tax earnings per share hitting record highs again.	With the world's top halogen-free eco-friendly materials and leading advanced HDI technology foundation in the industry, EMC continues to demonstrate excellent performance in the server market not only the traditional server architecture but also the ARM architecture. It is expected that with the launch of customers' new products, the company's new server platform market share will grow significantly again this year. Moreover, on the strength of the increase in 5G mobile phone sales and recovery of auto market, it is expected that the business will reach another peak in 2022.

#### 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 2022.
- 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.

#### Introduction to Elite Material Co., Ltd. GRI 102-1\GRI 102-2\GRI 102-3

Elite Material Co., Ltd. was founded in 1992 and is headquartered in Guanyin Industrial Park. It is a public listed company in Taiwan with stock code of 2383. In the early stage, the company's main products were FR-4 CCL and sheets. It became the world's largest supplier of halogen-free PCB substrates in 2013, and remains the market leader to date. On the strength of professional R&D teams, EMC continues to develop a variety of excellent halogen-free products, including materials of different grades such as Mid. Loss, Low Loss, Very Low Loss, Ultra low loss, Extreme Low Loss, etc. The products meet the needs of advanced high-precision PCB technologies in various application fields such as Anylayer, mSAP, IC substrate, ultra-high-speed substrate, high-speed transmission/high-frequency products, etc., which have been recognized by many customers.

By upholding the belief of value creation and persisting in technological innovation and improvement, EMC has acquired more than 250 patents around the globe, and has a leading position in technologies and applications of smartphones, artificial intelligence (AI), supercomputers, cloud data centers, 5G networks, electric vehicles, self-driving cars, etc.

Basic Information						
Company name	Elite Material Co., Ltd.					
Date of establishment	March, 1992	March, 1992				
Date of Listing	December 26, 1996					
Location of headquarters	No. 18, Datong 1st Rd., Gua	nyin Dist., Taoyuan C	ity, Taiwan			
Production Sites	<ol> <li>Elite Material Co., Ltd Guanyin Plant         <ul> <li>(including No. 18, Datong Road, Caoluo Village, and No. 10 Yuanyuan Street, Guanyin District, Taoyuan City (Plant 1 and Plant 3), and No. 3, Jingjian 2nd Road, Shulin Village, Guanyin District, Taoyuan City (Plant2))</li> <li>Elite Material Co., Ltd Hsinchu Plant</li></ul></li></ol>					
	NT\$ 3,329,183,000 NT\$ 9,189,939,000					
	Main product	Operating income (NT\$ 1000)	Percentage of operating income (%)			
Capital	Copper clad laminate	3,553,454	38.67			
	Prepreg	3,605,301	39.23			
	Multilayer laminate	1,058,056	11.51			
	Others	973,128	10.59			
	Total	9,189,939	100.00			
Main products	Copper clad laminate, prep	reg, multiplayer lami	nate, etc.			
	The total number of employ	vees is 1035, of which	n 856 are men (accounting			
Number of employees	for 82.70% of the total employees) and 179 are women (accounting for					
	17.30% of the total employees).					

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

Shareholder composition	Number of people	Number of shares	Percentage of shares
Government agency	5	33,586,008	10.09%
<b>Financial institution</b>	20	20,141,237	6.05%
Other legal person	246	66,998,850	20.12%
Foreign institution and foreigner	405	143,057,279	42.97%
Individual	21,665	69,134,925	20.77%
Treasury stocks	0	0	0%
Total	22,341	332,918,299	100%







Continent	Country	Operating base
	Taiwan	Headquarters, Guanyin Plant, Hsinchu Plant
Acia	China	Kunshan Plant, Zhongshan Plant, Huangshi Plant
Asia	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 EMC acquired Arlon EMD in California, USA in 2020, which became EMC's first production base in the United States, and the fourth production base in the company's overseas territory.
	France	Agent:CCI Eurolam S.A., Roland Jacquet
Europe	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 2021

Domestic	Amorico		Othors	
sales	America	China	South Korea / Japan	Others
66.2%	1.3%	13.2%	13.1%	6.2%

#### Percentage of lamination OEM sales in 2021

Domostic color	Export			
Domestic sales	Europe	America	Others (China/South Korea)	
60.4%	4.9%	30.7%	4.0%	



02



#### 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.
Audit Office	Implement all internal audit plans of the Group and provide improvement suggestions for the system.
The Group's Finance/Accounting Department	Coordinate the planning and management of the Group's accounting and the management of investor relations.
The Group's HR Department	Coordinate the planning of the Group's human resources, training, general affairs and welfare system.
The Group's Information System Division	Take charge of the Group's information-related affairs such as planning, management, etc.
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.
The Group' s Procurement Department	Review and formulate annual procurement plans, procurement items, relevant projects, etc.
Quality Assurance	Responsible for the integration of the Group's quality system and the establishment of product characteristics database.
Various Business Units (Guanyin, OEM, Kunshan, Zhongshan, Huangshi)	Perform annual business policies, goals, business management strategies and environmental safety and health tasks.

#### Operation of the Board of Directors

EMC has established a "Board of Directors" and a "Remuneration 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 following measures have been implemented by EMC :



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 2021 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.

	00	01	<u>02</u>
◆ Attendance of	of the l	Board Me	etings

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

Name	Title Gender Work experience (educat		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		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 2021 Annual Report Note 2: The Board of Directors consists of 0 female and 7 males; 1 Directors are under 60 years old and 6 Directors are at the age of 60 or above, giving a total of 7 Directors.

#### 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 2021, and the main items discussed in the meetings include:



Major asset transactions, the proposal regarding the fifth issuance of domestic unsecured convertible corporate bonds, foreign investment.

2

Internal control system, and related policies and procedures.

- Revision of procedures for acquiring or disposing of assets and information security. 3
- 4 Endorsement and guarantee, proposal regarding monetary loans.

Review of the CPA' s fee. 5

The Board of Directors prepared the EMC's 2021 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 2021:GRI 102-12 GRI 102-13

Name of the initiative	Association	Degree of involvement
O Passansible Dusiness	Taiwan Printed Circuit Association (TPCA)	Member
Alliance (RBA)	Taiwan Printed Circuit Association (TPCA)	The Chairman serves as the Executive Director

#### 2.3.2 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.

#### Minister Chairman

#### **Deputy Minister**

Corporate Governance Officer

Corporate Governance/ Economy Group	Employee Care / Social Participation Group	Gre
Functionality:	Functionality:	Fund
Corporate governance,	Remuneration and	Supp
sustainable operation,	benefits, labor relations,	prod
ethics and integrity,	talent cultivation,	D
business performance	occupational safety and	Resp
and risk control	health, social benefit	Resp
<b>Responsible units:</b> Corporate Governance Officer, Legal Affairs,	activities, and communication with local residents	Proc R&D
Audit, Finance;	Responsible units:	
Accounting and relevant	HR, Safety & Health and	
units	relevant units	

Working Group	Responsible Units	
Corporate Governance/ Economy Group	Supervisor of corporate governance, legal affairs, auditing, finance, accounting and related units	Corpo & inte
Supply Chain/ Green Product Group	Procurement, marketing, R&D and related units	Suppl mater
Employee Care/ Social Participation Group	Human resources, environmental safety, health and related units	Comp occup comm produ
Sustainable Environment Group	Maintenance, safety, hygiene and related units	Pollut mana

#### **Executive Secretary**

#### Supply Chain/ en Product Group

ctionality: pliers, production, luct R&D

#### oonsible units:

onsible units:

urement, marketing,

and relevant units

#### Sustainable EnvironmentGroup

Functionality: Energy saving, carbon reduction, emission, pollution source (air, water, waste)

management **Responsible units:** 

Maintenance, Safety & Health and relevant units

#### Functions

brate governance, sustainable operation, ethics grity, business performance, risk management

lier management, customer satisfaction, raw rial management

pensation and benefits, labor relations, pational health and safety, talent cultivation, nunication with local residents, promotion of acts to increase visibility

tion source management, greenhouse gas gement, energy management

#### 4 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 2021 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. With the driving force from the rising sales amount and quantity in mobile phone market, Whitley platform transfer, and the 400G Switch business opportunity in 2021, EMC's product portfolio continued to improve, and the 2021 profit hit a new high driven by mobile phones and network communication products.

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

Year Item 2021 2019 2020 9,189,939 Operating income 7,186,702 6,930,636 Operating cost 5,877,528 5,562,113 7,104,396 Operating expenses 724,654 985,019 1,340,593 Operating net profit 591,708 383,753 739,685 Net profit for the period 3,240,845 3,688,999 5,493,218 Earnings per share (NTD) 10.14 11.33 16.50

Unit: NT\$ 1000

# 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. (Donation to TPCA)

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

	lite an	Year				
	item	2019	2020	2021		
Financial	Ratio of liabilities to assets (%)	33.28	23.66	24.85		
structure	Ratio of long-term funds to real estate, plant and equipment (%)	676.30	849.31	1,046.71		
Solvency	Ratio of current assets (%)	83.04	121.37	122.84		
Solvency	Ratio of quick assets (%)	68.19	94.10	98.41		
	Return on assets (%)	17.24	17.58	22.82		
Profitability	Return on equity (%)	25.50	24.38	30.11		
	Ratio of net profit before tax to paid-in capital (%)	114.31	125.69	181.78		
	Profit margin (%)	45.10	53.23	59.77		

#### 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
GRAND WUHAN INCORPORATED	General import/export business and general investment business
EMC INTERNATIONAL HOLDING INCORPORATED	General investment business
GRAND ZHUHAI INCORPORATED	General import/export business and general investment business
GRAND SHANGHAI INCORPORATED	General import/export business and general investment business
GRAND ZHONGSHAN INCORPORATED	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
Elite Material (Huangshi) Co., Ltd.	Production of prepreg and Copper clad laminate for printed circuit boards
EMC SPECIAL APPLICATION INCORPORATED	General investment business
EMC USA HOLDING INCORPORATED	General investment business
EMD SPECIALTY MATERIALS, LLC	Production of prepreg and Copper clad laminate for printed circuit boards

#### 2.5 Corporate Risk Management GRI 102-11

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.

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Dimension	Risk type	Risk typeRisk description	Risk control measures	Dimension	Risk type	Risk typeRisk description	Risk control measures
	1.1 Market risk	<ul> <li>1.1.1 Political and economic dimension:</li> <li>Including the risk of financial or business impact on the company due to domestic / international political, economic and regulatory requirements.</li> <li>1.1.2 Industrial dimension: Including the risk of financial or business impact on the company due to domestic / international technological and industrial changes.</li> <li>1.1.3 Financial dimension: Including the</li> </ul>	1. In the era of IoT, besides the needs of high-speed computing, the high-frequency substrate materials for signal sending and receiving also play an important role. Only the sending and receiving through high-frequency substrate materials can achieve the true performance of wireless transmission. PTFE used to be the material for high-frequency	1.Economy	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.	<ul><li>3. Provide percentage of sales for materials of high-end products to increase added value.</li><li>4. Spread the sources of raw</li></ul>
1.Economy (including corporate governance)	<ul> <li>1.1.3 Financial dim risk of losses result the company's fina- liabilities (includin sheet assets and li fluctuations in ma (interest rates, exc prices, commodity prices, etc.).</li> <li>1.2.1 Operational of the risks that cause company due to cl model, adjustmen structure, over-com</li> </ul>	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.). 1.2.1 Operational dimension: Including the risks that cause impact on the company due to changes in the business model, adjustment of organizational structure, over-concentrated	substrates used for the sending and receiving of high-order signals. However, the PTFE material was not easy to be widely used due to its high-level of difficulty in processing. Particularly with the popularity of self-driving cars, the demand for driving detection radars and automotive chips has increased dramatically. With the aim of meeting the needs of self-driving cars and post-5G electronic products, EMC further invests in the davelopment of high frequency.	(including corporate governance)	1.4 Regulatory compliance risk	<ul> <li>1.4.1 Regulatory compliance dimension:</li> <li>Including the risks of failure to comply with relevant laws and regulations, including but not limited to the Labor Act,</li> <li>Company Act, Securities and Exchange Act, import/export regulations, industry code of conduct, anti-corruption regulations, etc.</li> <li>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.</li> </ul>	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.
	1.2 Operational risk	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.	substrates for automotive radars and advanced packaging to meet global customers' growing needs. 2. 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.	2. Environment	2.1 Environ- mental 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.	<ol> <li>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.</li> <li>In response to environmental protection issues, continue to improve the manufacturing process to reduce carbon emissions.</li> <li>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.</li> </ol>

Dimension	Risk type	Risk typeRisk description	Risk control measures
3. Society	3.1 Workplace hazard risk	<ul> <li>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.</li> <li>3.1.2 Workplace dimension: Including risks caused by issues related to the safety of workplace for employees or contractors.</li> </ul>	<ol> <li>Comply with relevant laws and regulations, and formulate key items for operation management.</li> <li>The Workplace Safety and Health Committee regularly reviews compliance with environmental/occupational safety laws and regulations</li> </ol>
	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.	<ol> <li>Regularly conduct manpower check and review</li> <li>Plan and implement employee education, training and development plans</li> <li>Design competitive compensation and employee benefit measures</li> <li>Complete training and local talent development plan</li> </ol>

#### 2.6 Implementation of Ethical Management, Anti-corruption and Legal Compliance GRI 102-16

EMC has upheld "integrity" as the standard and core value of employees' code of conduct since the company was founded. We have formulated and announced relevant internal regulations such as the "Operating Procedures and Conduct Guidelines for Ethical Management", "Code of Ethical Conduct", etc. In order to clearly define the personal conduct guidelines and work-related rewarding/punitive measures for employees, the company has announced "Guidelines for the Reporting and Handling of Illegal/Unethical/Dishonest Conduct Cases", in which measures in relation to the reporting of conduct that violates laws or Code of Ethical Conduct/Best Practice Principles have been formulated. Moreover, independent e-mail address and hotline for reporting are provided on the company's official website for internal and external personnel to submit relevant statements. In addition to promoting the importance of integrity among the enterprise's internal personnel, the company also requires external personnel such as suppliers, etc. to sign "Letter of Undertaking of Integrity for Suppliers", in which the prohibition on improper or dishonest trading in business activities are clearly stated. Those who violate the regulations shall be listed as a target for transaction rejection. The "Integrity Clause" that prohibits dishonest and unethical trading conduct has also been specified in the company's standard trading contracts. No illegal act or corruption incident violating the principle of integrity occurred in 2021. All employees complied with ethical regulations and practiced the enterprise's philosophy of ethical management.

### Procedures for Ethical Management and Guidelines for Conduct

百九電寸 文件名稱 =	树叶版历月限公司	-	△火雪工计划肌公古限八司 <sup>文件编载</sup> EMC-30-17			and the second sec	
文件名稱 🛔		版次	1.1	百九电丁材 杆股 伤 有 限 公 可		版次	1.2
	威信經營作業程序及行為指南	總共頁次	3/8	文件名稱	道德行為準則	總共頁次	3/4
第一條 訂定目的及該 並我與人員 案員 可 公 一個一個 並 一個一個 一個 一個 一個 一個 一個 一個 一個 一個 一個 一個 一個 一	應用範圍 公平、誠實、守信、透明原則從事商業活 下誠信行為,依「上市上櫃公司誠信經營 營運所在地相關法令,訂定本作業程序及 了業務時應注意之事項。 股行為指南通用範圍及於本公司之子公司 百分之五十之財團法人及其他具有實質控 與組織。 股行為指南所稱本公司人員,係指本公司 黑人、受催人、受任人或具有實質控制能 情由第三人提供。承諾、要求或收受任何; 、職位、服務、優祥、回扣、疏通費、款 人員所為。	助、為落實金本 、有方、有方、有方、 、有方、 有力、 、 前能力之機 、 間、 人 、 支 集 、 人 、 支 、 、 、 、 、 、 、 、 、 、 、 、 、 、 、 、	成信經營政策, 公司及集團本公 接捐助基 接捕助基 構成法人 與組織董事, 之全錢、饒增, 推	第一條 前 有	及依據 之司董事、經理人及所有員工之行為符合; 2 加瞭解本公司道德標準,爰訂定本準則 2 開本公司董事、經理人及所有員工(以、 原則 2 本公司人員在企業經營及執行職務時, 5 購 貢 查之態度,揭景本位主義、注重團; (衛交 5 購 点 配碼或二級等以內之親屬獲毀承。 5 購 這人員所屬之關係企業有關受貨與或。 4 新)貨程本之情事時,相關之本公司人 之利益衝突,並依本公司所訂之「員工;	道德標準,並使 ,以資證, , , , , , , , , , , , , , , , , , ,	本公司之利害 人員」), , 並棄持積則。 司擔任之職者 重決明其與公司 , 以防止利益
第三條 禁止不誠信 本公司人員 程,為獲得 或從事其他; 前項行為之! 民營企業或! 人、具有實	予為 禁止不誠信行為,所稱不誠信行為係指本 炎維持利益,直接或問接提供、收受、承3 建反誠信、不法或違背受託義務之行為。 射象,包括公職人員、參政候週人、政黨 後構及其董事(理事)、監察人(監事) 員控制能力者或其他利害關係人。	公司人員於 若或要求任4 成黨職人員 , 經理人,	執行業務遇 可不正當利益, , 以及任何公, 受催人、受任	<ul> <li>第五條 不得圖已</li> <li>本公司八</li> <li>(1):</li> <li>(2):</li> <li>(3):</li> <li>第六條 保密責任</li> <li>本公司八</li> </ul>	(私利 、員不祥為下列事項: 透過使用公司財產、資訊或藉由職務之便 與公司競爭。其經股東會同意解除競業禁 本公司行為規範或其他相關規定所訂禁止 ; ; 、員對於公司本身或其進(銷)貨客戶之;	獲取私利。 止之限制者不在 之行為。 資訊,除經授權	此限。 或法律规定公
第四條 利益之態樣 本作業程序: 佣金、職位	受行為指南所稱利益,係指任何形式或名 、服務、優待、回扣、疏通費、款待、應	義之金錢, 酬及其他有	魄赠、禮物、 價值之事物。	開外,展 司或客戶 第七條 公平交易	8員保密義務。應保密的資訊包括所有可: 有損害之未公問資訊。	能被他人利用或	洩漏之後對公
8五條法令遵循、 本公司應遵 政府採購法 令,以作為	为範措施及專賣單位 守公司法、證券交易法、商業會計法、政; 、公職人員利益衝突迴避法、上市相關規 篡實誠信經營之基本前提。	冶獻金法、1 章或其他商	育污治罪條例、 業行為有關法	本公司」 隱匿、遭 交易方式 第八條 保護並通	<具應公平對持公司進(銷)貨客戶、競爭 用其基於職務所獲悉之資訊、對重要事: (而獲取不當利益。 當使用公司資產	對手及員工,不 項做不實陳述或	得透過操縱, 其他不公平之

Note: For detailed specifications, please refer to the official website of EMC.

Code of Ethical Conduct



**03** Sustainable Supply Chain

### • Management Guidelines GRI 103-1, GRI 103-2 and GRI 103-3

Dimension	Material Issue	Management Guidelines and Components	Evaluation of the Management Guidelines
Corporate governance	Supply Chain Management	View suppliers as important partners for sustainable growth; carry out sustainable supply chain management to reduce operating risks and costs.	According to the "Supplier Management Procedures", all major raw material suppliers need to be reviewed, assessed and audited to control their risks and ensure their sustainable management. By reviewing, assessing, and auditing suppliers' environmental/labor/human rights/social performances, appropriate suppliers can be selected and the responsibility of a prudent administrator can be fulfilled.
Environment	Green Products and Services (Hazard Substance Management)	Be committed to developing green energy products, reducing the use of hazardous substances and creating HSF (Hazardous Substance Free) processes/production lines.	Follow "Hazardous Substance Management Procedures" and announce HSF (Hazardous Substance Free) Policy as the basis for compliance. Take effective control measures for designing, manufacturing, testing and supply chain management, and establish corresponding management systems.

Responsible Unit: Procurement Department

### • Sustainable Supply Chain Performance

Performance Objective	2021 Performance	2022 Objective
New types of green products with high performance and low pollution	Halogen-free self-adhesive copper foil products have been developed to reduce the use of glass cloth.	Gradually reduce the use of glass cloth year by year. According to market information, it is estimated that there will be 400,000 m <sup>2</sup> –800,000 m <sup>2</sup> demand per month in 2024; that is, the annual demand is about 5 million m <sup>2</sup> –10 million m <sup>2</sup> . Relatively speaking, the use of glass cloth can be reduced by about 5 million m <sup>2</sup> to 10 million m <sup>2</sup> per year.
Resource Sustainable Utilization and Development	The percentage of recycled copper contained in copper foil has reached 80% plus.	The percentage of recycled copper contained in copper foil will reach 90% plus.
Incorporate suppliers' performance in relation to labor rights, environmental protection, safety and health management into assessment and audit criteria	<ol> <li>A total of 51 major raw material suppliers signed the "Declaration of Metal Conflict-Free", accounting for 100%.</li> <li>A total of 48 major raw material suppliers signed the "Social Responsibility Commitment Agreement", accounting for 98%.</li> <li>None of the manufacturers who completed the audit procedures was deemed ineligible for unsatisfactory performance in relation to corporate social responsibility or EHS management system practices.</li> </ol>	<ol> <li>The percentage of manufacturers that sign the "Declaration of Metal Conflict-Free" and "Social Responsibility Commitment Agreement" will reach 100%.</li> <li>None of the manufacturers who complete the audit procedures is deemed ineligible for unsatisfactory performance in relation to corporate social responsibility or EHS management system practices.</li> </ol>

**3** Sustainable Supply Chain

#### Sustainable Supply Chain Performance

- 1. EMC has become the world's largest supplier of halogen-free environmentally friendly materials for HDI PCBs, 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.
- 2. In order to improve products' energy efficiency and reduce environmental impact, the Green Product Design Assessment shall be carried out based on the environmental benefits of each stage in the product's life cycle, such as raw materials, manufacturing, transportation, use to disposal. In addition, with the continuous development and application of sustainable materials as well as the volume reduction, material reduction, weight reduction and reuse of products and packaging materials, it is hoped that the vision of "producing products with zero toxicity, zero waste and zero environmental impact" can be realized.

.1 Green Product Design GRI 102-11

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, and the production commenced in 2021. The HDI PCBs of EMC for handheld devices have entered a full development stage, and the PCBs for 5G AI 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 PCBs. 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

#### - 5G Base station, small cell: EM-370(Z)/ 526/ 528 - Server/HPC : EM-526/ 528/ 528K/ 890K - Storage (SAS 4.0): EM-528 Infrastructure - Switch 800GbE: EM-892K/ 892K2 400GbE: EM-890K 100GbE: EM-890 IC TITT **IC Substrate** AiP: EM-S530/ S530K - CSP, SiP: EM-S370(Z)/ S526 - Autonomous driving: **EM-A50** - FCBGA: EM-LXE/ S570 - Infotainment : EM-370(5) Alicomotiva - E-mobility: ICE - 24 EM-370(Z) Idustrial



#### 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.

Since the improvement of computers' computing speed requires chips with higher busbar performance, in response to market demand, EMC has successfully developed halogen-free substrates for PCIe 5.0/6.0 high-speed bus transmission to effectively improve computers' computing performance and reduce the harm of halogen to the environment as well as promote scientific and industrial development.

PCI Express, abbreviated "PCIe", is an important branch of the computer bus. It follows the existing PCI programming concepts and signal standards, and builds a higher-speed serial communication system standard. Currently this standard is developed and maintained by the PCI-SIG organization. PCIe is only used for internal interconnections.

With its faster speed, PCIe has almost replaced all previous internal buses (including AGP and PCI). Now Intel and AMD have adopted single-chipset technology to replace the original Southbridge/Northbridge solution.

In a x16 configuration that aggregates 16 lanes, PCIe 5.0 can provide an aggregate link bandwidth of 128Gb/s, which is sufficient to support the needs of the new generation 400GbE data center backbone network, and can also achieve a better balance between cost and bandwidth for transmission applications of different peripheral devices.

While the first batch of PCIe 5.0 products were launched one after another, PCI-SIG also officially released the next-generation PCIe 6.0 specification in January 2022. PCIe 6.0 can be said to be the most significant change in PCIe development history since PCIe 3.0 was released more than 10 years ago. Like upgrades over the past few generations, PCIe 6.0 doubles the transfer speed again, from PCIe 5.0's 32GT/s to 64GT/s.

#### PCI Express bus performance

PCI Express	PCI Launch Line		Original Transfer	riginal Bandwidth (each direction)				
Version	Year	Encoding	Speed	×1	×2	×4	×8	×16
1.0	2003	8b/10b	2.5 GT/s	250 MB/s	0.50 GB/s	1.0 GB/s	2.0 GB/s	4.0 GB/s
2.0	2007	8b/10b	5.0 GT/s	500 MB/s	1.0 GB/s	2.0 GB/s	4.0 GB/s	8.0 GB/s
3.0	2010	128b/130b	8.0 GT/s	984.6 MB/s	1.97 GB/s	3.94 GB/s	7.88 GB/s	15.8 GB/s
4.0	2017	128b/130b	16.0 GT/s	1969 MB/s	3.94 GB/s	7.88 GB/s	15.75 GB/s	31.5 GB/s
5.0	2019	NRZ 128b/130b	32.0 GT/s	3938 MB/s	7.88 GB/s	15.75 GB/s	31.51 GB/s	63.0 GB/s
6.0	2021	PAM4 & FEC 128b/130b	64.0 GT/s	7877 MB/s	15.75 GB/s	31.51 GB/s	63.02 GB/s	126.03 GB/s

In addition to the substrates for PCIe 5.0 / 6.0 for computers' internal interconnection, the eco-friendly substrates for 800GbE high-speed switches required for external interconnection have also been certified by many customers. It is hoped that the 800GbE high-speed switches can be launched in the future.

In addition, in response to the constant introduction of new consumer products in the market and the demands of energy saving and carbon reduction, EMC has launched halogen-free self-adhesive copper foil products designed with low signal loss. The self-adhesive copper foil is made by coating a layer of halogen-free insulating resin on the copper foil, which can partially substitute for the current prepreg that contains glass fiber cloth. Since the self-adhesive copper foil products do not use glass fiber cloth, the energy consumption and carbon emissions during the production of glass fiber cloth can be saved. By using the self-adhesive copper foil products in product design, the PCB thickness and weight can be reduced, and better signal transmission quality and efficiency can be achieved. For example, if self-adhesive copper foil is used in mobile devices/products, the design of light, thin, and small PCB and maximum battery ratio features can be easily achieved. In addition to device size optimization, the low-loss function during signal reception and transmission can be upgraded to maximize the product's battery life.

The halogen-free self-adhesive copper foil products are one of the trends of material development in electronics industry. According to market information, it is estimated that there will be 400,000 m<sup>2</sup>–800,000 m<sup>2</sup> demand per month in 2024; that is, the annual demand is about 5 million m<sup>2</sup>–10 million m<sup>2</sup>. Relatively speaking, the use of glass cloth can be reduced by about 5 million m<sup>2</sup> to 10 million m<sup>2</sup> per year. Moreover, the advantages of self-adhesive copper foil will bring customers flexibility in product design. There will be demand arising from various new product designs every year, for which the use of such foil will increase accordingly year by year.

The halogen-free self-adhesive copper foil is a new type of green product with high performance and low pollution provided by EMC for customers. We will continue to introduce self-adhesive copper foil products with different characteristics for customers to choose when designing 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.

#### 3.1.3 Product Safety Certification Management

All products manufactured by EMC are UL certified. Customers can identify the UL-94V0 label on the shipping package.

#### 3.2 Supply Chain Management GRI 102-9, GRI 102-10

#### 3.2.1Supply Chain Management Policy

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. In 2021, except for the limited shipping/transportation and tight supply of a small part of raw materials due to the impact of pandemic, there were no other major changes being identified.

#### ◆ 3.2.2 Implement Local Procurement Principles GRI 204-1

EMC's main product CCL is a midstream product of the PCB industry chain. The downstream part consists of suppliers of various electronic products. The whole PCB industry chain is illustrated as follows:

Upstream	Midstream	Downstream
Glass fiber/glass cloth Epoxy resin	CCL	
Phenolic resin Copper foil	Manufacturing of RPCB, FPCB, and IC Substrate	Various electronic products
Polyimide resin Production process and testing equipment	Substrate assembly/processing and related manufacturing	

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 2021, 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 and 2021 is as follows:

#### PCI Express bus performance

Type of raw material	Unit	Purchase volume in 2020	Purchase volume in 2021
Copper foil	kg	3,902,176	4,467,634
Glass cloth	m	38,306,245	40,696,978
Chemicals (including resin and solvents)	kg	12,142,340	13,700,530

CCL is a key basic material for PCB production. It is made by mixing solvent, hardener, promoter, resin, etc. together, and immersing a reinforcing material such as glass fiber cloth to make a sheet (prepreg), which will be checked and cut in the next procedure. Several sheets will be stacked and covered by copper foil, which will then go through processes of thermocompression, trimming, inspection and cutting for the final product CCL to be completed.

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 supplier	S	51	51	509	54
Percentage of transaction amount		90%	1.9%	6%	2.1%
Percentage of local	Local	83.4%	100.0%	99.9%	85.0%
and overseas purchases	Overseas	16.6%	0.0%	0.1%	15.0%

#### ♦ 3.2.2 Percentage of recycled copper contained in copper foil

Supplier	Percentage of recycled copper
Supplier 1	80%
Supplier 2	100%
Supplier 3	95%
Supplier 4	85%
Weighted total percentage	89%

The rapid development of the global economy has accelerated the consumption of the earth's limited resources. Therefore, resource sustainable utilization and development has become an international consensus, and sustainability issues such as environmental social and economic development have become important topics for discussion among global community members. Taking EMC's important raw material copper foil as an example, we have suppliers who can provide copper foil containing 80%–100% recycled copper, making the issue of circular economy become an important trend for industrial technology development and environmental protection in the future.

### 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.

# Sustainable Supply Chain

	Workflow	Responsible Unit	Relevant Explanation	Output (Form/Record/Document)
	Supplier Development	Supplier Assessment Group	CCL Supplier Management Procedures	New Supplier Development and Risk Assessment Form
	Quality Management			
-	G Technical Capability			
C H	Production Capacity			
	Risk Analysis			
	Risk Level NO Determination			
	YES			
YES	1. On-site/ Document Assessment 2. Assessment score > 80% or conditional approval		CCL Supplier Management Procedures Operating Regulations for Supplier Quality Assessment	Supplier Audit and Assessment Report

CCL Supplier

Management Procedures

**Operating Procedures** 

for CCL Material Approval

Form for Audit-identified

Form for Manufacturer

Trader Profile Survey

New Supplier Survey

Countersigning Sheet

Environmental Guarantee

List of Eligible Suppliers

Form for Supplier Quality System

Social Responsibility Agreement

("Non-use" Supporting Documents)

**Deficiency Review** 

Status Survey

Profile Survey

Form for Agent /

#### ◆ 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.

NO

Supplier

Assessment Group

Audit-identified

Deficiency Review

Countersigning of

New-supplier Survey

Raw Material

Assessment Completed

Listed as Eligible

Supplier

Case Closing & Filing;

No Assessment for the time being

YES

NC

### **3** Sustainable Supply Chain

#### 3. Evaluation rating

Rating		Description	Result					
			2019		2020		2021	
			No. of supplier	Percent- age	No. of supplier	Percent- age	No. of supplier	Percent- age
Pass qualification	Score: 80%100%	Collaboration with the supplier is allowed	1	100%	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	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	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.

		Result						
Management goal	Strategic action	2019		2020		2021		
	, j	No. of supplier	Percent- age	No. of supplier	Percent- age	No. of supplier	Percent- age	
Sign "Declaration Metal Conflict-Free"	<ul> <li>(1) Carry out supplier evaluation and audit, and follow up on the results until the improvement of the key issues is completed</li> <li>(2) Conduct supplier education and training</li> </ul>	41	80%	50	98%	51	100%	
Sign "Social Responsibility Commitment Agreement"		41	80%	50	98%	51	100%	

### ♦ 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	Evaluat
Quality Assurance Department	Perform evaluation on incoming mate quality, VCAR response, abnormal rec scores with ratings.
Procurement Department	Responsible for carrying out the evalu service/degree of cooperation/future ratings.

#### tion items

terial quality, process quality, customer currence, data provision, and summarize the

uation on price satisfaction, delivery control, collaboration and summarize the scores with

#### 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 2021, there are no unqualified suppliers due to their performance in corporate social responsibility or the environmental safety and health management.

#### 3. Evaluation rating

Rating		Description	Achievement Status			
		Description	2019	2020	2021	
Grade A	Excellent: 90.01 or higher	Strengthen the area and scope of cooperation between the two parties	97 times	223 times	347 times	
Grade B	Good: 90.00 – 75.01	Strengthen trading	178 times	125 times	61 times	
Grade C	Require support: 75.00 – 60.01	If the specific results are not reached within the deadline, the supplier will be downgraded to Grade D	None	None	None	
Grade D	Limited: 60.00 – 00.00	Remove the qualification of the supplier and no purchase of materials is allowed	None	None	None	

Note: If the supplier has been rated as Grade C 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. Audit Rating & Score: Grade A - Score: >90.01 (If the price being offered by suppliers is the same, give priority to the Grade A supplier); Grade B - Score: 90.00–75.01: Maintain normal procurement; Grade C - Score: 75.00–60.01: Provide guidance (If a supplier has been rated as Grade C for 2 consecutive months, the procurement volume will be reduced, and the supplier shall be requested to come to the plant for performance review and improvement. If a supplier has been rated as Grade C for 3 consecutive months, it will be directly downgraded to Grade D.) Grade D - Score: 60.00–00.00: The supplier shall be asked to make improvement within specified time limit. If the next score is still under 60, its supplier eligibility shall be eliminated.

In 2021, 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.


### • Management Guidelines GRI 103-1, GRI 103-2 and GRI 103-3

Dimension	Material Issue	Management Guidelines and Components	Evaluation of the Management Guidelines
	Climate Change and Energy Management	Set carbon neutrality objectives	Calculate the base year's GHG emissions in accordance with ISO 14064-1:2018 standards, and formulate energy-saving measures based on the results.
nment	Waste Management	Regularly track and declare waste volume and set waste reduction objectives	Choose eligible service providers with efficient waste disposal capabilities to properly handle the waste. Ensure that the waste generated by EMC is properly handled by relevant service providers, and the waste does not cause any significant impact on surrounding environment.
Enviro	Air pollution / Air Quality Management	Develop plans to replace oil boilers with natural gas boilers in a step-by-step manner	Use natural gas as a transition fuel to shift from high-carbon energy to low-carbon energy sources in response to the carbon reduction trend in the global community. By replacing highly polluting heavy oil with natural gas that has less impact on the environment, the purpose of reducing greenhouse gas emissions can be achieved. In addition, when using natural gas as fuel, boilers' combustion efficiency can be enhanced by 0.5–1% compared with the use of heavy oil. That is, the fuel used to meet the same level of thermal energy demand can be reduced to help achieve environmental sustainability.

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

### • Environmental Protection and Sustainability Performance

Performance Objective	2021 Performance	2022 Objective
Continue the inventory of greenhouse gas emissions	Conducting Greenhouse Gas Inventory based on ISO 14064-1:2018 standards and verifying the results, in which the year 2021 was listed as the base year	<ol> <li>Continue to conduct Greenhouse Gas Inventory based on ISO 14064-1:2018 standards and verify the results.</li> <li>GHG emissions intensity will be reduced by 2% compared with 2021.</li> </ol>
Energy Performance Indicator decreases by more than 1%	Implementing energy saving and carbon reduction measures such as upgrading/replacing pumps and lighting devices with energy saving ones, etc., reaching a total reduction of 79.19 metric tons of CO <sub>2</sub> e	With the addition of 180RT water chiller, water pump performance improvement, air compressor performance improvement, etc., the Energy Performance Indicator will decrease by more than 1% compared with 2021
Reduce air pollutant emissions	Adjusting production processes / procedures and reducing solvent usage; The 2021 air pollution emissions (NOx (nitrogen oxides) + SOx (sulfur oxides) + VOCs (volatile organic compounds) + PM (particulate matters)) reduced by more than 20% compared with 2020.	<ol> <li>Substantially reduce the use of fuel oil and replace all oil boilers with natural gas boilers.</li> <li>Reduce air pollutant emissions by more than 15% compared with 2021</li> </ol>
Water recycling and reuse	The 2021 total water consumption intensity decreased by 26.7% compared with 2020.	Increase the recovery of rainwater and filter it through a simple process; then use the recovered rainwater for air-conditioning systems, by which about 20 m <sup>3</sup> of water consumption can be reduced per day in a rainy season.
Zero environmenta l fines or petitions	The company did not suffer any big fines or non-monetary penalties for violations of environmental regulations in 2021.	Maintain the status of no big fines or non-monetary penalties caused by violations of environmental regulations

#### 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

Plant 1's front-end process is for the production of prepregs, and its back-end process is for the production of CCL; while those in Plant 3 are all back-end processes.

Item	Power Purchased from External Provider		
Year	2019	2020	2021
Electricity consumption (1000 kWh /Year) (Front-end process: prepregs)	12,687.68	12,714.71	13,233.53
Electricity consumption (joule/year)	4.57×10 <sup>12</sup>	4.57×10 <sup>12</sup>	4.26×10 <sup>12</sup>
Electricity consumption (1000 kWh /Year) (Back-end process: CCL)	11,134.42	10,995.59	11,847.27
Electricity consumption (joule/year)	$4.00 \times 10^{12}$	3.96×10 <sup>12</sup>	4.26×10 <sup>12</sup>
Prepreg production volume(metric tons)-A	9,990.45	8,636.74	9,661.75
CCL production volume (metric tons)-B	4,378.99	3,625.40	3,898.46
Electricity consumption of per unit production-A (Electricity consumption (1000 kWh)/production volume)	1.27	1.47	1.37
Electricity consumption of per unit production-A (Electricity consumption (joule)/production volume)	4.57×10 <sup>8</sup>	5.30×10 <sup>8</sup>	4.57×10 <sup>8</sup>
Electricity consumption of per unit production-B (Electricity consumption (1000 kWh)/production volume)	2.54	3.03	3.04
Electricity consumption of per unit production-B (Electricity consumption (joules)/production volume)	9.15×10 <sup>8</sup>	1.09×10 <sup>9</sup>	1.09×10 <sup>9</sup>

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

#### Plant 2: Back-end processes only

ltem	Power Purchased from External Provider			
Year	2019	2020	2021	
Electricity consumption (1000 kWh /Year)	3,013.40	3199.50	3489.9	
Electricity consumption (joule/year)	$1.08 \times 10^{12}$	$1.15 \times 10^{12}$	$1.26 \times 10^{12}$	
CCL production volume (metric tons)	971.68	847.49	1026.85	
Electricity consumption of per unit production (Electricity consumption (1000 kWh)/production volume)	3.10	3.77	3.40	
Electricity consumption of per unit production (Electricity consumption (joule)/production volume)	1.12×10 <sup>9</sup>	1.36×10 <sup>9</sup>	1.22×10 <sup>9</sup>	

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

Including front-end process (prepregs) and back-end process (CCL)

Item	Power Purchased from External Provid		
Year	2019	2020	2021
Electricity consumption (1000 kWh /Year) (Front-end process: prepregs)	6,797.00	7,421.00	6,836.00
Electricity consumption (joule/year)	2.45×10 <sup>12</sup>	2.67×10 <sup>12</sup>	2.46×10 <sup>12</sup>
Electricity consumption (1000 kWh /Year) (Back-end process: CCL)	1,844.53	1,916.31	2,054.69
Electricity consumption (joule/year)	6.64×10 <sup>11</sup>	6.90×10 <sup>11</sup>	7.40×10 <sup>11</sup>
Prepreg production volume (metric tons)-A	7,014.29	5,372.59	5,376.46
CCL production volume (metric tons)-B	2,418.83	2,157.27	1,947.81
Electricity consumption of per unit production-A (Electricity consumption (1000 kWh)/production volume)	0.97	1.38	1.27
Electricity consumption of per unit production-A (Electricity consumption (joule)/production volume)	3.49×10 <sup>8</sup>	4.97×10 <sup>8</sup>	4.58×10 <sup>8</sup>
Electricity consumption of per unit production-B (Electricity consumption (1000 kWh)/production volume)	0.76	0.89	1.05
Electricity consumption of per unit production-B (Electricity consumption (joule)/production volume)	2.74×10 <sup>8</sup>	3.20×10 <sup>8</sup>	3.80×10 <sup>8</sup>

"Energy intensity" is calculated for electricity only.

#### ♦ 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	2021
Heavy oil consumption (liter/year)	2,308,500	1,824,000	2,220,000
Heavy oil consumption (kL of oil equivalent/year)	2,338.24	1,847.50	2,248.60
Heavy oil consumption (joule/year)	8.98×10 <sup>13</sup>	7.09×10 <sup>13</sup>	8.63×10 <sup>13</sup>

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	2021	
Natural gas consumption (1,000 cubic meter/year)	1,894,214	2,119,454	2,576,904	
Natural gas consumption (kL of oil equivalent/year)	1,858.22	2,079.18	2,527.94	
Natural gas consumption (joule/year)	7.13×10 <sup>13</sup>	7.98×10 <sup>13</sup>	9.70×10 <sup>13</sup>	
Reference: Bureau of Energy (MOEA) - Table of Energy Products Heating Value (Updated on 2019-10-15)				

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

Item	Boiler Steam Process		
Year	2019	2020	2021
Natural gas consumption (1,000 cubic meter/year)	395,419	329,864	347,156
Natural gas consumption (kL of oil equivalent/year)	387.91	323.60	340.56
Natural gas consumption (joule/year)	1.49×10 <sup>13</sup>	1.24×10 <sup>13</sup>	1.31×10 <sup>13</sup>

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

Item Boiler Steam Process		cess	
Year	2019	2020	2021
Natural gas consumption (1,000 cubic meter/year)	921.18	923.88	1,271.35
Natural gas consumption (kL of oil equivalent/year)	0.90	0.91	1.25
Natural gas consumption (joule/year)	3.47×10 <sup>10</sup>	3.48×10 <sup>10</sup>	4.79×10 <sup>10</sup>

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

Electricity: 860,000 kcal/kwh, Liquefied Petroleum Gas (LPG): 12,062 kcal/kg, Natural Gas (NG): 9,000 kcal/m3, Gasoline: 7,800 kcal/L, and Diesel: 8,400 kcal/L; 1 kcal = 4,186 joules

#### 4.1.5 Water Management

100% of the water used in EMC's Guanyin Plant and Hsinchu Plant comes from Municipal Water Supply (tap water). The water is mainly used for employees' daily needs and the plants' peripheral equipment and cleaning machinery, particularly air-conditioning facilities (70%). The sewage being produced are discharged via legal pipelines to sewage treatment plants in Guanyin Industrial Park and Hukou Industrial Park for treatment. Even so, in addition to saving electricity, we believe that water is also a precious resource on earth, and thus how to reduce water consumption and improve water use efficiency is also a very important task. In order to implement water management, EMC takes the following measures for water conservation: building an air conditioning water quality control system, and evaluate the monitoring results of air conditioning water quality. With respect to the water used for employees' daily needs, the company endeavors to raise awareness of water conservation among employees, and adopts measures such as water-efficiency devices to achieve energy saving, carbon reduction, and energy consumption reduction, through which carbon emission intensity can be reduced and the company's responsibility of environmental protection will be fulfilled.

Note: Increase the recovery of rainwater and filter it through a simple process; then use the recovered rainwater for air-conditioning, by which about 20 m<sup>3</sup> of water consumption can be reduced per day in a rainy season.

The statistics for water consumption and intensity in the past three years (Guanyin Plant and Hsinchu Plant) are as follows:

#### PCI Express bus performance

Year	2019	2020	2021
1. Water consumption (cubic meter/year or m³/year)	102,645	107,785	101,897
2. 2021 Annual Revenue (the parent company only financial reports; Unit: NTD thousands)	7,186,702	6,930,636	9,189,939
3. Total water consumption intensity (Water consumption/total revenue (Unit: NTD thousands)	0.014	0.015	0.011

# 4.2 Climate Change and Greenhouse Gas Management

#### 4.2.1 Greenhouse Gas Management GRI 305-1; GRI 305-2; GRI 305-4

EMC follows ISO 14064-1: 2018 standards to conduct GHG emissions inventory, by which the company can stay on top of each plant's emission status through the inventory process and results, and propose feasible solutions for greenhouse gas reduction. In order to enhance the information and reports credibility of GHG inventory and to improve the quality of GHG inventory, an impartial third-party inspection agency is appointed to perform external verification in accordance with set standards after the internal verification is completed, through which complete inventory procedures can be established and the data quality can be improved.

The company calculates greenhouse gas emissions by means of operational control methods, and uses the GWP values stated in the IPCC Fifth Assessment Report (2013) in the calculation with 2020 being considered as the base year.

The greenhouse gas emissions of each plant area are as follows: In order to effectively grasp the amount of greenhouse gas emissions, the "greenhouse gas emission intensity (metric tons CO2 e/total consolidated revenue (NTD thousands))" is used as an indicator for greenhouse gas management.

1. Category 1 and Category 2 Greenhouse Gas Emissions Status:

	Guanyin Plant			Hsinchu	Total
	Plant 1	Plant 2	Plant 3	Plant	Total
Category 1 Direct greenhouse gases (metric tons CO <sub>2</sub> e/year)	11,183.5788	725.8543	1,236.7230	2533.2730	15,679.43
CO <sub>2</sub> (metric tons CO <sub>2</sub> e/year)	10,937.2142	698.8199	1,186.9877	2410.8408	15,233.86
CH <sub>4</sub> (metric tons CO <sub>2</sub> e/year)	62.0816	4.3512	3.8836	29.1312	99.45
N <sub>2</sub> O (metric tons CO <sub>2</sub> e/year)	16.2710	0.3180	0.5565	1.1660	18.31
HFCs (metric tons CO <sub>2</sub> e/year)	168.0120	22.3652	45.2952	92.1350	327.81
PFCs (metric tons CO <sub>2</sub> e/year)	0	0	0	0	0.00
SF <sub>6</sub> (metric tons CO <sub>2</sub> e/year)	0	0	0	0	0.00
NF <sub>3</sub> (metric tons CO <sub>2</sub> e/year)	0	0	0	0	0.00
Category 2 Indirect greenhouse gas from purchased electricity (metric tons CO <sub>2</sub> e/year)	10,714.8888	1,751.9298	1875.6728	11413.0704	25,755.56
Category 1 + Category 2 Total greenhouse gas emissions	21,898.4680	2477.7840	3112.396	13946.343	41,434.99
2021 Annual Revenue (the parent company only financial reports; Unit: NTD thousands)	9,189,939				
Category 1 + Category 2 Total greenhouse gas emission intensity (metric tons CO <sub>2</sub> e/Total revenue	0.0045				

2. Category 3-Category 6 Other indirect greenhouse
Greenhouse gas emissions are calculated in metric t

Category 3: Indirect greenhouse gas emissions from u transportation
3-1 Upstream raw material transportation and distribution
3-2 Business trips (6)
3-3 Employees' commuting (7)
3-4 Downstream transportation and distribution (9)
Category 4: Indirect greenhouse gas emissions from p used by the organization
4-1Procurement of goods and services (1)
4-2 Capital goods (2)
4-3 Fuel- and energy-related activities (3)
4-4 Waste generated in operations (5)
4-5 Upstream leased assets (8)
Category 5: Indirect greenhouse gas emissions from t products associated with the organization
5-1 Processing of sold products (10)
5-2 Use of sold products (11)
5-3 End-of-life treatment of sold products (12)
5-4 Downstream leased assets (13)
Category 6: Other indirect emissions

Note 1: Figures in () were obtained based on the Scope 3 identification / quantification / classification according to the GHG Protocol Scope 3 Evaluator Tool.

# e gas emissions

tons CO<sub>2</sub>e/year

	Guanyin Plant	Hsinchu Plant
upstream	661.5509	187.1159
n (4) <sup>Note 1</sup>		
	41.98	
	619.5709	187.1159
products	6,101.3958	2,757.8464
	5,810.1891	2,674.7698
	291.2067	83.0766
the use of		

#### ♦ 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:

Туре	Climate Change Issues	Potential Impacts	Possible impacts on the company's business operation and development
	Natural disasters (such as typhoons, earthquakes and floods, etc.)	Operating costs ↑ Incidence of occupational accidents ↑ Incidence of environmental pollution ↑ Anomaly incidence of machinery/equipment ↑	The occurrence of natural disasters may cause damage to machinery/equipment or public facilities, or increase the company's operating costs.
Risks	Greenhouse Gas Emissions	Operating costs ↑ Incidence of environmental pollution ↑	A carbon tax may be imposed by the government in the future in accordance with the Paris Agreement, by which the operating costs will be raised.
	Abnormal temperature and air pressure changes	Operating costs ↑ Incidence of environmental pollution ↑ Anomaly incidence of machinery/equipment ↑	Abnormal temperature and air pressure changes may cause equipment overload, for which more air conditioning systems/facilities should be added and electricity consumption will increase.

Туре	Climate Change Issues	Potential Impacts	Possible impacts on the company's business operation and development
	Customers'regular inspections and requirements	Incidence of occupational accidents↓ Incidence of environmental pollution↓ Anomaly incidence of machinery/equipment↓	Cooperate with external regular audits and requirements to optimize various equipment and facilities in the plants to reduce occupational accidents, environmental pollution, and anomaly incidence of machinery/equipment.
	Participation in energy-saving & waste-reduction projects and the stipulation of related objectives	Operating costs↓ Incidence of environmental pollution↓	Formulate in-plant waste reduction plans on a yearly basis to reduce waste generation, waste removal cost, and environmental pollution.
Opportunities	Announcement and enforcement of new environmental regulations	Incidence of environmental pollution↓ Anomaly incidence of machinery/equipment↓	Comply with and implement the new regulations announced by the government; make possible improvements on equipment and adjust the operation methods adopted in the plants to reduce the incidence of occupational accidents and environmental pollution.
	Development of green products (halogen-free CCL)	Revenue↑ Incidence of environmental pollution↓	Continue to develop green products in response to global environmental protection trends in the future to enhance products' competitiveness and reduce the environmental pollution caused by the products.
	High-efficiency plant and equipment	Revenue↑ Incidence of occupational accidents↓ Incidence of environmental pollution↓ Anomaly incidence of machinery/equipment↓	Make regular improvements on plant equipment to increase product yield and the company's revenue. The re-assessed equipment can also enhance the safety in operating environment and reduce the incidence of occupational accidents.

#### 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. All departments 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 2021, 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 0.502 metric tons CO<sub>2</sub>e/1000 kWh as published in 2020)

	2	2020	2	2021
	Power Saving (1000 kWh/year)	Carbon Reduction (metric tons CO <sub>2</sub> e/year)	Power Saving (1000 kWh/year)	Carbon Reduction (metric tons CO <sub>2</sub> e/year)
Elite Material Co., Ltd Plant 1 and 3	288.648	146.923	104.73	52.574
Elite Material Co., Ltd Plant 2	120.9	61.538	8.4	4.217
Elite Material Co., Ltd Hsinchu Plant	152.89	77.821	44.62	22.399
Total	562.438	286.282	157.75	79.19

### • Elite Material Co., Ltd.- Guanyin Plant (including Plant1, Plant 2, and Plant 3)---Energy Saving & Carbon Reduction Measures in Plant Area in 2021

ltem	Power Saving	Carbon Reduction	
item	Electricity (1000 kWh/year)	(metric tons CO <sub>2</sub> e/year)	
1#RTO being converted to natural-gas-based	1.5	0.753	
LED lights replacement	40	20.08	
Replacing an air compressor with a high-efficiency unit	50	25.1	
The water pump used for the Heavy Electric Chamber Dryer in Area 1 was upgraded to 3HP	0.55	0.276	
Plant 2: Motor of water cleaning machine grinder spindle: 10HP	3.7	1.857	
Plant 2: RO water pump motor upgrade: 2HP	0.74	0.371	
Area 2: P2 water pump motor replacement: 30HP	5.54	2.781	
Area 1: P11 water pump motor upgrade: 10HP	7.4	3.714	
Area 1: C3 and C6 conveyor motor: 1HP	3.7	1.857	
Total	113.13	56.79	

### Elite Material Co., Ltd.- Hsinchu Plant --- Energy Saving & Carbon Reduction Measures in Plant Area in 2021

ltarra	Power Saving	Carbon Reduction	
Item	Electricity (1000 kWh/year)	(metric tons CO <sub>2</sub> e/year)	
Replacing some outdoor night lighting devices (100W*4 lamps) with solar lamps	1.46	0.733	
Replace two old 100HP air compressors	31.46	15.792	
Replacing an old 5RT dehumidifier	11.70	5.873	
Total	44.62	22.399	

#### 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. EMC's Guanyin Plant has changed the fuel used for A012 and A016 Exhaust Gas Incinerators from heavy oil to natural gas since 2019, through which the Sox emissions have decreased. It is expected that the fuel replacement from heavy oil to natural gas for A003 Exhaust Gas Incinerator will continue in 2022. The rise in NOx and VOCs emissions was due to an increase in production volume in 2021.

#### 1. Elite Material Co., Ltd.- Guanyin Plant (Plant 1 and Plant 2, M01)

Pollutants (kg)	2019	2020	2021
NOx (Nitrogen oxides)	12,575.66	14,641.40	19,122.95
SOx (Sulfur oxides)	20,826.88	25,579.94	16,998.36
VOCs (Volatile Organic Compounds)	482,524	408,562.81(Note)	430,640.68
PM (Particulate matters)	2,748.45	2,866.22	2,666.98
Total (kg)	518,675	451,650.37(Note)	469,428.97

Note: The 2021 VOCs total should be corrected to 408,562.81, and the "Total" should be 451,650.37. (Calculation explanation)

#### 2. Elite Material Co., Ltd.- Guanyin Plant (Plant2, M02)

Pollutants (kg)	2019	2020	2021
NOx (Nitrogen oxides)	633.45	480.77	506.98
SOx (Sulfur oxides)	0	0	0
VOCs (Volatile Organic Compounds)	0	0	0
PM (Particulate matters)	0	0	20.85
Total (kg)	633.45	480.77	527.84

#### 3.Elite Material Co., Ltd.- Hsinchu Plan

Pollutants (kg)	2019	2020	2021
NOx (Nitrogen oxides)	35,629.34	5,442.86	5,206.73
SOx (Sulfur oxides)	6,867.32	15,076.86	14,495.36
VOCs (Volatile Organic Compounds)	533,232.5	364,418.9	289,501.33
PM (Particulate matters)	679.72	651.64	646.49
Total (kg)	576,408.8	385,590.2	309,848.92

#### 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.

# **4** Environmental Protection and Sustainability

Output Input(raw materials CCL Manufacturing and additives) Process Exhaust gas Waste water Waste 1. Waste solvent Storage Tank • Dimethylacet-2. Waste solvent amide container Raw Material Tank • Ketone 3. Other flammable Exhaust Gas industrial waste • Butanone Treatment mixtures **Glue Mixing Tank** Procedures Cyclohexanone 4. General waste • Epoxy resin chemical mixtures Completed Glue Tank • Hardener 1. Butanone 2. Other flammable • Dimethylimid-Residual Gluing industrial waste **Glue Tank** Machine azole mixtures • Dicyandiamide Upper Recycling 3. Waste solvent + Cloth Machine industrial waste • Toluene Static mixture • Propylene Eliminator Exhaust Gas glycol 1. Waste solvent Vertical Oven Treatment methyl ether Procedures • Propylene 1. Waste glass fiber, Crimper glycol waste cloth monomethyl 2. Waste plastic ether acetate **Cutting Machine** mixture 3. Resin-containing Ethylene glycol glass fiber cloth monobutyl **Prepreg Stacking** waste ether • Additive Combining 1. Waste copper Machine • Methylcyclo-• Wastewater propyl ketone Copper Foil (sewage) PH 6~9 Laminator • Glass fiber 1. Metal-containing cloth PCB and its dust Trimming Zone 2. Waste CCL • Copper foil 3. Resin-containing • Tap water Quality Check, glass fiber cloth Packaging waste **Cutting Machine** 4. Waste plastic mixture **Finished Product** 5. Waste glass fiber

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 2021. There was no incident of chemical, oil or fuel leakage. The waste treatment methods implemented in Guanyin Plant and Hsinchu Plant in 2021 are disclosed as follows:

1. Elite Material Co., Ltd.- Guanyin Plant (Plant 1 and P

Waste Category	Total (t)	Disposal Method	Weight (t)	General Waste	Hazardous Waste
Recyclable	1505 007	Reuse	911.680	911.680	0
waste	1505.887	Outsourcing for reuse	594.207	594.207	0
Non-		Incineration treatment	577.986	0	577.986
recyclable	1513.038	Physical treatment	934.422	934.422	0
waste		Solidification treatment	0.63	0.63	0
	Tota	ıl (t)	3018.925	2440.939	577.986

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

rlant 3)
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#### 2. Elite Material Co., Ltd.- Guanyin Plant (Plant 2)

Waste Category	Total (t)	Disposal Method	Weight (t)	General Waste	Hazardous Waste
Recyclable	0	Reuse	0	0	0
waste	0	Outsourcing for reuse	0	0	0
Non-	01.0	Incineration treatment	0.21	0.21	0
waste		Physical treatment	91.69	91.69	0
Total (t)			91.9	91.9	0

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

Waste Category	Total (t)	Disposal Method	Weight (t)	General Waste	Hazardous Waste	
Recyclable		Reuse	3477.21	3403.25	73.96	
waste	3845.58	Outsourcing for reuse	368.37	368.37	0	
		Incineration treatment	114.57	79.73	34.84	
Non- recyclable waste	1638.07		Physical treatment	470.90	385.70	85.24
		Thermal treatment	1002.55	0	1002.55	
		Stabilization treatment	27.28	0	27.28	
		Cleaning treatment	22.77	0	22.77	
Total (t)			5483.69	4237.05	1246.64	

#### 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 2021.

#### Pollution Control Costs

	2019	2020	2021	
Item	Amount (NT\$1,000)	Amount (NT\$1,000)	Amount (NT\$1,000)	
Remediation cost for soil and groundwater pollution	295	261	261	
Cost for stationary air pollution sources	24,039	20,651(Corrected)	20,840	
Cost for water pollution prevention and control	0	602	0	
Cost for sewage treatment	3,637	2,932	2,824	
Cost for waste disposal	67,955	86,403	87,762	
Total	95,925	100,494	112,478	



◆ Safe Workplace Performance

#### Management Guidelines GRI 103-1, GRI 103-2 and GRI 103-3

Dimension	Material Issue	Management Guidelines and Components	Evaluation of the Management Guidelines	Performance Objective	2021 Performance
Society	Occupational Safety and Health Management	<ol> <li>Be 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.</li> <li>Standard operating procedures for workplace safety and employee health management should be established by on-site units of all factories. 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 should be held to</li> </ol>	The company should focus on equipment operation management, personnel training, and inspection /maintenance routines as well as improvement of dust collection system to ensure the normal operation of all environmental protection equipment. With the aim of carrying out the occupational safety policy, relevant investments should be made and objectives should be set every year based on annual objectives to examine the effectiveness of the implementation.	100% Implementation Rate for OSH Educational Training Plan Phasing out old machines and optimizing relevant processes Diversified health promotion activities	Complete more than 20 hours OSI educational training (including ge educational training on safety and and emergency response training a 100% implementation rate Upgrade plant facilities, add safety protection measures, etc. based of results of hazard identification and assessment. (Add automatic clear to the Extrusion Gluing Wheel, Add dust collection pipes to the Ed Machine) The participation rate of 2021 hea examination activities reached 95.
		ensure the safety and health of employees.		◆ 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.

05

2022 Objective
Achieve a 100% implementation
rate for OSH Educational
Training Plan
1. Continue to add relevant
safety protection measures to
old-type in-service machines
in plant areas
2. Achieve the goal of "zero work
hour loss due to occupational
safety issues"
Organize at least two health
lectures with 100 plus
participants

5.1

Occupational Safety and Health Management GRI 403-1、GRI 403-2、GRI 403-8、 GRI 403-9、GRI 403-10

#### EMC's EHS Policy

Legal Compliance, Risk Control Pollution Prevention, Conservation & 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, 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 the company's EHS Policy and its meaning, and set goals for continuous improvement.

#### 5.1.1 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 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.

# 5.1.2 Hazard identification, Risk Assessment and Incident Investigation 5.1.2.1 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, the use and volatilization of chemicals, etc. The potential hazardous factors of the unacceptable risks have been analyzed, and management programs and improvement measures have been 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.

#### Management Program and Improvement Measures (extract)

NO.	Management Program	Scenario Description	Improvement Measures
1	PP/automated warehouse safety protection improvement	As the metal pallets placed and fixed in PP warehouses and automated warehouses are easy to slip, protective barriers are installed to improve personnel's safety and product quality.	Install metal pallet protective barriers as a substitute for the fixation with sticky tape to enhance operators' safety.
2	Improve air quality in plant areas	1#RTO has been converted to natural-gas/heavy-oil -based to improve air quality in the environment.	Convert the head part of 1#RTO and its fuel system to natural-gas/heavy-oil -based system, and use heavy oil as a backup fuel.
3	Enhance the safety in chemical storage zones	Install fire safety equipment/facilities in Plant 2's chemical storage zone to enhance overall safety.	Install fire safety equipment/facilities in laboratory areas to enhance the safety in storage zones.
4	Improve gluing operating procedures	Enhance operators'safety	Add automatic cleaning device to the Extrusion Gluing Wheel to reduce the release of solvent during operations.
5	Electrical safety in plant areas	Enhance electrical safety in high-risk operating environment in plant areas	Inventory the use of extension cords in all plant areas and check the certification labels granted by the company's Maintenance Department to ensure electrical safety.
6	Isolate the odors from glue filling operations	Effectively control chemical-related personnel's exposure	Install local vent hoods and ventilators to effectively collect chemical odors and avoid personnel' s exposure.

#### 5.1.2.2 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 2021 is "traffic accident", followed by "fall (trip)" and "falling/tumbling".

Compared with 2020, the total number of accidents in 2021 increased by one case, mainly due to the occurrence of "traffic accident". Thus, 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. Accident reporting procedures have been formulated in accordance with "Management Procedures for Accident Reporting and Investigation", which are illustrated below:



#### • EMC Major Types of Occupational Injury by Year

Hazard Category	2019	2020	2021
Chemical spills	0	0	0
Fire accidents	0	0	0
Traffic accidents	6	5	6
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	1	0
Crash	0	0	0
Others	0	0	0
Total	7	6	6

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. 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.

According to the results and contents of accident reporting, no fatal occupational accidents occurred in Elite Material Co., Ltd. during 2019-2021, and the Occupational Disease Rate (ODR) of the same period was 0%. In 2020, the Loss of Work Days due to disabling injuries was 68 days, Absence Rate (AR) in relation to work-related injury & ill health was 0.03%, average Disabling Frequency Rate (FR) was 2.87 and average Disabling Severity Rate (SR) (round to integer) was 33. The statistics of Elite Material Co., Ltd. show that in comparison with the previous year, the Disabling Frequency Rate (FR) and the Disabling Severity Rate (SR) decreased in 2021, which is because the number of cases related to work injuries decreased, and the work hour loss dropped. Therefore, in 2022, 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' minds 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	20	19	2020		2021	
Gender	Male	Female	Male	Female	Male	Female
Total working hours (hrs)	2,97	5,512	2,991,832		2,291,472	
Disabling Frequency Rate (FR)	3.40	0	2.87	0	0	0
Number of Occupational Disease/Disorder	0	0	0	0	0	0
Occupational Disease Rate (ODR)	0%	0%	0%	0%	0%	0%
Disabling Severity Rate (SR)	32	0	33	0	0	0
Absence rate (AR)	0.03%	0%	0.03%	0%	0	0
Death toll from work-related injury	0	0	0	0	0	0
Death rate from work-related injury	0%	0%	0%	0%	0%	0%







#### Contractor

ummary of Work-related Injury Statistics 2019		19	2020		2021	
Gender	Male	Female	Male	Female	Male	Female
Total working hours (hrs)	616	616,232 1,077,272		1,209,584		
Disabling Frequency Rate (FR)	0	0	0	0	0	0
Number of Occupational Disease/Disorder	0	0	0	0	0	0
Occupational Disease Rate (ODR)	0%	0%	0%	0%	0%	0%
Disabling Severity Rate (SR)	0	0	0	0	0	0
Absence rate (AR)	0%	0%	0%	0%	0	0
Death toll from work-related injury	0	0	0	0	0	0
Death rate from work-related injury	0%	0%	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.

### 5.1.3 Educational Training on Occupational Safety and Health GRI 403-5

1. 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.

#### 2. On-the-job Re-training for ESH Certificate Holders

(Target: Personnel with ESH Certificate)

Туре	Title of Certificate	Number of On-the-job Re-training Participants			
		2019	2020	2021	
	Class-1 Manager of Occupational Safety and Health Affairs	3	0	3	
	Class-A Occupational Safety and Health Management Specialist	1	0	1	
	Class-B Occupational Safety and Health Management Staff		1	3	
	Operator of forklift with capacity of 1 ton or more		16	20	
	First-aider	18	0	11	
fety	Supervisor for organic solvent operations	16	2	3	
ıl Sa	Supervisor for specified chemical substance operations	4	3	0	
iona	Supervisor for roofing operations	0	0	0	
upat	Supervisor for dusty operations		2	4	
Occi	Supervisor for hypoxia operations		2	1	
	Personnel transporting dangerous goods by road (Truck)	2	0	0	
	Operator of fixed cranes with capacity more than 3 tons	0	3	0	
	Operator of fixed cranes with capacity less than 3 tons		16	0	
	Operators using cranes for slinging operations	5	14	6	
	Class B Operator of boilers	1	12	6	
	Operator of high-pressure gas vessels	1	0	0	
ety	Security Supervisor	1	1	1	
e Saf	Fire Safety Manager	0	0	0	
Fire	Radiation Protection Personnel	5	4	8	
_	Class-A Dedicated Air Pollution Control Specialist	Ro	oivo trainin	σin	
enta ion	Class-A Dedicated Wastewater and Sewage Treatment Specialist	Acceive training in			
onm Mect	Class-B Dedicated Wastewater and Sewage Treatment Specialist	docum	nents issued	hythe	
nvir Pro	Class-A Dedicated Waste Disposal Specialist	com	netent auth	ority	
ш	Class-B Dedicated Waste Disposal Specialist				

3. 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 2021

Training Item	Training Hours	Number of participants
General educational training on safety and health	3	560
Educational Training on Hazard Communication	3	300
Annual Fire and Chemical Accidents Emergency Drill (whole plant)	3	50
Firefighting Skills Training Conducted in Hsinchu Fire Training Base	7	16
Emergency Evacuation Drill (whole plant)	0.5	560
Elevated Operations and Falling Accidents Prevention Advocacy	0.5	50
Forklift Operation Hazards Prevention Advocacy	0.5	50
Manual Handling Operation Hazards Prevention Advocacy	0.5	50
Prevention Advocacy on Hazards related to being Drawn in/Caught by Machines	0.5	50
Prevention Advocacy on Hazards related to Punching/Shearing Machines	0.5	50
Electrical Operation Hazards Prevention Advocacy	0.5	50
Confined-space Operation Hazards Prevention Advocacy	0.5	50
Hot Work Operation Hazards Prevention Advocacy	0.5	50
Slinging Operation Hazards Prevention Advocacy	0.5	50
Chemicals Labeling and Communication Management Advocacy	0.5	50
Noise Hazard Prevention Advocacy	0.5	50
Traffic Safety Advocacy	0.5	50
Total	22.5	





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Firefighting Skills Training Conducted in Hsinchu Fire Training Base















4. 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, project organizing units are required to fill out "Construction Application Form" prior to contractors' plant-entry to confirm information including construction date and number of people being engaged, work content, construction location, etc. for the precise management of contractors' operations.

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 2020 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 2020 assessment (736 contractors were assessed): Class A: 733, Class B: 3, and Class C: 0; the result of 2021 assessment (659 contractors were assessed): Class A: 658, Class B: 1, and Class C: 0. The number of contractors' accidents taking place in Elite Material Co., Ltd. has remained zero since 2019. 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.

#### Contractor Assessment Result - Guanyin Plant

Contractor Class	2019	2020	2021
Class A	221	291	343
Class B	3	3	1
Class C	0	0	0
Total	224	294	344

#### Contractor Assessment Result - Hsinchu Plant

Contractor Class	2019	2020	2021
Class A	412	442	315
Class B	1	0	0
Class C	0	0	0
Total	413	442	315

#### 5.1.4 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 (Extract)

Year	Objective for Proposal	Action Guideline	Achievement status
2019	Risk Control	<ul> <li>Add safety nets to chemical storage areas</li> <li>Add sensors and alarms to laboratories to monitor the concentration of organic solvent gases in the environment</li> <li>Add emergency stop buttons to equipment</li> <li>Add enclosures/covers to press machines</li> <li>Install more static electricity eliminators</li> <li>Replace the covered belts of equipment to reduce the noise in work environment</li> </ul>	Achieved
	Legal Compliance	• Increase fire safety and smoke exhaust equipment	Achieved
2020	Risk Control	<ul> <li>Add glass fabrics racks</li> <li>Add high-temperature furnace vent hoods to laboratories to enhance exhaust efficiency</li> <li>Conduct contractors educational training on safety &amp; health and advocacy of safety &amp; health precautions</li> </ul>	Achieved
2021	Risk Control	<ul> <li>Add automatic cleaning device to the Extrusion Gluing Wheel</li> <li>Add dust collection pipes to the Edge Gluing Machine</li> </ul>	Achieved

#### 5.1.5 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
- <sup>(2)</sup> 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
- <sup>(6)</sup> Various safety and health proposals
- ⑦ Business unit's self-inspection and items included in the safety & health inspection
- <sup>®</sup> Preventive measures against hazards arising from machinery/equipment or raw materials/materials

 Occupational Accident Investigation Report
 1 Assess on-site safety & health management performance 1 Matters in relation to the safety and health management of contracted businesses 1 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

# **Building a Safe and Healthy Workplace**



#### 5.2 Comprehensive Employee Health Management GRI 403-3 GRI 403-6

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. Relevant management measures are also taken for personnel of outsourced service providers such as in-plant canteen staff based on the health examination information being provided. Health consultation and relevant medical guidance are also offered.

The statistics of the number of employees participating in general health checks and special health checks in 2021 are as follows:

	ltem	EMC Guanyin Plant	EMC Hsinchu Plant	
General	General Health Check	113	42	
Health Check	Dusty operations	33	22	
	Noise	141	25	
Special Health Check	Ionizing radiation operations	20	31	
	Operations related to manganese		4	
Number of em are categorized	ployees whose general health check results d as Level 1 Management group	16	9	
Number of em are categorized	ployees whose general health check results d as Level 2 Management group	63	13	
Number of em are categorized	ployees whose general health check results d as Level 3 Management group	30	17	
Number of em are categorized	ployees whose general health check results d as Level 4 Management group	4	3	
Dusty operatio	ons (Level 2 Management)	1	1	
Noisy operatio	ns (Level 2 Management)	53	10	
Ionizing radiat	ion operations (Level 2 Management)	9	9	
Abnormal wor	kload (Level 2 Management)	50	13	
Abnormal wor	kload (Level 3 Management)	19	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

ltem	Quarter 1 (person)	Quarter 2 (person)	Quarter 3 (person)	Quarter 4 (person)
Review of new employees' physical examination reports	88	43	57	58
Review of foreign workers'entry and regular health examination reports	8	29	30	19
Consultation (about overload)	9	0	1	0
Consultation (about maternity protection)	0	1	0	0
Consultation (about special operations)	0	0	0	3
Consultation (about respiratory protection)	11	12	1	0
Consultation (about work-resumption assessment)	1	2	3	1
Consultation (about follow-ups to annual health checks)	0	0	2	2
Consultation (about other health issues)	1	1	7	6
Total		3	397	

2.	EMC Hsinc	hu Pla	nt – Se	ervice	items	provi	ded	by
	number of	partici	oants					

Quarter 1 (person)	Quarter 2 (person)	Quarter 3 (person)	Quarter 4 (person)
73	65	43	46
1	20	0	10
3	0	1	4
0	2	3	0
2	0	0	2
2	0	0	0
3	1	0	2
7	4	1	2
2	3	4	6
	3	12	
	Quarter 1 (person) 73 1 3 0 2 2 2 3 7 2 2 2 3 7 2	Quarter 1 (person)         Quarter 2 (person)           73         65           1         20           3         0           3         0           2         0           2         0           3         1           7         4           2         3           7         4           2         3	Quarter 1 (person)Quarter 2 (person)Quarter 3 (person)7365431200301301023200200310310741234234

#### onsite occupational health specialists and



#### Management Guidelines GRI 103-1, GRI 103-2 and GRI 103-3

Dimension	Material Issue	Management Guidelines and Components	Evaluation of the Management Guidelines
Society	Talent Development and Educational Training	Create tailor-made educational training programs starting from those for new employees based on "Education and Training Management Procedure"	Establish a learning blueprint with different modules, together with arrangements such as job rotation, knowledge sharing, soft power cultivation, etc. to create EMC' s competitiveness.
	Labor-manage ment Relations	Value and respect employees' voice and set up various communication channels for employees to understand the company's ongoing and real-time status, and to express their opinions or concerns regarding work and workplace.	Set up different communication channels/complaint mechanisms for different stakeholders

Responsible Unit--- Human Resource Department

#### Employee Care Performance

Performance Objective	2021 Performance	2022 Objective
Employee Cultivation	Organize educational training to reinforce corporate cohesion, and to further reduce the turnover rate and increase the retention rate. The per capita training hours was 17.99 hours.	Expand the scope of educational training to operative level of management, middle level of management and top level of management to narrow the gap between the company' s managerial positions. The per capita training hours will reach 25 hours plus.
Employee	<ol> <li>The short-term aim is to help new employees adapt to the work environment, thereby promoting a sense of identity within the company. The turnover rate in 2021 was 26%, which was lower than that in 2020</li> <li>The retention rate after unpaid paternity leave was 100%</li> </ol>	<ol> <li>The turnover rate will be under 30%.</li> <li>Establish an employee care system to promote peace and reliance in workplace for employees.</li> </ol>

#### 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.

#### 6.1 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.

Year		2019	Э			202	0			2021		
Condor	Ма	le	Ferr	nale	Ма	ıle	Ferr	nale	Ма	ile	Ferr	nale
Genuer	74	.9	15	3	76	7	15	9	856		179	
Total number of employees		90	2			92	26			10	35	
Age Structure	Number of employees	Percent- age										
<30	178	23.77%	16	10.46%	167	21.77%	22	13.84%	181	21.14%	29	16.20%
30~50	519	69.29%	117	76.47%	543	70.80%	115	72.33%	608	71.03%	127	70.95%
>50	52	6.94%	20	13.07%	57	7.43%	22	13.84%	67	7.83%	23	12.85%
Subtotal	749	100.00%	153	100.00%	767	100.00%	159	100.00%	856	100.00%	179	100.00%
Managerial Position	122				157				87			
Age Structure	Number of employees	Percent- age										
<30	0	0.00%	0	0.00%	10	7.14%	0	0.00%	0	0.00%	0	0.00%
30~50	82	77.36%	8	50.00%	106	75.72%	9	52.90%	47	58.75%	2	28.60%
>50	24	22.64%	8	50.00%	24	17.14%	8	47.10%	33	41.25%	5	71.40%
Subtotal	106	100.00%	16	100.0%	140	100.00%	17	100.00%	80	100.00%	7	100.00%
Non-managerial Position		77	77			76	67			94	18	
Age Structure	Number of employees	Percent- age										
<30	178	27.81%	16	11.68%	157	25.12%	22	15.49%	181	23.33%	29	16.86%
30~50	434	67.81%	109	79.56%	435	69.60%	106	74.65%	561	72.29%	125	72.67%
>50	28	4.38%	12	8.76%	33	5.28%	14	9.86%	34	4.38%	18	10.47%
Subtotal	640	100.00%	137	100.00%	625	100.00%	142	100.00%	776	100.00%	172	100.00%
Minority or disadvantage d groups	3		C	0 2		0		2		1		

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	2021
Taiwan	749	796	903
Philippines	119	108	112
Vietnam	30	20	18
Others	4	2	2
Total	902	926	1,035

• Employee Structure by Nationality in 2021



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### • Statistics of new employees by year

	Plant			Guar	nyin Plant	t				Hsin	chu Plant	:		
	Year		2019		2020	2021 2019 2020			2021					
ਮੁਲੂ Number of ਉ employees			575	607			694		327		319	341		
End of the	Number of employees under age of 18	0		0		0		0		0		0		
N e	Number of new employees		100	192		330		76		130		225		
Ne	w hire rate	1	17.39%		31.63%		47.55%		23.24%		40.75%		65.98%	
der	Male	84	84.00%	147	76.56%	286	86.67%	66	86.84%	106	81.54%	184	81.78%	
Gen	Female	16	16%	45	23.44%	44	13.33%	10	13.16%	24	18.46%	41	18.22%	
e	<30	27	27.0%	62	32.29%	113	34.24%	34	44.74%	37	28.46%	84	37.33%	
uctu	30~50	71	71.0%	123	64.06%	198	60.00%	42	55.26%	93	71.54%	138	61.33%	
e Str	>50	2	2.0%	7	3.65%	19	5.76%	0	0.00%	0	0.00%	3	1.33%	
Age	Subtotal	100	100.0%	192	100.0%	330	100.0%	76	100.0%	130	100.0%	225	100.0%	



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

### • Statistics of employee turnover rate by year

Plant		Guanyin Plant							Hsinchu Plant					
Year			2019		2020		2021		2019	019 2020			2021	
Number of resigned employees			116		162	186		94		143		148		
Turnover Rate			20%		27%		27%		28%		44%		43%	
der	Male	104	89.66%	124	76.54%	157	84.41%	80	85.11%	116	81.12%	126	85.14%	
Gen	Female	12	10.34%	38	23.46%	29	15.59%	14	14.89%	27	18.88%	22	14.86%	

#### Unpaid Paternity Leave GRI 401-3

	2021 EMC (Guanyin Plant)			2021 EM	2021 EMC (Hsinchu Plant)		
	Men	Women	Total	Men	Women	Total	
Number of employees eligible for unpaid paternity leave in 2021	42	6	48	23	8	31	
Number of employees who applied for unpaid paternity leave in 2021	0	2	2	1	1	1	
Number of employees supposed to resume work in 2021(A)	1	2	3	0	1	1	
Number of employees who resumed work in 2021 (B)	1	2	3	0	1	1	
Work resumption rate (B/A)	100%	100%	100%	0	100%	100%	
Number of employees who resumed work in 2020 after unpaid paternity leave (C)	0	1	1	0	0	0	
Number of employees who resumed work in 2020 after unpaid paternity leave and had been working for one year in 2021 after work resumption (D)	0	0	0	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.

## 6.2 Employee Benefits and Remuneration GRI 401-2 6.2.1 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

# **06** Employee Care

#### 6.2.2 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	
Linployee Type	Salary	Pay-ratio	Salary	Pay-ratio
Base-level employees' basic salary	28,900	1	28,605	0.98
(Statutory) Base-level employees' basic salary	24,000	1	24,000	1
Exceeding multiples of statutory minimum salary	120.4%		119	9.2%

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.

Note 3: Includes regular wages but not overtime pay.

### 6.3 Human Resource and Talent Development GRI 404-1, GRI 404-3

#### 6.3.1 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.



SDP System		Pre-job	Educationa	l
<ul> <li>Language Education</li> <li>Self-development Study</li> <li>Reading Workshop</li> </ul>	Pre-job Workshop	On-site General Practice Placement	CCL Process Principle	

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Training

 Determined based on specific / thematic needs

Departmental Training

On-site Special Practice Placement

Year		2019			2020			2021	
Gender	Male	Female	Total	Male	Female	Total	Male	Female	Total
Managerial position	279.2	76	355.2	338.3	162.5	500.8	410	63	473
Average hours	2.63	4.75	2.91	2.42	9.56	3.19	5.13	9	5.44
Non-managerial position	21,522.3	2,413.8	23,936	15,108.7	2,910.3	18,019	14,634.7	2,970.8	17,605.4
Average hours	33.63	17.62	30.81	24.17	20.5	23.49	18.86	17.27	18.57
Total	21,801.4	2,489.75	24,291.2	15,447.1	3,072.75	18,519.8	15,044.7	3,033.75	18,078.4
Total average hours	29.22	16.27	27.02	20.19	19.33	19.98	17.58	16.95	17.47

Unit: Hours.



#### 6.3.2 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	
Direct Labor	<ol> <li>1.Work performance</li> <li>2.Work attitude         assessment</li> <li>3.Competence</li> <li>4.Motivation</li> </ol>	Monthly	Notification out appra authority- the basis
Indirect Labor	<ol> <li>1.Work performance</li> <li>2.Attitude         <ul> <li>assessment</li> <li>3.Competence                 assessment</li> <li>4.Motivation</li> </ul> </li> </ol>	Quarterly	Notificatio out appra authority- the basis
Managerial Leaders	<ol> <li>Work performance evaluation</li> <li>Competence development evaluation</li> </ol>	Yearly	Notification out appra authority- the basis

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

#### Appraisal Procedures

on from HR for appraisal  $\rightarrow$  Team leaders carry aisal  $\rightarrow$  approved by leaders with approval  $\rightarrow$  HR processes the results and takes them as for bonus/promotion/salary adjustment

on from HR for appraisal  $\rightarrow$  Team leaders carry aisal  $\rightarrow$  approved by leaders with approval  $\rightarrow$  HR processes the results and takes them as for bonus/promotion/salary adjustment

on from HR for appraisal  $\rightarrow$  Team leaders carry aisal  $\rightarrow$  approved by leaders with approval  $\rightarrow$  HR processes the results and takes them as for bonus/promotion/salary adjustment

# **6** Employee Care

#### 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 6 employees applying for retirement in 2021, receiving about NT\$9.23 million of pensions of the old system.



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#### 6.4 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 been signed	c, so no collective bargaining agreement has				
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:

- 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.
   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 2021.

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on issues in relation to the company's c. or something about individual's life. complain about inequality in the workplace. ealt with or transferred to a higher level of and communicated with their team leaders; ed to their team leaders.



### Appendix 1 GRI Content Index

GRI Content Index Disclosures		Chapter	Disclosure Status
General Disclosures (2016)			
102-1 Name of the organization	2-1 EMC F	Profile	
102-2 Activities, brands, products and services	2-1 EMC F	Profile	
102-3 Location of headquarters	2-1 EMC F	Profile	
102-4 Location of operations	2-2 EMC'	s Global Market Layout	
102-5 Ownership and legal form	2-1 EMC F	Profile	
102-6 Markets served by the organization	2-2 EMC'	s Global Market Layout	
102-7 Scale of the organization	2-2 EMC'	s Global Market Layout	
102-8 Information on employees and other workers	5-1 Huma	an Resource Structure	
102-9 Supply chain	3-2 Suppl	y Chain Management	
102-10 Significant changes to the organization or its supply chain	3-2 Supply Chain Management		
102-11 Precautionary Principle or approach	3-1 Green Product Design		
102-12 External initiatives	2.3 EMC's Organizational Structure and Operation of Board of Directors		
102-13 Membership of associations			
102-14 Statement from decision-maker	Message from the Chairman		
102-15 Key impacts, risks, and opportunities	2.5 Corpo	rate Risk Management	Non-core
102-16 Values, principles, standards and conduct norms	2.6 Imple Anti-c	mentation of Ethical Management, orruption and Legal Compliance	
102-18 Governance structure	2.3 EMC' Opera	s Organizational Structure and ation of Board of Directors	
102-40 Stakeholder groups engaged by the organization	1.1 Identi comn	fy stakeholders and their nunication channels	
102-41 Collective bargaining agreements	6.4 Emplo	oyee Communication and Caring	
102-42 Identifying and selecting stakeholders			
102-43 Approach to stakeholder engagement	1.1 Identi	fy stakeholders and their	
102-44 Key topics and concerns that have been raised	communication channels		
102-45 Entities included in organization' s consolidated financial statements	2.4 Operational Performance		
102-46 Defining the report content and the topic	1.2 Procedures for the Identification of Material Issues and Scope Boundaries		

GRI Content Index Disclosures		Chapter	Disclosure Status
General Disclosures (2016)			
102-48 Restatements of information	About thi	s Report	
102-49 Changes from previous report	1.2 Procedures for the Identification of Material Issues and Scope Boundaries		
102-50 Reporting period	About this Report		
102-51 Date of most recent report	About this Report		
102-52 Reporting cycle	About thi	s Report	
102-53 Contact person for questions regarding the report	About thi	s Report	
102-54 Claims of reporting in accordance with the GRI Standards	About thi	s Report	
102-55 The GRI content index	Appendix	1 GRI Content Index	
102-56 External assurance for the report	Appendix Statemen	2 Report Verification t/Assurance Opinion	

#### GRI Content Index Disclosures

### GRI Management Guidelines (2016)

103-1 Explanation of the material topic and its Boundaries

103-2 Management Guidelines and its components

103-3 Evaluation of the management guidelines

	06	Appendix

Chapter	Remark			
Explanation on the first page of each chapter				
GRI Content Index Disclosures	Chapter Remar			
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Specific Standard Disc	losure 200/300/400			
GRI 200 Economic				
GRI 201 Economic Performance (2016)				
201-1 Direct economic value generated and distributed	2.4 Operational Performance			
201-3 Defined benefit plan obligations and other retirement plans	6.2 Employee Benefits and Remuneration			
GRI 202 Market Presence (2016)				
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	6.2 Employee Benefits and Remuneration			
202-2 Proportion of senior management hired from the local community	6.1 Human Resource Structure			
GRI 204 Procurement Practices (2016)				
204-1 Proportion of spending on local suppliers	3.2 Supply Chain Management			
GRI 300 Environmental				
GRI 302 Energy (2016)				
302-1 Energy consumption within the organization				
302-3 Energy intensity	4.1 Energy Management			
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	4.2 Climate Change and Greenhouse Gas Management			
305-3 Other indirect (Scope 3) GHG emissions	4.2 Climate Change and Greenhouse Gas Management			
305-4 GHG emissions intensity	4.2 Climate Change and Greenhouse Gas Management			
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	4.3 Pollution Sources Management			
GRI 306 Waste (2020)				
306-1 Waste generation and significant waste-related impacts	4.3 Pollution Sources Management			
306-2 Management of significant waste-related impacts	4.3 Pollution Sources Management			
306-3 Waste generated	4.3 Pollution Sources Management			
306-4 Waste diverted from disposal	4.3 Pollution Sources Management			
306-5 Waste directed to disposal	4.3 Pollution Sources Management			
GRI 308 Supplier Environmental Assessment (2016	)			
308-1 New suppliers that were screened using environmental criteria	3.2 Supply Chain Management			
308-2 Negative environmental impacts in the supply chain and actions taken	3.2 Supply Chain Management			

	GRI Content Index Disclosures	
	Specific Standard Disclo	)
	GRI 400 S	0
GRI 401	Employment (2016)	
401-1 Ne	ew employees and resigned employees	6
401-2 Be nc en	enefits provided to full-time employees that are ot provided to temporary or part-time nployees	6
401-3 Pa	rental leave	6
GRI 403	Occupational Safety and Health (2018)	
403-1 Oc sy:	ccupational safety and health management stem	5
403-2 Ha ind	azard identification, risk assessment and cident investigation	5
403-3 Oc	ccupational health services	5
403-4 Wo co	orker participation, consultation and ommunication on occupational safety and health	6
403-5 Wo	orker training on occupational safety and health	5
403-6 Pro	omotion of worker health	5
403-7 Pre an rel	evention and mitigation of occupational safety ad health impacts directly linked by business lationships	5
403-9 Wo	ork-related injuries	5
403-10 W	Vork-related ill health	
GRI 404	Training and Education (2016)	
404-1 Av	erage hours of training per year per employee	6
404-3 Ре ре	ercentage of employees receiving regular erformance and career development reviews	6
GRI 405	Diversity and Equal Opportunity	
405-1 Div	versity of governance bodies and employees	6
405-2 Ra to	tio of basic salary and remuneration of women men	6
GRI 414	Supplier Social Assessment	
414-1 Ne cri	ew suppliers that were screened using social iteria	(7)
414-2 Ne ac	egative social impacts in the supply chain and tions taken	(1)

Chapter	Remark
sure 200/300/400	
cial	
6.1 Human Resource Structure	
6.2 Employee Benefits and Remuneration	
6.2 Employee Benefits and Remuneration	
5.1 Occupational safety and health management	
5.1 Occupational safety and health management	
5.2 Comprehensive Employee Health Management	
5.4 Employee Communication and Care	
5.1 Occupational safety and health management	
5.2 Comprehensive Employee Health Management	
5.1 Occupational safety and health management	
5.1 Occupational safety and health management	
5.3 Human Resource and Talent Development	
5.3 Human Resource and Talent Development	
6.1 Human Resource Structure	
6.2 Employee Benefits and Remuneration	
3.2 Supply Chain Management	
3.2 Supply Chain Management	

### Appendix 2 : Report Verification Statement/Assurance Opinion

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## INDEPENDENT ASSURANCE OPINION STATEMENT

#### Elite Material Co., Ltd. 2021 Sustainability 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 Sustainability Report, 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. 2021 Sustainability Report.
- 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. 2021 Sustainability Report provides a fair view of the EMC sustainability programmes and performances during 2021. The Sustainability 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 performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate EMC's efforts recognized by its stakeholders.

Our work was carried out by a team of Sustainability 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
- 8 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 continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) 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 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 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 Sustainability 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:



Statement No: SRA-TW-2021095 2022-05-18

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