



2021 *ESMT*

Elite Semiconductor Microelectronics Technology Inc.

ESMT 晶豪科技

Elite Semiconductor Microelectronics Technology Inc.

晶豪科技股份有限公司

📍 No. 23, Industry E. RD. IV, Hsinchu Science Park, Hsinchu, Taiwan.

☎ 03-5781970

Environment
Social
Governance
Sustainability Report **ESG**

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00 About this report



About this report

This Sustainability Report for 2021 is published by Elite Semiconductor Microelectronics Technology Inc., ESMT (“ESMT” hereinafter). This report makes ESMT’ s efforts and achievements regarding the Environment, Social, and Governance (ESG).

| Scope |

This report discloses ESMT’ s actions and accomplishment on the ESG fronts, such as governance, partnership, environmental sustainability, friendly workplace, and charitable events carried out by ESMT’ s Hsinchu Operations Headquarters in Taiwan in 2021 (January 1, 2021 ~ December 31, 2021).

| Compilation principles |

This report identifies the issues concerning stakeholders by performing a materiality analysis of the ESG issues (Environment, Social, Governance) related to ESMT. Information in this report is compiled and disclosed by following the Core Option of the GRI Standards.

This report provides a summary of statistics from each responsible unit of ESMT, the financial performance statistics are open information which has been attested by CPAs, and are consistent with those in ESMT’ s annual report.

| Report verification |

The content of this report was collected and compiled by each task force and the executive secretary of ESMT’ s Corporate Sustainability Committee. After being verified by the supervisor of each responsible unit and confirmed by all members of the Corporate Sustainability Committee, the report is then approved by the chairperson of the Corporate Sustainability Committee to the Board of Directors.

| Opinion feedback |

To maintain good communication with stakeholders, we will be pleased if you would contact us and give us your valuable opinions and suggestions.

Responsible unit: ESMT Corporate Sustainability Committee executive secretary

Contact address: No.23, Industry E. RD. IV, Hsinchu Science Park

Contact number: 886-3-5781970 ext: 2120

E-mail: CSR@esmt.com.tw

Company official website: <https://www.esmt.com.tw/zh-tw/CSR>
(Corporate Social Responsibility zone)

| Report publication |

ESMT has published the Sustainability Report in both the Chinese and the English on the official website for review and download by the general public.

First publication date: September 2021

Last publication date: September 2021

Current publication date: September 2022

Next publication date: June 2023





Chen Hsing-hai, Chairman of the Board
(chairperson of the Corporate Sustainability Committee)

陳興海

2022 年 6 月

COVID-19 raged into 2021 worldwide. Although many types of vaccines are available for vaccination and medicine to treat the disease have become available, the constantly evolving variants still significantly impacted and changed the economy and the living of mankind. Meanwhile, the frequent occurrence of extreme weather as a result of climate change has constantly caused catastrophes around the world, posing a great threat to people's livelihood and properties. This draws greater attention to the 17 Sustainable Development Goals (SDGs) proposed by the UN. As such, ESG(environment, social, and governance) has become an important topic for both the government and enterprises.

Nonetheless, the semiconductor market was not adversely impacted by COVID-19 pandemic in 2021. Instead, market demand



Chang Ming-chien, President

(deputy chairperson of the Corporate Sustainability Committee)

A handwritten signature in black ink, appearing to read '張明健' (Chang Ming-chien).

2022 年 6 月

for semiconductor parts and components skyrocketed, mainly due to the new normal such as study-at-home and work-from-home and development in 5G, AI, and electric cars. This led to prosperity for the semiconductor industry in 2021 and hence a tight supply in the semiconductor supply chain.

As a professional IC design company, ESMT has engaged in the design, production, and sale of specialty memory for years. ESMT' s products include DRAM, NOR Flash, SLC NAND Flash, and MCP, have been adopted as the critical parts in the smart devices, making the Company an indispensable supplier of critical electronics products. In addition, the Company' s tapping into the market for audio amplifiers

and power ICs also yields fruitful results. Additionally, the Company has also aggressively engaged in the R&D of other IC product design fields such as Wireless SOC IC, Motor Driver IC, and Sensor IC, hoping that such endeavor can blossom in 2 ~ 3 years and thus diversify the Company' s development and product lines.

Since establishment ESMT has been focusing on IC design and upholding the corporate sustainable management philosophy of which the core values are “Integrity; Accountability; Excellence; Innovation” . All employees are demanded to comply with laws and regulations and fulfill the commitments to stakeholders to the best of their abilities. On the work attitude front, employees are required to complete their tasks conscientiously, be practical, and undertake responsibilities on their own initiative. They should keep the mindset of continuous improvement, and always pursue better product and work quality to outperform industry peers. They should welcome innovative ideas and knowledge, boldly break the current technical bottleneck to develop new products that keep pace with the tread, thus strengthen the Company' s competitiveness to stay ahead of its peers in the industry. Implanting the Company' s core values in the mind of employees just makes corporate operations sustainable.

ESMT began its ESG pursuit in year 2021. Under the guidance of the Board of Directors and the planning of the Corporate Sustainability Committee, the pursuit has already yielded some fruitful results. On the governance front, the Company' s annual consolidated revenue (NT\$23.84 billion) and profits (NT\$5.04 billion, net of tax) both hit a record high since its establishment. In addition, its rating in the Corporate Governance Review has climbed to the second interval (6%~20%). On the environmental front, aside from maintaining energy-efficient and eco-friendly operations, the Company keeps develop products that a low in energy consumption to provide environmental

friendly solutions to customers. On the social front, aside from enthusiastically participating in charitable events, ESMT' ranks high in the Listed Company List published by the competent authority in terms of employee salary. In 2021, we started our campus campaign by sponsoring a series of "IC Design Industry Introduction and Career Development Planning Seminar", for the young minds in colleges and universities aiming to help them to better understand their personal strength and the industry before starting their career. This allows the students to determine the necessary skill set and knowledge required to succeed and adjust their learning plan accordingly to enhance their competitiveness. The substantial shortage of domestic semiconductor talents has indirectly impeded national competitiveness. In view of this, in 2021, ESMT collaborated with Chang Gung University, on a series of programs hoping that the injection of corporate resources can aid to strength the knowledge of students, sharpen their expertise in the semiconductor field, and keep them in pace with industrial development trend, thereby cultivating talent for domestic semiconductor industry.

Moving forward, the Company will uphold the management philosophy of corporate sustainability; always attend to stakeholders' rights and expectation; value the influence of ESG on company operations; pay close attention to the disasters resulting from the pandemic and climate change; continue caring for the underprivileged and pursuing a common-good society; and fulfill our commitment and implement corporate social responsibility to give back to society in support of the Sustainability Development Roadmap disclosed by the competent authority. Upholding its core values, the Company relentlessly develops new technologies and new industry-leading energy-efficient products, ESMT aspires to grow even stronger and become the best global supplier and partner, thus achieving the goals of corporate sustainability and a common-good society.

| About ESMT |

Elite Semiconductor Microelectronics Technology Inc. (ESMT) is a professional IC design company incorporated in Hsinchu Science Park in Taiwan in June 1998. The Company's main business activity includes the design, production, sale, and technical support of private-brand IC products. The Company was listed on Taiwan Stock Exchange (TWSE) in March 2002, with the stock code being 3006. As of December 31, 2021, the Company had 498 employees, among them 309 are R&D personnel.

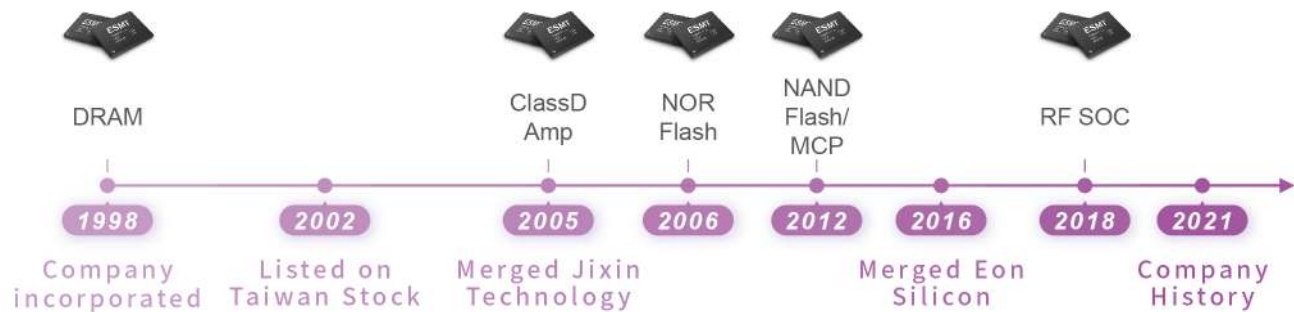
Since establishment the Company has been pursuing the role as a provider of each type of memory product and technology for customers. The Company's self-developed specific-type DRAM products are widely used in PC peripherals, smart home appliance, and consumer and communication systems. ESMT has successfully developed DRAM product lines (SDRAM, DDR I/II/III, PSRAM, energy-efficient Mobile DRAM) comprising of various types of capacity and interface specifications. On the flash memory front, the Company has successfully developed NOR Flash and NAND Flash product lines comprising of multiple capacity and interfaces that meet the requirements of many application-specific systems. In addition, in view of the soaring demand for System in a Package (SiP), ESMT also offer Known-Good-Die (KGD) as well as the Multi-chip Package (MCP) solution for all the DRAM and Flash products to satisfy every customer's demands.

To meet the demands of a wider customer base, ESMT has expanded its product offering to include analog/mixed signal IC and SoC . Besides memory and flash products, ESMT now also offers a range of power management IC, ADC/DAC, Class D Amplifier and wireless SoC.

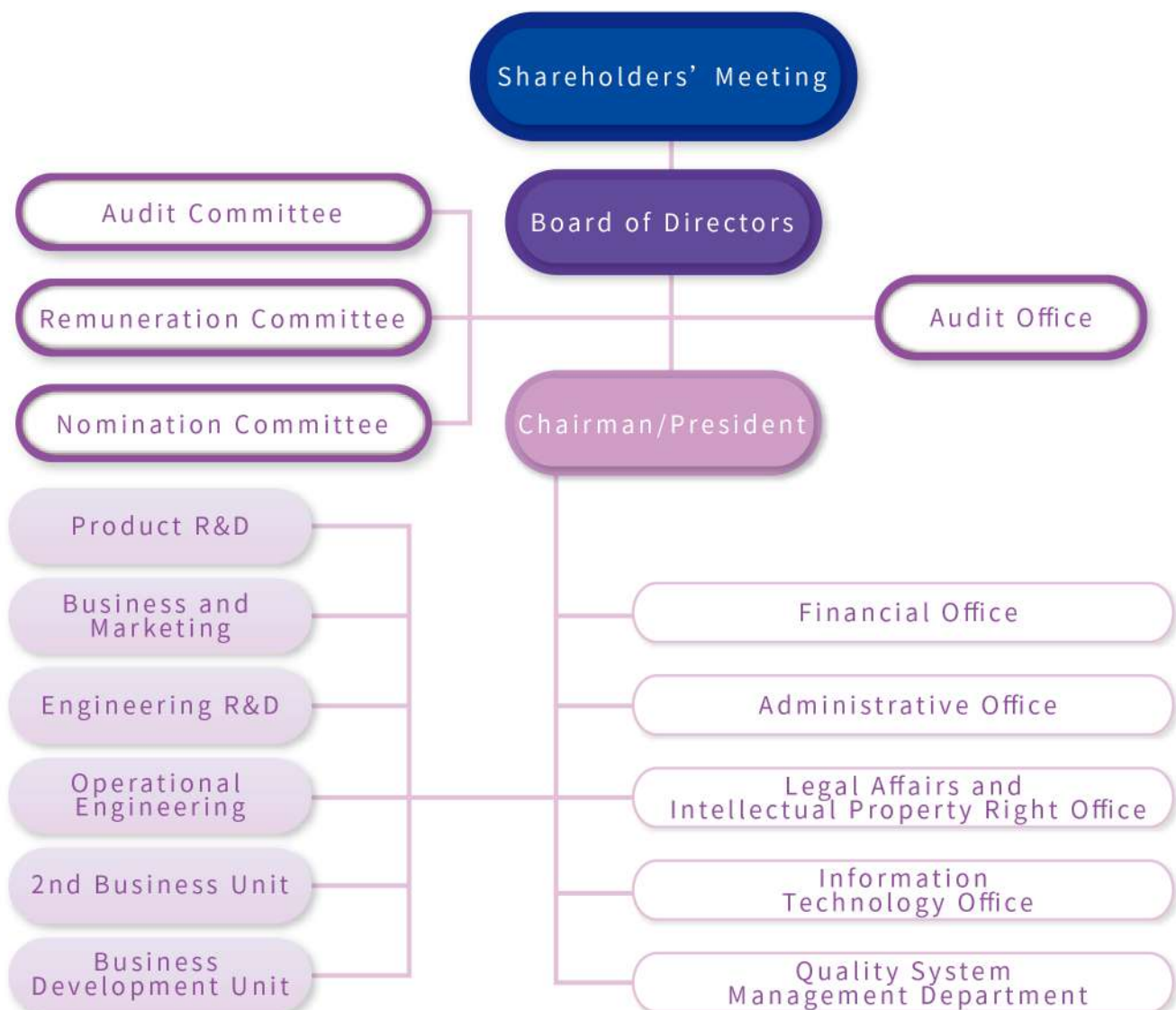
ESMT, with a strong R&D team at the core of its competitiveness, has excellent IC design, production and quality assurance teams which are capable of utilizing the most advanced process technology to manufacture products of the best quality to meet customers' needs and help customers to come out on top of their competitors. Working very closely with experienced partners in the supply chain, ESMT is capable of supplying customers the most cost-effective products and services of

the best quality on demand.

Progress of the launch of product lines



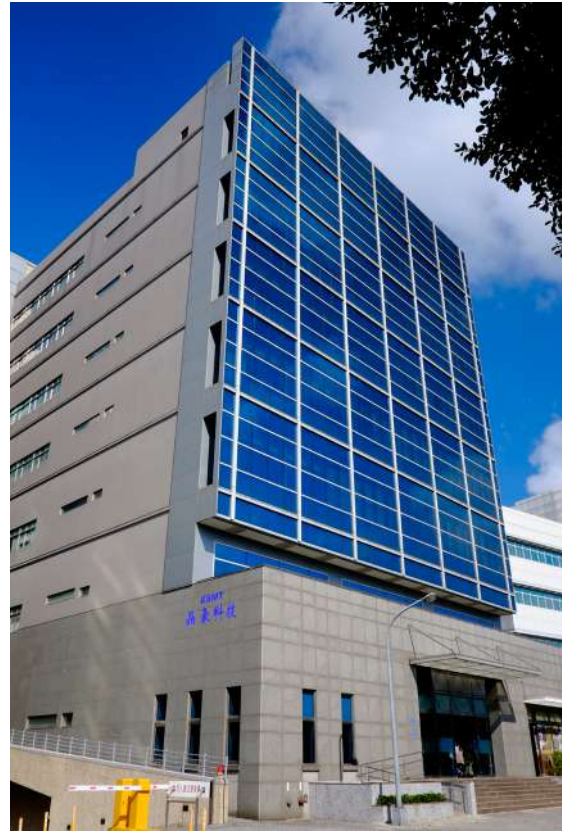
Elite Semiconductor Microelectronics Technology Inc. (ESMT) Organizational Chart



Company headquarters address: No.23, industry E. RD. IV, Hsinchu Science Park



Building A



Building B

| Association Membership |

The Allied Association for Science Park Industries

Taiwan Semiconductor Industry Association (TSIA)

JEDEC Solid State Technology Association

AI on Chip Taiwan Alliance (AITA)

Zeta Alliance

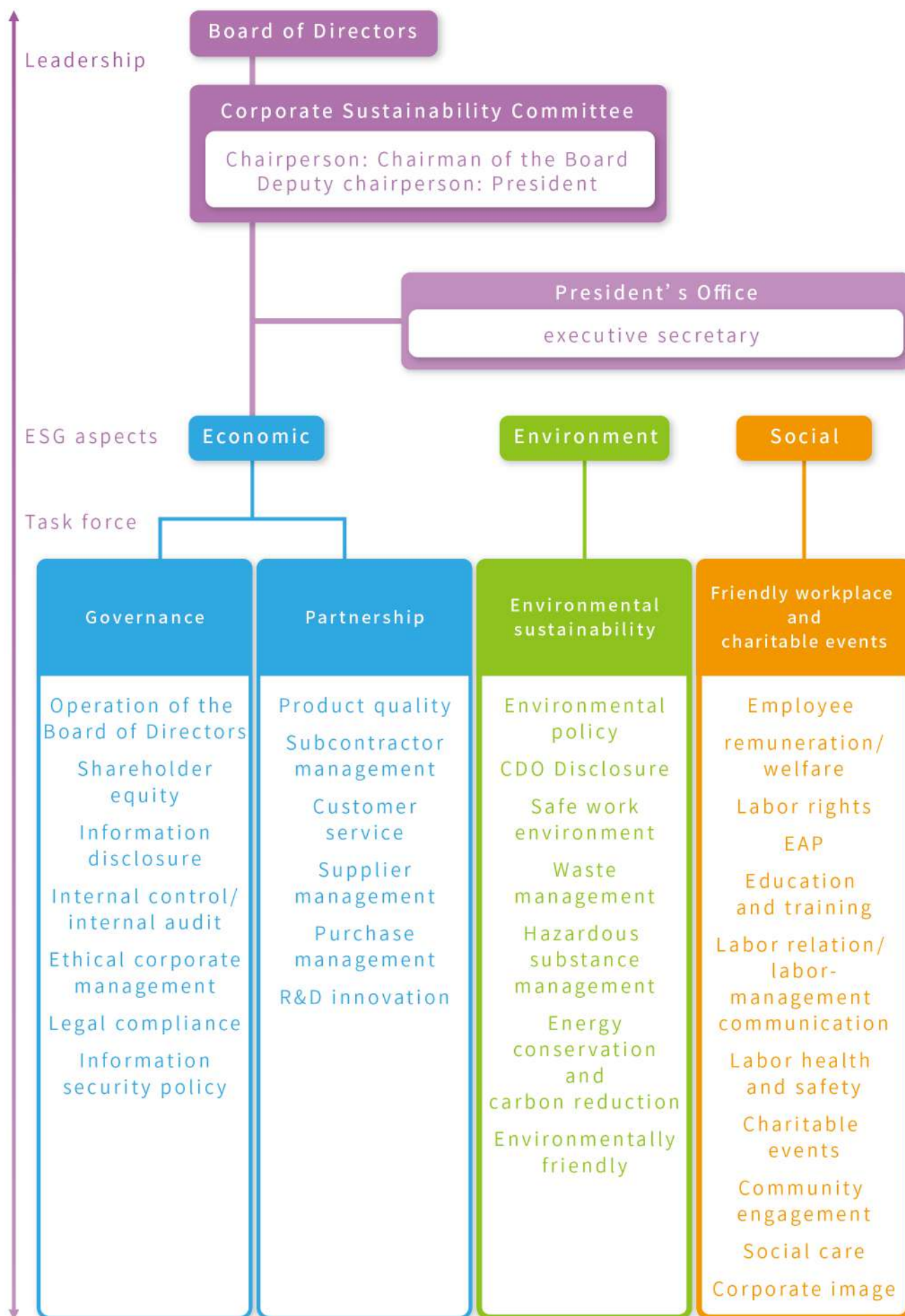
Smart Vehicle Electronics Special Interest Group (IoT Promotion Platform, Smart Electronics Industry Project Promotion Office, IDB, MOEA)

| Corporate Sustainability Committee |

Adhering to the principle of corporate sustainable development, ESMT attends to the issues that stakeholders concern while pursuing business interests in order to fulfill its corporate social responsibility on the ESG front and thereby improve the corporate sustainability. ESMT Corporate Sustainability Committee, established in October 2020, will take charge of assessing the risks and rewards associated with sustainable operations and formulating the vision and strategy for corporate sustainability, so as to enhance governance, partnership, environmental sustainability, workplace friendliness, and promote charitable events. With the Chairman of the Board assuming the position of chairperson and the President the deputy chairperson, the committee oversees promotion of corporate sustainability, assesses the effectiveness in committee meetings and reports the annual execution results to the Board of Directors.

ESMT' s Corporate Sustainability Committee comprises four task forces: Governance Task Force; Partnership Task Force; Environmental Sustainability Task Force; and Friendly Workplace and Charitable Events Task Force. Members of each task force come from the relevant functional unit. The Corporate Sustainability Committee appoints task force chiefs who plan and supervise the task forces operations and regularly convene meetings. Additionally, ESMT' s Corporate Sustainability Committee has designated an executive secretary who is responsible for coordinating the promotion of sustainability issues of concern among the task forces and compiling the Sustainability Report.

ESMT Corporate Sustainability Committee Organizational Structure



The functions served by each task force is described as follows:

Governance	1. Enhancing the capacity of the Board of Directors 2. Uphold investors' rights 3. Formulate systems and regulations concerning governance 4. Ensure transparent disclosure of information 5. Comply with laws and regulations
Partnership	1. Advance the sustainability of the supply chain 2. Establishing a long-term mutually beneficial partnership with supply chain management to improve product quality, customer satisfaction and reliability of delivery and supply
Environmental sustainability	1. Ensuring the Company's operation is in compliance with environmental laws and regulations 2. Creating a safe and healthy workplace in compliance with laws and regulations 3. Enforce and realize energy conservation and carbon reduction goals
Friendly workplace and charitable events	1. Planning employee welfare 2. Helping employees plan and implement career development 3. Upholding employees' rights and interests 4. Establishing a friendly workplace 5. Fusing corporate core philosophy with promoting community development and charity

| Sustainability vision and commitment |

Upholding the spirit of corporate sustainability, ESMT works hard on complying with the three criteria of ESG in its future development and operations: governance, environment, and social. Through coordinating and collaborating resources, ESMT has established long-term partnership with customers, suppliers and society groups. ESMT also offers good working conditions, cares for employees and maintain a good safety health environment standard in workplace, thereby fulfilling its responsibility as a corporate citizen. Since the outbreak of COVID-19 in 2020, the raging pandemic worldwide has thrown the society and economy alike into turmoil, thereby sending global macro economy into uncertainty. Meanwhile, the increasing frequency of occurrence of extreme weather resulting from climate change has caused disasters around the world, posing a great threat to the existence and property of mankind. This draws great attention to the issues concerning corporate sustainable development. As such, the importance of ESG has become the consensus among enterprises. ESMT commits to the vision

of “upholding the ideal of corporate sustainability while developing new technologies and new products and becoming the world’ s top IC supplier and best partner” . ESMT commits to paying close attention to stakeholders’ rights and expectation, valuing the influence of ESG on corporate operations, and working with stakeholders to pursue the sustainable growth of an enterprise and the society.

ESMT also formulates “Integrity, Accountability, Excellence, Innovation” as its corporate core values, and as the code of conduct for employees to follow when they pursue sustainable operations.

| Core Value |

	Integrity The Company’s ethical regulations, which require the Company to live up to its commitment to stakeholders and always do the right thing	
	Accountability The Company demands that managers and employees alike be practical and undertake responsibilities on their own initiative	
	Excellence Keep the mindset of keeping continuous improvement; better themselves; and pursue better products quality and performance.	
	Innovation Welcome new ideas and technologies Be bold enough to break existing technological bottlenecks Keep pace with development trends and develop new products	

| Materiality analysis and stakeholder engagement |

ESMT reviewed sustainability issues and executed materiality analysis by following the GRI Standards’ four principles, namely, stakeholder inclusiveness, sustainability context, materiality, and completeness, and going through the identification, analysis and verification steps.



Identification

| Identifying the parties to be communicated with | (i.e., Identifying stakeholders)

By adhering to the GRI standards, and through a detailed discussion in the Corporate Sustainability Committee based on the five principles of AA1000SES Stakeholder Engagement Standard, namely, dependency, responsibility, influence, diverse perspectives, and tension, ESMT has identified its critical stakeholders. The five critical stakeholders identified in this way are listed below in order of priority: customers, employees, suppliers, shareholders, and government agency.



| Collect sustainability issues |

ESMT has collected 34 sustainability issues by referencing the GRI Standards, RBA, SDGs, company development goals and vision, stakeholder communication, and the issues of concern to benchmarking enterprises.

Analysis

| Survey the extent of concern | (Issues of concern to stakeholders; communication methods)

ESMT incorporated the 34 collected sustainability issues into a questionnaire and distribute it to the five stakeholders to survey the issues of their concern. A total of 157 questionnaires were distributed and 144 retrieved, with a response rate of 91.72%, and hence the issues of concern to stakeholders as follows:

Stakeholder	Association	Communication method	Issues of concern
 Customer	Customers are long-term partners and the key to the Company's growth.	· Customer satisfaction survey (annually) · Sustainability Report (Annually) · Dedicated window (irregularly) · Customer audit (irregularly) · Business meeting (irregularly) · Company website (irregularly)	1. Quality management 2. Information security personal data protection / customer privacy 3. Ethical governance 4. Products and services innovation 5. Anti-corruption
 Employee	Employees are importance assets of the Company. Sustainable development maybe achieved by improving employee welfare and career development and enhancing their cohesion.	· Labor-management meeting; Employee Welfare Committee meeting (quarterly) · Employee inbox/hotline · Internal website, bulletin board · Chairman / President speech; dinner party (periodically)	1. Salary and benefit 2. Employee competence management 3. Talent development 4. Products and services innovation 5. Labor relation

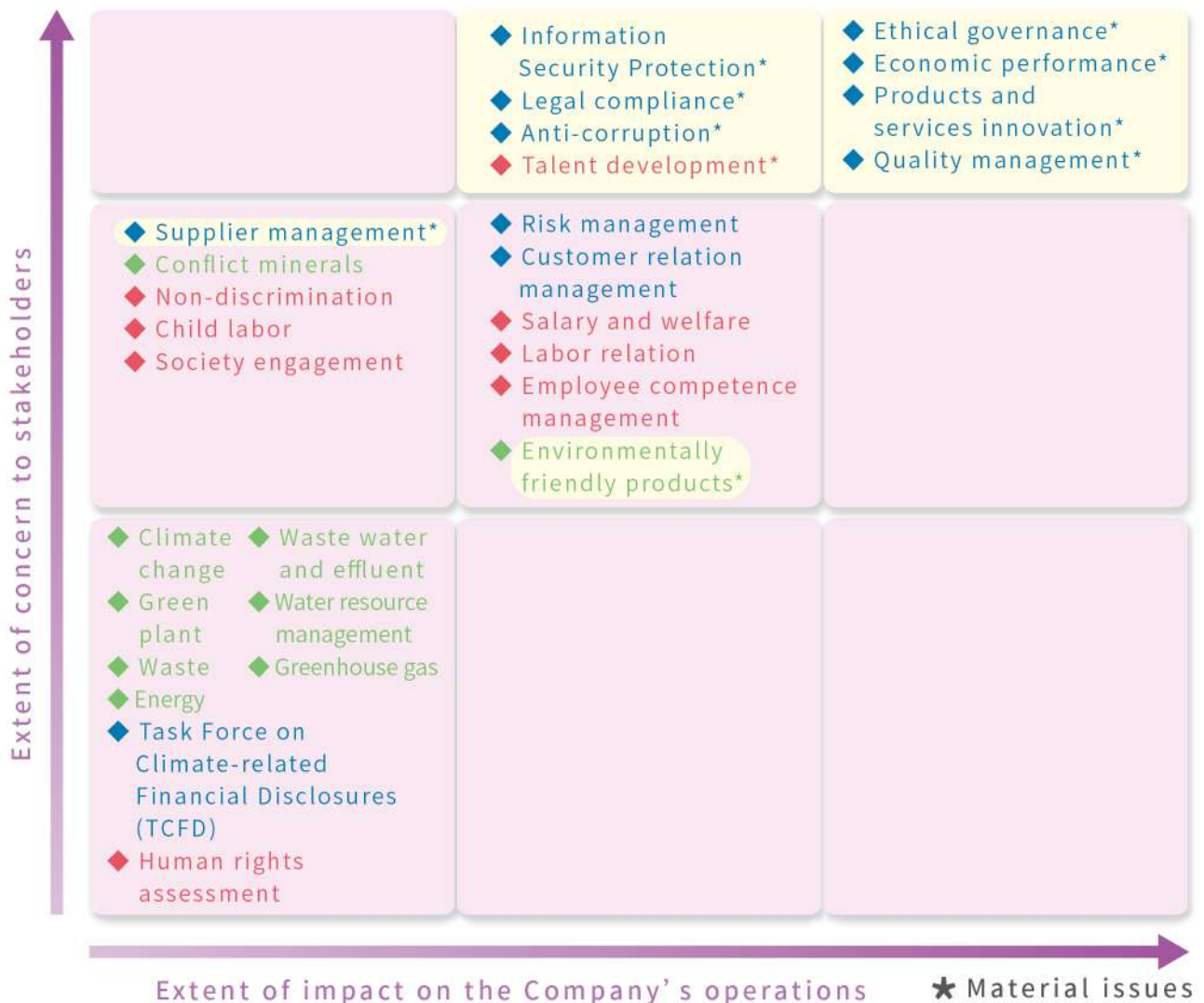
 Supplier	Long-term partners with which the Company works to achieve stable development and sustainable operations.	· Supplier evaluation (quarterly) · Sustainability Report (Annually) · Dedicated window (irregularly) · Supplier meeting (irregularly) · Company website (irregularly)	1.Information security personal data protection / customer privacy 2.Occupational Safety and Health (OSH) 3.Ethical governance 4.Economic performance 5.Environmentally friendly product
 Shareholder	Important source of fund for the Company; excellent operational performance may show the Company's value and facilitate the pursuit of sustainable operations.	· Company financial statements (quarterly) · Institutional shareholder conference (twice a year) · Company annual report (annually) · Annual Shareholders' Meeting (annually) · Market Observation Post System (as prescribed) · Sustainability Report (Annually) · Company website (irregularly) · Spokesperson's inbox and hotline (irregularly)	1.Ethical governance 2.Economic performance 3.Products and services innovation 4.Environmentally friendly products 5.Salary and benefit
 Government agency	Communication channel with the government to access the most up-to-date legal information	· Market Observation Post System (periodically) · Pollution control filing (periodically) · Sustainability Report (Annually) · Government agency inspection (irregularly) · Official letter, e-mail, and meeting (irregularly) · Company website (irregularly)	1.Legal compliance 2.Information security personal data protection / customer privacy 3.Ethical governance 4.Economic performance 5.Intellectual property right

| Analyze operational impacts |

Considering the ESG impact as well as the risks and opportunities in all operational respects, ESMT's Corporate Sustainability Committee identified, assessed, and analyzed the extent of impact of the 34 issues on the Company's internal sustainable operations.

| Draw materiality matrix |

The Company examined the said 34 sustainability issues on an issue by issue basis in terms of stakeholders' extent of concern about them and the effect of the Company's operations on them, and completed the drawing of ESMT's materiality matrix; meanwhile, the Company listed the 8 highly-impacted or highly-concerned issues as material issues.



Verification

| Decide disclosure boundary / review disclosure content | (Material issues management approach)

After discussing about the results, ESMT's Corporate Sustainability Committee deemed the eight issues which highly impacted company operations and concern stakeholders, in addition to the other two issues, namely, environmentally friendly products and ESMT supplier management, to be material. Hence, a total of 10 issues, including the

said 8 highly-concerned issues, environmentally friendly products, and ESMT supplier management, were identified as ESMT's material issues. This report discloses management approach and effectiveness in relevant chapters based on the GRI standards, sets management goals for each material issue, and periodically reviews the effectiveness.

Material issue management approach and goals

Issue	Achievement in 2021	Goals
Ethical governance	Ranked among those at the 6%~20% interval in the Corporate Governance Evaluation Included in the TWSE Corporate Governance 100 Index published by Taiwan Index Plus Corporation	Be among those at the 6%~20% interval or above in the Corporate Governance Evaluation
Economic performance	As stated in the financial statements for 2021	Stable growth in operational performance
Legal compliance, anti-corruption	No incident of violating laws and regulations concerning governance and ethical corporate management. The completion rate of education and training reached 91.77%	Maintain the operation of laws and regulations concerning governance and ethical corporate management. Employee education and training completion rate >90%
Products and services R&D innovation	Completed 35 product design plans and obtained 29 patents abroad in 2021	Continue new products design and technology development
Quality management	Customer satisfaction score 4.33 points (out of 5 points)	Maintain customer satisfaction score at 4.5 points or above
Information Security Protection/ Customer privacy	No material information security incident	Maintain zero information security incident every year Cope with the deteriorating information security attacks from external sources, enhance the establishment of protection mechanisms, including end point security, host backup, and recovery mechanism, and so on.
Supplier management	As high as 96.2% suppliers had their ESG system certified Local procurement accounted for 84.85% of total procurement	No less than 96% of suppliers have their ESG system certified Local procurement accounts for no less than 85% of total procurement
Environmentally friendly products	The products sold in the year can effect a reduction in greenhouse gas emissions equivalent to 141,000 tons of carbon emissions.	Improve the performance of self-developed low-energy DDR2 and DDR3, and Low Power products
Talent development	Included as a constituent of the TWSE RAFI® Taiwan High Compensation 100 Index for 9 years Ranked 3rd in the Lis of Average Salary of Non-managerial Employees of Public Companies Ranked 1st in the Lis of Median Salary of Non-managerial Employees of Public Companies	▪ Offer diverse learning resources and channels ▪ Encourage employees to learn on their own initiative to improve their performance and develop their potential ▪ Offer competitive remuneration and welfare, and keep investing in talent recruitment and development mechanisms, so as to render the Company the competitiveness requisite for development.

01 Governance



Chapter 1 Governance

| 1.1 Management |

ESMT dully operates, discloses information transparently, and always prioritizes shareholder interests. Members of the Board of Directors are composed of professionals with managerial experiences in the technology industry. As prescribed by the competent authority as well as regulations, the Board of Directors has established the “Audit Committee” , “Remuneration Committee” , and “Nomination Committee” under it. They are responsible for assisting the Board of Directors in performing its supervision duty, establishing intra-company governance mechanisms, and executing any work in relation to governance.

Election of the Board of Directors

ESMT’ s Board of Directors has 7 ~ 9 directors; the Board of Directors is authorized to determine the number of directors (including at least 3 independent directors). A director shall be elected by the Shareholders’ Meeting from among the personnel with disposing capacity for a term of 3 years. The Articles of Incorporation stipulates the candidates nomination system for the election of directors (including independent directors). Independent director candidates’ professional qualifications, shareholding and concurrent-post restriction, nomination and election method are consistent with the what is prescribed in the Company Act and the Securities Exchange Act. The election of directors considers the composition of the Board of Directors. All Board of Directors members have the knowledge, skill, and competency required for execution of their duties.

Member of the Board of Directors

To enhance the occupational competence of the Board of Directors, when electing directors (independent directors), the Company not only

considers the professionalism of each director (including independent director), but also formulate a Board Diversification Policy, so as to ensure the diversity and independence of Board members. Judging from the list of the 8 members of the 8th Board of Directors, all of them are experts in either leadership, operational judgment, business administration, or crisis management, and possess industry knowledge and a cosmopolitan market perspective. They are professionals of either business administration, science and engineering, and finance, are managers in the technology industry, are aged 50 or above, and are capable of offering professional advice from different perspectives and considerably helpful in improving operational performance and management effectiveness.

Below is the list of directors of ESMT' s 8th Board of Directors:

01 Chairman Chen Hsing-hai Education and Experience Master of Applied Physics, National Tsing Hua University	02 Director Chang Ming-chien Education and Experience President, ESMT M.A., Institute of Electronics, National Chiao Tung University	03 Director He Chih-hung Education and Experience Senior Vice President, ESMT PhD in Mechanical Engineering North Carolina State University	04 Director Tai Yung-wen Education and Experience Vice President, ESMT M.A., Institute of Electronics, National Chiao Tung University
05 Director Huang Chia-neng Education and Experience Chairman and CEO, Chang Wah Electromaterials Inc. Department of Mechanical Engineering, Chung Yuan Christian University	06 Independent director Chou Shuang-jen Education and Experience Presiding CPA, Ding Zun Accounting Firm M.B.A., Golden Gate University, California	07 Independent director Chiang Chin-fu Education and Experience Professor, NCTU Institute of Physics PhD in Physics, National Tsing Hua University	08 Independent director Chien Cheng-yang Education and Experience Independent director, Eon Silicon Solution Inc.

Management team

As professional managers in this industry for years, ESMT' s management team fuses their rich experience and the Company' s

goals, and regularly reports business strategy and outlook to the Board of Directors, in the hope to create the maximum value for shareholders. Members of the team are as follows:



Chief Governance Officer

To protect shareholder interests and enhance the occupational competency of the Board of Directors, the Company appointed Mr. Wu Hung-chi as Chief Governance Officer in June 2021 through a resolution reached at a Board of Directors meeting.

The duties of the Chief Governance Officer include the following:

1. Organize the Board of Directors meetings and the Shareholders' Meeting in accordance with laws.
2. Take the minutes of the Board of Directors meetings and the Shareholders' Meeting.
3. Assist the directors and independent directors in assuming the office and continuing education.
4. Provide directors and independent directors with the materials require for performing their duties.

5. Assist directors and independent directors in complying with laws and regulations.
6. Other matters prescribed in the Articles of Incorporation or contracts.

| 1.2 Operational performance |

1.2.1 Operational results of 2021 (data taken from the consolidated financial statements)

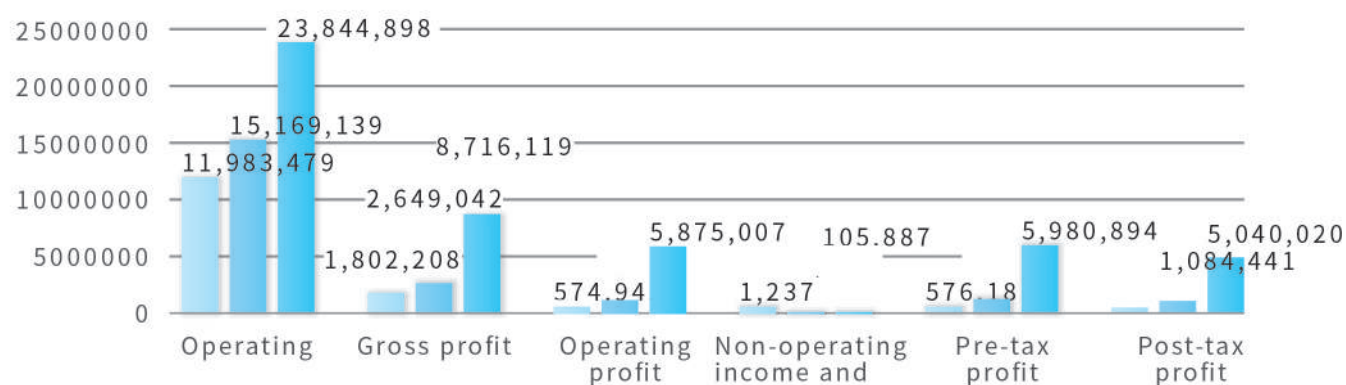
(i) The table below compares the operational status of 2021 with that of 2020:

Unit: NT\$ thousand

	2021	2020	Amount increased (decreased)	Percentage increased (decreased)
Operating revenue	23,844,898	15,267,139	8,577,759	56.18%
Gross profit	8,716,119	2,649,042	6,067,077	229.03%
Operating expenses	(2,841,112)	(1,494,257)	(1,346,855)	(90.14%)
Operating profit (loss)	5,875,007	1,154,785	4,720,222	408.75%
Non-operating income and expenses, net	105,887	98,915	6,972	7.05%
Pre-tax profit (loss)	5,980,894	1,253,700	4,727,194	377.06%
Post-tax profit (loss)	5,040,020	1,084,441	3,955,579	364.76%

Operation status

NT\$ thousand ■ 2019 ■ 2020 ■ 2021



(ii) Analysis of income and expenses and profitability

(1) Income and expenses

Unit: NT\$ thousand

Item	2021	2020	Amount increased (decreased)	Amount increased (decreased)
Cash flows from operating activities	8,289,599	453,348	7,836,251	1,728.53%
Cash flows from investing activities	(1,811,305)	(504,290)	(1,307,015)	(259.18%)
Cash flows from financing activities	(285,489)	891,856	(1,177,345)	(132.01%)

(2) Profitability

Item		110	109
Return on assets (%)		30.43	9.32
Return on equity (%)		48.49	14.02
As a percentage of paid-in capital	Operating profit	205.31	40.41
	Pre-tax profit	209.01	43.87
Profit margin (NT\$)		21.14	7.10
EPS (NT\$)		17.76	3.85

(3) R&D status: R&D expenses in 2021 reached NT\$1,777,702 thousand, accounting for 8% of operating revenue.

1.2.2 Summary of the 2022 Business Plan

(i) Operational policy

- (1) Expand the R&D personnel base to enhance R&D strength; increase R&D equipment expenses to improve R&D effectiveness.
- (2) Expand 25nm low-density niche DRAM memory product line such as DDR4, DDR3, LP DDR3, DDR2, LP DDR2, etc.
- (3) Accelerate the introduction of 21nm DRAM product research and development to maintain a competitive advantage of cost structure.

- (4) Accelerate the mass production of 28nm NAND products.
- (5) Accelerate the expansion of product lines such as MCP (NAND+LP DRAM), and eMCP (controller+NAND+LP DRAM).
- (6) Expand the 50nm NOR Flash product line and business without reservation.
- (7) Research and develop the niche memory of car specifications.
- (8) Accelerate the promotion of power IC and analog IC product lines.
- (9) Expand the Company's product lines such as IoT IC, Motor Drive IC, Sensor IC, etc.
- (10) Maintain a robust financial structure.

(ii) Sales forecast and forecast basis

Benefited from the demands that come with the stay-at-home economy, the PC market in recession for years saw the demand outpace supply in 2020, and grew by 20% in 2021, though expects a short-term correction in 2022. Although the market for smartphones shrank due to COVID-19 pandemic, gradually the vaccination has become universal and market confidence is recovering. With the popularity of 5G on the rise, PCs and smartphones will be shipped with higher memory capacity to improve their performance. The yield rate of 3D NAND process has stabilized and hence the supply, which is bringing down the price. However, most production capacity will be occupied by NB SSD and cellphone memory of higher density since the demand of which are expected to increase significantly. As such, the price of SLC NAND is likely to maintain at the level of the previous year due to its broad applications, soaring demands and restricted production capacity. The price of NOR Flash is likely to remain unchanged at the 2021 level due to soaring application demands despite the new production capacity from the China plants.

The Company's revenue hit a record high in 2021. Benefited from the demands from the stay-at-home economy and Samsung and Hynix shifting their production capacity from memory to CIS, the market's demand for niche memory will greatly outpace the supply, leading to

a rare prosperity. However, due to limited wafer production capacity, geographical disputes, and macroeconomic factors such as inflation and interest rate hikes, the growth in revenue and profit in 2022 is expected to be inhibited.

(iii) Important production and sale policies

- (1) Enhance the partnership with chip suppliers and back-end production suppliers to maintain a stable production capacity and goods supply.
- (2) Enhance the promotion of business of Know-good die (KGD), NOR, NAND, and MCP.
- (3) Provide an industry-leading quality and cost structure to expand the market share at home and abroad.
- (4) Strengthen the interaction with agents and distributors, expand the application fields of new products, and increase business sales.

1.2.3 Future development strategy

Although global supplier of DRAM and NAND Flash opted for integration as opposed to red ocean competition as in the past, mainland China has been cultivating its own semiconductor industry with state power, especially the DRAM and NAND memory industry, sending memory supply in the future into an uncertainty; its new memory fabs have been constructed in 2020 and started mass production. The memory industry will start a new round of competition and exclusion; this will affect the market for niche memory. Nonetheless, the market for niche memory in the short run will still see demand outpace supply. To survive the environment, the Company must enhance technological strength, accelerate new product development, and continue lowering the cost to cope with future competition.

As for low-density niche memory, due to its even broader application and its role as a critical electronic component, the demand for it for technological products is expected to soar worldwide in 2022.

To meet market demand, the Company will continue to develop new products. Aside from focusing on the business of highly integrated, high-speed, low-energy memory IC products, KGD, NOR, NAND Flash, and MCP, the Company will also accelerate the R&D of analog IC and mixed signal IC product lines, so as to meet customer requirements of all kind. The Company will aggressively enhance the development of new products to improve its own competitiveness to gain a larger share in the competitive market in the future and thus create the maximum profit.

1.2.4 Effect of external competition, the legal environment, and the overall business environment

The advance of stay-at-home economy and a digital life has pushed demands up to beyond expectation. Additionally, increase in production capacity was limited, and Samsung and Hynix both shifted their production capacity from memory to CIS, edging the price of niche memory up to a height in 2021 while maintaining a robust market demand. Ever since the breakout of COVID-19, many people have been in deep water. Countries around the world tried to rescue the economy and improve citizens' life through quantitative easing or money printing; the emerging aftereffect such as a record high inflation rate worldwide has impacted consumer confidence; the central bank of the various countries planned to increase the interest rate, sending the economic development in 2022 into an uncertainty. Oil prices also hit a record high due to geological factors such as heating conflict between China and the US, and the war looming over the border between Russia and Ukraine. Overall, the semiconductor market is still in its gold age where opportunities abound. The operating revenue is 2022 is still worth looking forward to.

The Company's operations comply with the laws and regulations of the countries in which it invests. The management team will also pay close attention to any change in policy, laws, or regulations which might impact the Company's business and finance, so as to obtain a reference for operations. In addition, by working with professional institutions,

the Company pays close attention to the development of relevant laws and adjusts strategy whenever the operations require so. As such, the Company is able to grasp and cope with any important change in policy and laws domestically and abroad.

Dividend Policy

ESMT' s dividend distribution policy is subject to its current and future investing environment, capital requirements, competition at home and abroad, and capital budget while also considering shareholder interests, equalization of dividends, and ESMT' s long-term financial planning. The Board of Directors will draft a dividend distribution proposal and submit it to the Shareholders' Meeting every year. If there are earnings in the final account, the Company shall use the earnings in the following order of priority: (1) pay taxes and duties; (2) compensate for prior deficit; (3) set aside 10% of the remaining earnings as legal reserve; (4) provide special reserve, where applicable; (5) reserve a certain portion of the remaining earnings to meet operational requirements; and (6) appropriate no less than 20% of the annual earnings as shareholder bonus and dividends.

2021 dividend policy and policy execution

(1) Dividend policy stated in the company bylaws:

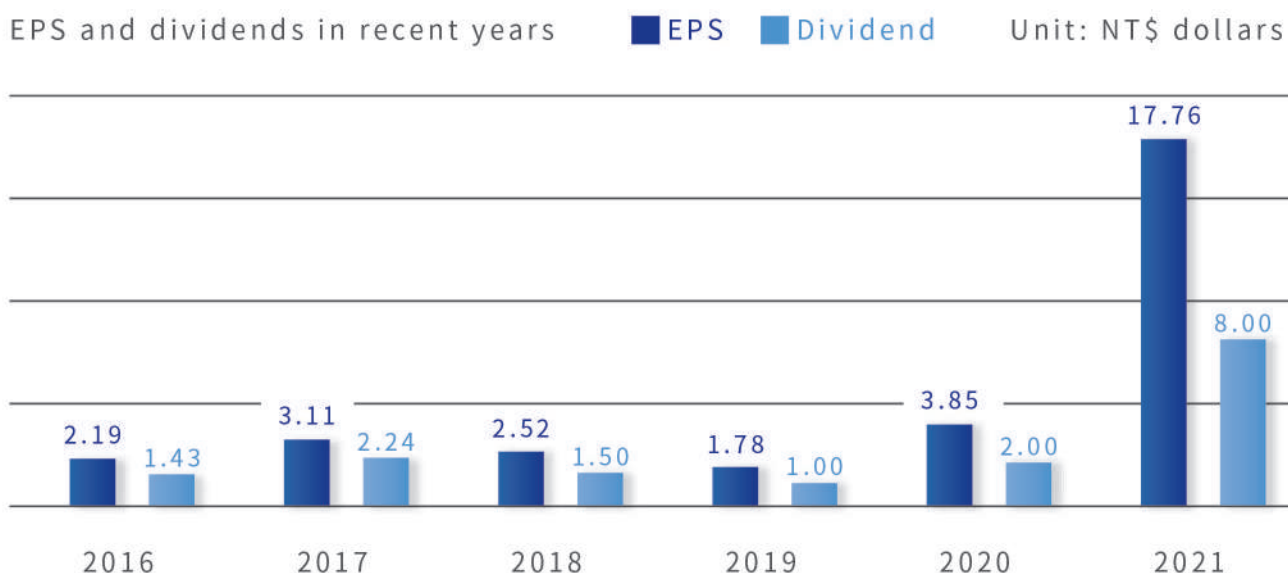
Since the Company is still at a growth phase in the industry life cycle, at least 5% of total dividends will be distributed in cash, and the rest percentage in stocks.

(2) In 2021, the Board of Directors proposed to use earnings and capital surplus to distribute cash dividends, as stated in the following:

- Each 1,000 shares are assigned a cash dividend of NT\$8,000 (rounded to the nearest integral), pending the approval of the 2022 Shareholder' s Meeting, after which the Chairman shall be authorized to set the ex-dividend date and distribution date and deal with relevant matters.

- This Earnings Distribution Proposal was approved at the 2022 Shareholders' Meeting; distribution of earnings was completed on July 29, 2022.

Dividend distribution in recent years



| 1.3 Ethics and legal compliance |

Ethical and business strategy

As a member of the society, ESMT pursues operational performance and creates economic value while wishing to using its resources to “better the society” , a corporate social responsibility goal it has set for itself. During our daily operations, we commit to obeying business ethics, uphold the virtue of integrity, abide by laws, oppose to corruption, reject bribing and bribes, and never forge any political relation.

Aside from abiding by the Company Act and Securities Exchange Act of the Republic of China, ESMT also formulates its own “Ethical Corporate Management Best Practice Principles” to provide a basis for establishing an effective governance structure, thereby ensuring compliance with laws, securing shareholders equity, enhancing the occupational competence of the Board of Directors, respecting

stakeholders' interests, improving the transparency of information. ESMT wishes to fulfill the corporate sustainability operations responsibility and improve ESMT's business performance through a functioning governance framework.

ESMT has set up a system for reporting unethical conduct or misconduct and disclosed the reporting system on company website. Insiders or outsiders may report the unethical conduct or misconduct, if any, of the Company's employees through the reporting system. If the matter reported is verified to be true, the Company will have the responsible units review internal operating procedures and propose corrective actions to avert the recurrence of the same matter. In 2021, there was no unethical conduct or misconduct.

To strengthen governance, ESMT has additionally formulated policies in relation to "human rights policy", "ethical corporate management", and "insider trading prevention dissemination" and arranged corresponding education and training. 370 employees have finished the training, accounting for 91.77% of total employees.

Corporate social responsibility policy

As a member of the society, ESMT pursues operational performance and creates economic value while wishing to using its resources to "better the society", a corporate social responsibility goal it has set for itself. During our daily operations, we commit to obeying business ethics, uphold the virtue of integrity, abide by laws, oppose to corruption, reject bribing and bribes, and never forge any political relation.

ESMT values governance, aiming to strike a balance among the interests of shareholders, employees, the society, and all stakeholders. With the vision of jointly creating sustainable development and promoting work-life balance, we offer quality work opportunities and environment and share the business development fruit with employees;

in doing so, we also create jobs and make the society where people could work and live happily.

We also encourage employees to practice society engagement in their spare time. Together with ESMT Educational Foundation which promotes education and culture, ESMT has been caring for the underprivileged groups, enthusiastically participating in the promotion of charitable events and contributing to the society.

To care for the Earth and in response to climate change, ESMT values and maintain its environmental protection measures; aside from promoting energy conservation and carbon reduction on its own initiative, ESMT has also exerted its influence in that it worked with suppliers to promote green production and improve the environmental management effectiveness.

Moving forward, we will uphold our pursuit of a fair and beautiful society by dedicating to the sustainable development of enterprises and the society, so as to create a win-win situation among stakeholders, thereby driving the society forward.

| 1.4 Risk and management |

To facilitate risk management and the promotion of the strategy of corporate sustainable operations, the Company established the Corporate Sustainability Committee on October 7, 2020. The chairperson and deputy chairperson of the committee were the Chairman of the Board and the President, respectively, who further assembled the top management into various task forces under the committee, namely “Governance Task Force” , “Partnership Task Force” , “Environmental Sustainability Task Force” , and “Friendly Workplace and Charitable Events Task Force” , in the hope to control the business risks on the ESG front using the principles for sustainable operations, thereby providing a basis for the formulation of strategy and policy and the advancement of

management by the top management and the Board of Directors.

The Company assessed the risks inherent to material issues based on the corporate social responsibility materiality principles, and formulated corresponding risk management policy or strategy based on the assessed risks, as stated in the following:

Material issues	Risk assessed	Risk management policy or strategy
Environmental sustainability	Environmental protection	As a member of the supply chain of global semiconductor products, ESMT is obliged to assume the responsibility for environmental sustainability development. By formulating policies on environmental friendliness, energy conservation and carbon reduction, and safety and health, the Company has aligned its operations which might impact the environment or safety and health with laws and regulations, successfully reducing the adverse ESG impact, aiming to increase the frequency of resource recycling and reuse. In addition, to comply with international environmental protection laws and regulations and customers' environmental protection requirement, ESMT has constructed a green product management system, and continually improved the system with the systematic PDCA management cycle. Aside from being certified by Green Partner, an international brand name, ESMT also has its product lines compliant with RoHS and REACH requirements. ESMT's major goal respecting environmental sustainability will be to advance the design of green products to launch more low-energy and low-impact products, so as to make its fair share of contribution to environmental sustainability development.
Social responsibility	Workplace safety	To prevent occupational accident and ensure employee safety and health, ESMT has set up the Occupational Safety and Health Committee. ESMT implements labor safety and health duties through internal and external safety inspection, and by regularly convening committee meetings to discuss labor safety and health. The Company disseminates company commitments and relevant policy requirements to employees and subcontractors through education and training, hoping that they can understand safety and health regulations and policy. ESMT ensures the realization of safety and health goals and workplace safety by making continuous improvement using the systematic PDCA management cycle, and by implementing the emergency response plan.
	Social care	The Company has been supporting special education groups and educational activities by providing resources and manpower. Together with ESMT Educational Foundation and other groups, ESMT helps orphans and sponsors or organizes charitable events concerning culture, art, and education, and reviews the effectiveness of the annual plan, thereby achieving the goal of caring for society and giving back to society.
Governance	Socioeconomic Legal compliance	By establishing a compliant governance organization and implementing the internal control system, the Company ensures the achievement of the goal of operational benefits, and hence giving back to shareholders, employees, and the society; meanwhile, by establishing and disseminating relevant systems, the Company ensures that all personnel and operation are compliant with laws and regulations.

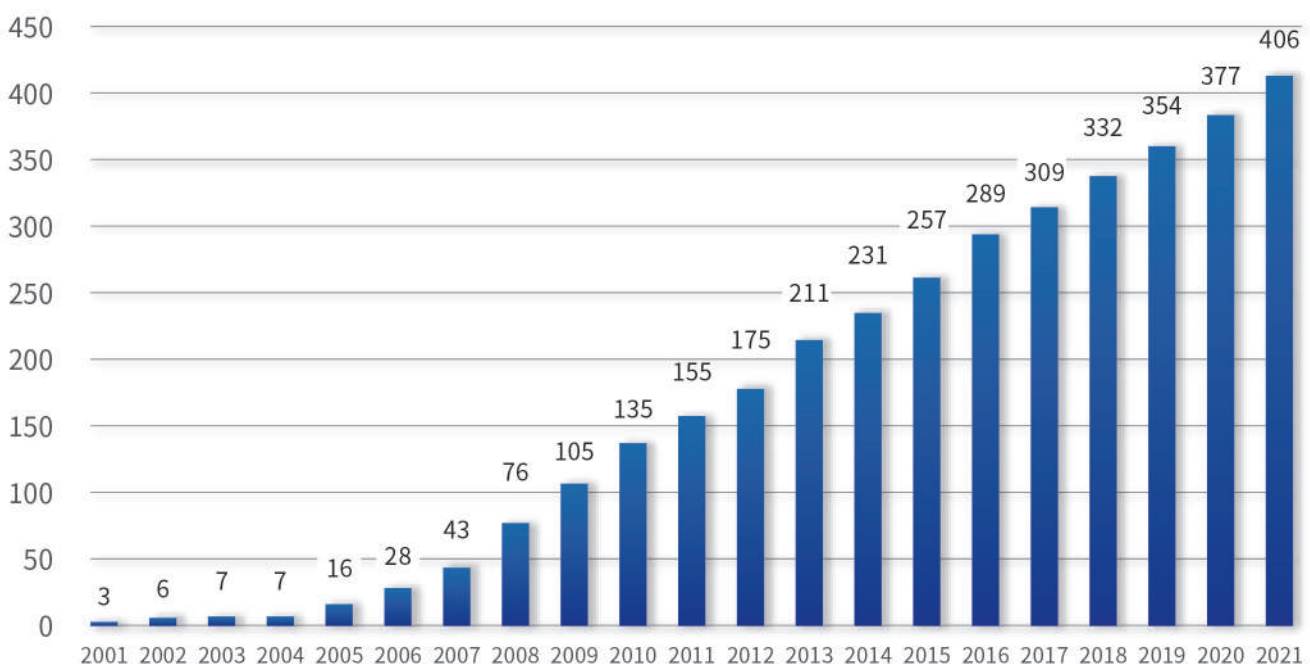
| 1.5 R&D innovation |

The Company has long engaged in niche memory, including niche DRAM, NOR Flash, and SLC NAND. Despite the adverse effect of COVID-19 pandemic in 2021, the demands derived from the stay-at-home economy have pushed the annual operating revenue to NT\$23.845 billion (consolidated revenue), a record high.

Aside from becoming more comprehensive after years of efforts and endeavor, the Power IC and analog IC product lines have also been certified by major clients, in particular the audio amplifier, of which the market share increases. Benefited from the demand for audio/video products which is derived from the stay-at-home economy, the Company has gained substantial ground in the market for smart speakers. Benefited from the lack of semiconductor, audio amplifier ICs were gradually adopted by speaker brands in the Europe and the Americas in 2021, driving the sales revenue up by 33.6%. Audio amplifier ICs are expected to continue the growth driven by demands from market for televisions and speakers in 2022.

Looking forward, ESMT will continue building up the number of patents and continue to leverage advanced technologies and product design to launch cost-effective and high quality memory, mixed signal IC and system IC products, aiming to become the long-term trust-worthy partner of customers.

Total number of awarded patents over the years



| 1.6 Intellectual property right |

As the technology advances, the Company's R&D expenses also edges up year by year. To enhance the Company's business competitiveness and protect the advanced technological achievements of R&D personnel, the Company has established a business model. This model utilizes intellectual property right management mechanisms, which integrate business goals and R&D resources to create a company value and intangible assets. The business model, which is a combination of company product strategy, R&D strategy, and intellectual property strategy, enhances the Company's use of intellectual property, protecting the Company's operational autonomy and enhancing competitiveness, and making the Company profitable.

Patent Protection Measures

To improve the intellectual property competitiveness, the Company's patent application strategy covers not only current and future products, but also specific technologies (i.e., strategic patent strategy and fencing strategy). The Company has dedicated personnel responsible for intellectual property management, from literature survey before the product R&D, to discussion about technologies, to formulation of a patent map for specific technologies, and to maintenance of patents, strictly controlling the quality of patented technologies. The personnel also monitor the patent application status of competitors in order to know what their product and technology development trend is and whether there is doubt about patent infringement.

The Company also pays attention to the technology transfer market and patent transaction market. The Company looks at the patent technology transfer or matching activities on each transaction platform (e.g., ITRI, NCSIST, and TWTM, etc.) and assesses whether a technology is potential for transfer or matching, so as to fully leverage the Company's patent value. The Company has set up a Patent Review Committee,

which is composed of top management, senior technological executives familiar with the technology, and recruited professionals and advisors, and adopts a graded review process to improve patent quality. The Company has also set up a proper patent reward system to encourage employees to propose a patent application. In addition, the Company also regularly organizes education and training on patented technologies to raise employees' awareness of the protection of technologies and patents.

Trade secret protection

Trade secret protection is critical to the Company's competitive edges such as leading technologies, excellent production, and customer trust, in particular to the Company as an IC designer which focuses on autonomously developed products.

The Company has established internal regulations for trade secret. Periodically, an orientation on trade secret protection is held for new employees; irregularly, an internal announcement is made to disseminate the Company's trade secret protection policy to employees. All employees upon starting work and resigning shall sign a written confidentiality agreement; in doing so, they are prohibited to disclose the Company's confidential information. The Company has established document control regulations, as well as the Document Control Center (DCC), which is responsible for managing and maintaining technological information critical to the Company. The Company also highly values information security in that it has set up information security management regulations and implementing applicable measures lest its information is leaked and interests infringed. By holding education and training seminar on trade secret, the Company raises employees' awareness of the protection of the Company's confidential information as well as relevant laws and regulations.

Trade mark management

Ever since establishment the Company has seen seeking trademark protection in countries that are major markets for its products. The Company has dedicated personnel responsible for the research prior to trademark application, management of trademark cases and trade mark data, and maintenance of trade mark, so that the Company can market worldwide under its private brand.

Copyright management

To protect company confidential information and the right of acquired patented technology, if the Company's product and technology must be publicized on periodicals, in seminars, or in the form of a thesis, the Company will review and manage the publication beforehand. Also, the Company has established internal regulations for control and review purposes in order to thoroughly implement the internal review mechanism, lest the Company's important technological information is unduly publicized.

The Company reported intellectual property matters to the 10th meeting of the 8th Board of Directors on December 23, 2020, and proposed corrective actions based on the directors' suggestions.

Since the early stage after establishment the Company has been gradually introducing and bettering the intellectual property management system. Matters executed in the past few years are stated as follows:

1. Since 2006 the Company has been irregularly inviting prestigious scholars, or having the supervisor of the Company's Legal Affairs and Intellectual Property Office to lecture on or disseminate trade secret protection and the basic concept of acquiring patent rights and patented technology to employees.

2. Since 2011 the Company has been participating in the Corporate Intellectual Property Information Dissemination Tournament organized by the Intellectual Property Office, MOEA, during which lawyers and scholars are invited to the Company to lecture on patent right, trade mark right, copyright, trade secret, and practicals to employees.
3. In 2013, the Company updated the patent application procedures to implement a graded patent review system.
4. In 2014, the Company established the mechanism to review applications for publishing company information.
5. In 2015, the Company established and executed the strategy toward the analysis and arrangement of new product patent technologies, so as to govern the technology involved in new product development.
6. In 2017, the Company updated and established a comprehensive intellectual property right information management system to enhance the management of the various application information and patent protection information; it also updated the intellectual property protection strategy and patent review system to support the development and operations of new business.
7. In 2018, the Company invited the professor of the School of Law, Soochow University who is also the dean of the Intellectual Property Law Research Center to lecture on the protection and reasonable use of copyright; in addition, the supervisors of the Company's patent department held education and training on the analysis of patent technology for R&D personnel.
8. In 2019, the Company surveyed the standard for grading the Company's important information, and assessed patent insurance and non-practicing entities.
9. In 2020, the Company assessed the feasibility of introducing the Taiwan Intellectual Property Management System (TIP).
10. In 2021, the Company invited the professor of School of Law, Soochow University, who is also the dean of the Intellectual Property Law Research Center to the Company to lecture on trade secret protection,

copyright protection, and software copyright. To enhance the information management efficiency and centralize the maintenance and management of legal documents under the approval process and relevant confidential information, the Company has established the electronic approval management system; this ensures that only concerned personnel may access the confidential information and thus maintains the secrecy of confidential information. In response to the expansion of product lines, the Company once again adjusted the membership of the Patent Review Committee based on the technological attributes of products, so as to enhance the development of a portfolio of the patent technology of new products.

11. Below is a list of awarded intellectual property rights:

- (1) Patent: As of December 2021, the Company has accumulated 406 patents worldwide, including 29 acquired in 2021 at home and abroad.
- (2) Trade mark: As of December 2021, the Company has registered 36 trade marks in the countries where it mainly operates.

| 1.7 Insider trading prevention |

1. The Company is a public company. As such, employees are heavily regulated by the laws and regulations governing insider trading and material information which might impact shareholder equity or securities price.
2. The so-called “material information” is handled in accordance with Article 4 of the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.
3. Unless otherwise required by law, the Company’s material information shall be disclosed by the Company’s spokesperson or acting spokesperson. No employee of the Company may disclose the material information without authorization.

4. No employee with knowledge of material information may trade the Company' s securities under their own name or other person' s name before the official disclosure of the material information or within 18 hours after the disclosure of the material information. The regulations also apply to the material information that an employee indirectly acquires due to reasons other than their duties.
5. No employee may inquire about or collect any non-public material information unrelated to their job duties.
6. All employees of the Company are obliged to keep confidential the Company' s trade secret and non-public material information, shall exercise the due care and fiduciary duty typical of a good administrator when performing their duties, and may not leak any trade secret or non-public material information that they acquired in the course of performing their duties to anyone with irrelevant duties.
7. External institutions or personnel that participate in the Company' s investment, merger, procurement, strategic alliance, or important collaboration plan, or that are a signatory to important legal documents, shall execute a confidentiality undertaking agreement as required by the Company; none of them may reveal the Company' s trade secret or non-public material information.
8. No employee may discuss any topic related to the Company in internet chat rooms or digital signage board related to investment or stocks.
9. If an employee is not sure whether their conduct violates the laws governing insider trading, or whether their conduct leaks the Company' s trade secret or non-public information, they shall immediately consult the Company' s Legal Affairs and Intellectual Property Office or the Audit Department.

As required by the Regulations Governing Establishment of Internal Control Systems by Public Companies, the Company has established the “Insider Trading Prevention Management” regulations within its internal control system, and conducts information dissemination every year. The Company disseminated the information on “insider trading prevention” to employees by means of e-learning in December 2021. A

total of 457 completed the e-learning courses, accounting for 91.77% of total employees. Those who have yet to complete the e-learning courses will be tracked during the 2022 annual education and information dissemination.

| 1.8 Reporting of unethical conduct or misconduct |

According to the Company's Ethical Corporate Management Best Practice Principles, an insider or outsider may report the unethical conduct or misconduct of the Company's employee, if any, through audit@esmt.com.tw.

The reporter shall provide at least the following information:

1. The reporter's identity information, contact address, contract number, and e-mail address.
2. The name of the person being reported or other materials sufficient to identify the person being reported.
3. Concrete evidence for investigation purpose.

The person of the Company who is in charge of dealing with the matter being reported shall make a written statement stating that the reporter's identity and reported content will be kept confidential. The Company also pledges that the reporter will not be improperly treated as a result of reporting illegal matters.

The Company's dedicated unit shall deal with the reported matter in accordance with the following procedures:

1. Reported matters involving an employee shall be reported to the departmental supervisor governing the employee; reported matters involving a director or top management shall be reported to the independent director.
2. The Company's dedicated unit and the supervisor stated in the previous subparagraph shall immediately verify the reported matter, and may request the assistance from the legal compliance department or other relevant department wherever necessary.

3. If the person being reported is confirmed to be in violation of laws or regulations or the Company' s ethical corporate management policy, the Company shall demand that the person immediately cease the conduct, and shall impose proper punishment, or, whenever appropriate, report the person to the competent authority, transfer the person to judicial authority for investigation, or demand compensation from the person through legal proceedings, so as to maintain the Company' s reputation and interests.
4. Reporting acceptance, investigation process and investigation results shall be kept in writing and shall be preserved, either in hard copy or electronic file, for 5 years. If within the preservation period a litigation similar to that stated on the reporting content of the preserved file occurs, the preserved file shall be kept preserved until the litigation is completed.
5. If the matter reported is verified to be true, the Company will have the responsible units review internal control system and operating procedures, and propose corrective actions to avert the recurrence of the same matter.
6. The Company' s dedicated unit shall report to the Board of Directors on the reported matter, handling methods and subsequent review and corrective actions.

| 1.9 Information security policy and management projects |

The Company' s Information Office is the unit in charge of information security within the Company; the Information Office shall formulate and implement information security policy and report to the management on information security execution plan and achievement every quarter, so as to ensure a functioning information security management mechanism.

The Audit Office is the unit in charge of auditing information security. If finding any non-conformity during inspection, the Audit Office shall demand that the audited unit propose corrective actions and shall track the result of corrective actions periodically, so as to mitigate internal information security risk.

The Company adopts the PDCA (Plan-Do-Check-Act) management cycle to establish a comprehensive information security management system, so as to effectively prevent information security incident, thereby ensuring the achievement of information security goals and continuing improvement.

The Company has purchased hardware electronic insurance for operating assets such as information system, network equipment, etc., and has adopted security monitoring operation to avoid equipment being stolen or intentionally damaged. Since information security insurance is an emerging insurance, the Company decides not to purchase one for the time being after assessing the synergy of insurance coverage, claims coverage, claims identification and identification institution qualification. Nonetheless, the Company has adopted the following strategy for emerging information security challenges such as advanced persistent threat (APT), DDoS attack, ransom ware, social engineering and data theft: the Company pays close attention to the change in information security environment based on its information security policy ever year, and formulates information security protection mechanism and projects by referencing technology journals. The Company has joined the Information Sharing and Analysis Center, from which the up-to-date attack information can be obtained to serve as a reference for taking proper defense measures.

Periodically, the Company executes safety testing, information security examination, and social engineering and information security incident drill, so as to enhance employees' awareness of information security crisis and improve the preparedness of information security personnel, in the hope to prevent intrusion and detect and block intrusion in the first place.

The table below lists the Company's information security management measures:

Information security management measures		
Type	Description	Related operation
Authority management	Measures for management of personnel accounts and permission and system operation behavior	· Personnel account and permission management and review · Periodical inventory of personnel account and permission

Information security management measures		
Type	Description	Related operation
Access control	Measures for controlling personnel accessing internal and external systems and data transmission channels	· Internal/external access control measures · Sensitive data leakage control · Operation behavior trace record
External threat	Internal potential vulnerabilities, virus contraction channels, and protective measures	· Host/computer vulnerability protection and update measures · Virus protection and malware detection · Cyber threat monitoring
System availability	System availability status and measures taken upon service interruption	· System/Network availability status monitoring and reporting mechanism · Measures taken upon service interruption · Information back-up mechanism; local/remote back-up mechanism · Periodical recovery drill

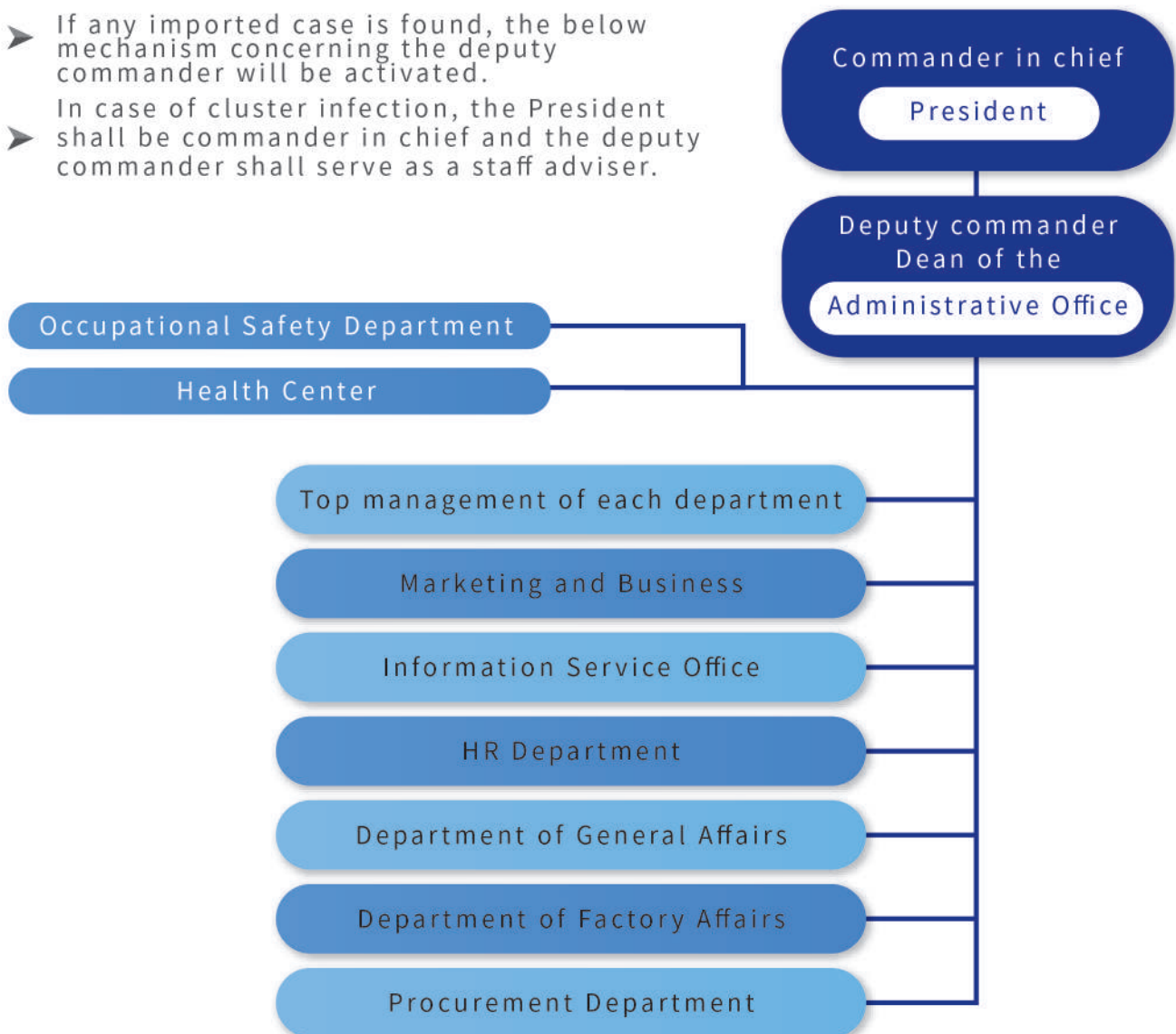
| 1.10 COVID-19 control measures |

The breakout of COVID-19 pandemic in 2020 significantly changed global economy and the society. Confirmed cases and death toll soar around the world every day, causing great worry. For an enterprise, it's the best time for showing resilience. The pandemic restricted people's mobility and changed their living and work pattern. Facing the pandemic, ESMT's strict pandemic control measures allow ESTM employees to battle the virus together.

Upon the outbreak of COVID-19 pandemic in March 2020, ESMT Administrative Office immediately assembled a pandemic control task force, headed by the head of the Administrative Office. The task force adjusts the Company's pandemic phase based on the development status of the pandemic, and notifies employees of the pandemic control measures through the announcement system.

Pandemic control organizational structure

- If any imported case is found, the below mechanism concerning the deputy commander will be activated.
- In case of cluster infection, the President shall be commander in chief and the deputy commander shall serve as a staff adviser.



Definition of pandemic phases

- Formulated by referencing the following standards:
 - 1.Domestic influenza Phases
 - 2.Guidelines for Enterprise Planning of Business Continuity in Response to the Coronavirus Disease (COVID-19)



ESMT's pandemic control measures are described as follows:

- (1) Employee: Take body temperature every day; regularly fill in the Health Statement; prohibited from entering the buildings if their body temperature indicated on the forehead thermometer exceeds 37.5°C .
- (2) Visitor; vendor: Take body temperature; fill in the Health Statement; prohibited from entering the buildings if their body temperature indicated on the forehead thermometer exceeds 37.5°C .
- (3) Restaurant: Put up barriers; adopt a checkerboard seating; keep social distance.
- (4) Enclosed space: Reduce unnecessary meetings or replace physical meetings with video conferencing.
- (5) Environment: Increase the frequency of environment disinfection.
- (6) Others: Work in segregation and alternated schedule; offer employees medical masks; irregularly announce the Company's new measures; control the frequency of business trips.



02 Prosper with partners



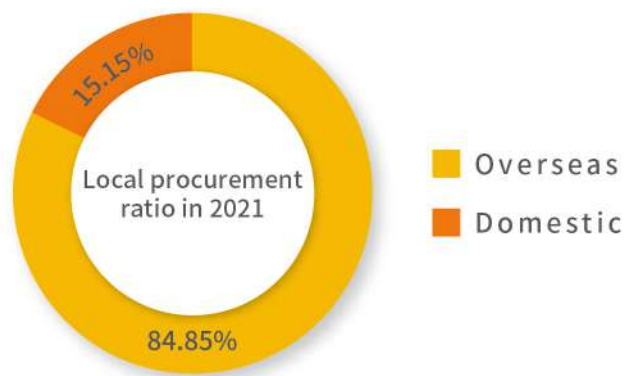
Chapter 2 Prosper with partner

| 2.1 Supplier management and evaluation |

Local procurement

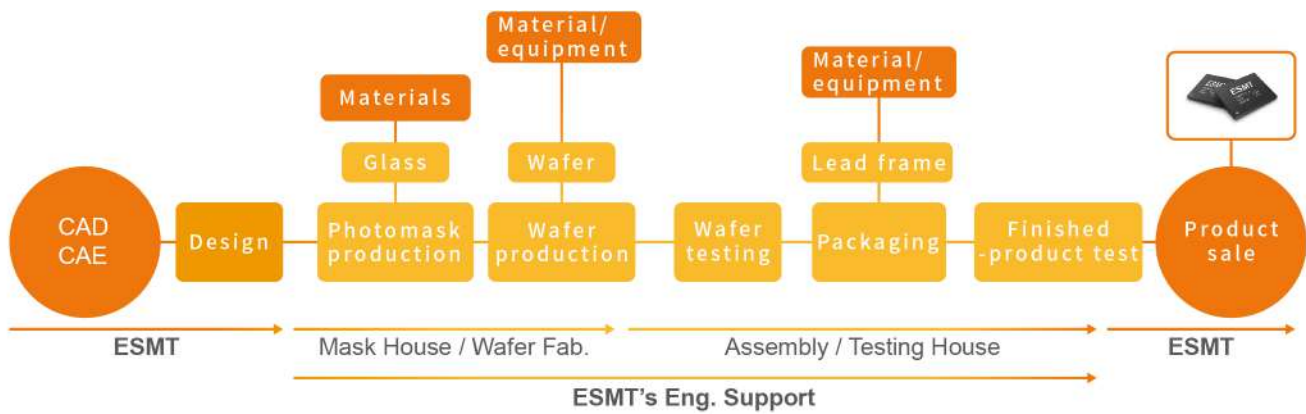
ESMT approves procurement and implements procurement by following the standard procedures stated in the Procurement Management Regulations and by type of procurement case and monetary amount. However, to reduce the carbon emission as a result of transportation, the Company preferentially conducts local procurement. The ratio of ESMT's local procurement in Taiwan in 2021 accounted for 84.85% of total procurement.

Raw material shortage as a result of the pandemic prevented some local procurement from being delivered on the desired delivery date, and the Company had no other alternatives but to turn to external procurement, a reason why the local procurement ratio dipped slightly. Nonetheless, the Company will still work towards local procurement which reduces carbon transmission during transportation.



Supply chain overview

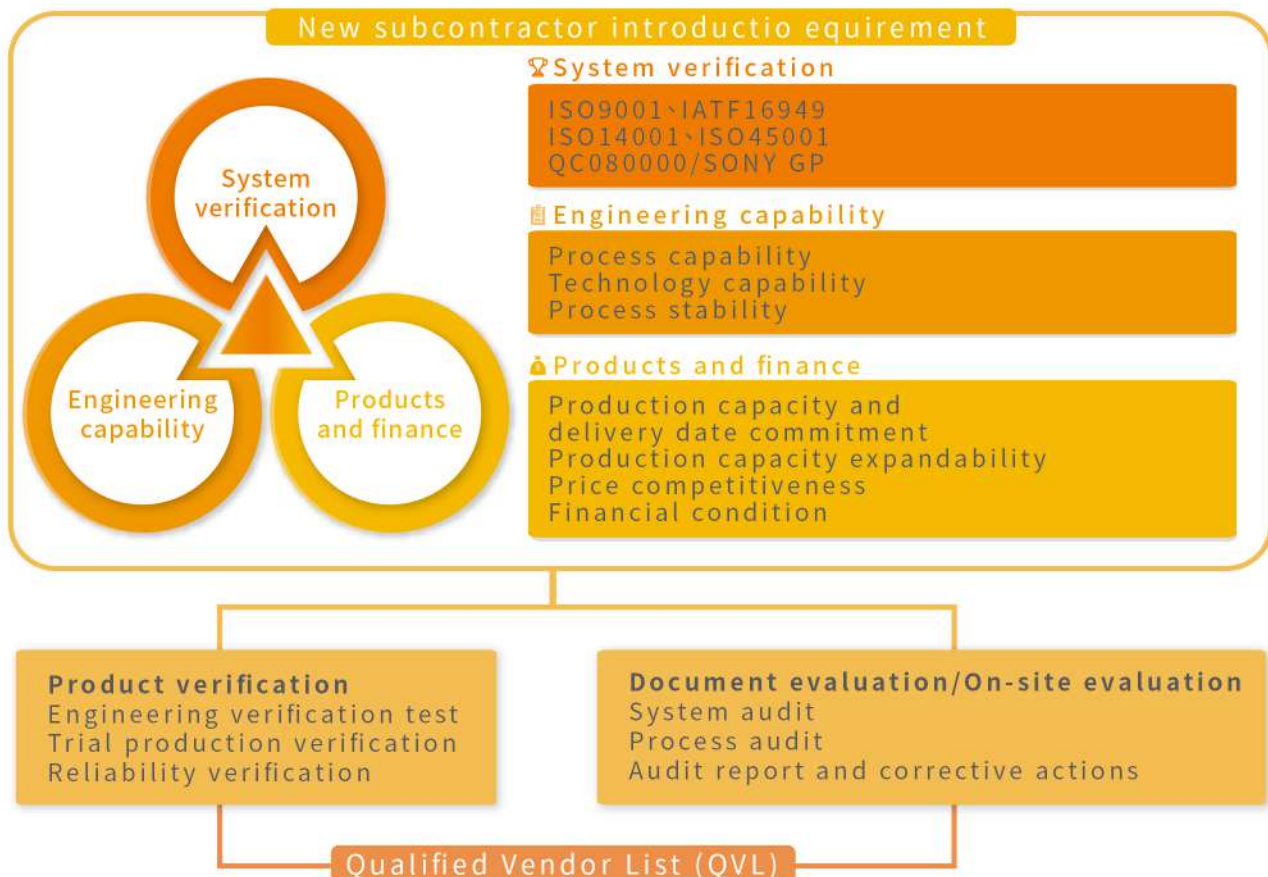
Within the scope from IC design to IC products, ESMT outsources most of the processes, including wafer production, packaging, and testing. The Company needs to work closely with suppliers at every stage to integrate and adjust the processes required for proper functioning of the supply chain.



New supplier evaluation

When choosing a supplier partner, ESMT will follow the External Supplier Management Regulations to examine the supplier's engineering capability, system certification, capacity, and financial performance to see whether the supplier is competitive enough; ESMT will also conduct a systematic audit and inspect the products of the supplier to see whether they meet ESMT's requirements. Approved suppliers will be included in ESMT's Qualified Vendor List (QVL).

Subcontractor introduction procedures



Supplier management

ESMT periodically audits suppliers and quarterly evaluates them every year, during which the PDCA management cycle is adopted to examine their conformity and to see whether there is still room for improvement.



In 2021, up to 96.2 % of ESMT' s subcontractors had a verified ESG system; due to the pandemic which did not allow an on-site audit, the annual subcontractor evaluation was not carried out in the current year. The spread of COVID-19 pandemic has sent many factories into tight manpower supply and hence insufficient capacity, causing an universal supply shortage on the market, a reason why customer satisfaction dipped slightly from the previous year. Stated below is the number of certified subcontractors, periodical audit and evaluation, and customer satisfaction.

Subcontractor System Verification Percentage

Aspect	Governance		Environment		Social
Type	ISO 9001	IATF 16949	ISO 14001	QC0 80000 or SONY GP	ISO 45501
Wafer plant	100%	94%	100%	88%	94%

Aspect	Governance		Environment		Social
Type	ISO 9001	IATF 16949	ISO 14001	QC0 80000 or SONY GP	ISO 45501
Packaging plant	100%	100%	100%	100%	94%
Testing plant	100%	86%	100%	86%	86%
RDL plant	100%	75%	100%	100%	100%
Tape reel plant	100%	0%	0%	0%	0%
Overall percentage	100%	91%	98%	91%	91%

Subcontractor evaluation and periodical audit

- Frequency : Annual
- Party : New subcontractors or subcontractors included in the annual audit plan
- Audit scope : Quality System Audit (QSA); Quality Process Audit (QPA); Corporate Social Responsibility (CSR) Audit; Environmental Management System (EMS)
- Method : ✓ Document evaluation by the subcontractor perse
 ✓ On-site audit
 ✓ Non-conformity corrective actions
- 2021 Subcontractor Audit Completion Rate

Subcontractor	QSA	QPA	CSR	EMS
Wafer plant	100%	100%	100%	100%
Packaging plant	100%	100%	100%	100%
Overall percentage	100%	100%	100%	100%

Subcontractor evaluation and periodical rating

- Frequency : Quarterly
- Party : Subcontractors undertaking the production for the current quarter
- Evaluation items : Quality; delivery date; service / engineering capability; price
- 2021 Subcontractor Periodical Rating Completion Rate

Subcontractor	Completion rate
Wafer plant	100%
Packaging plant	85%
Testing plant	100%
Others	100%
Overall percentage	96.25%

Customer Satisfaction Trend



| 2.2 Environmental management substance |

Green Partner

To meet customers' constantly updated requirements and maintain the Company's commitments to manage environmentally controlled substances, ESMT not only complies with EU RoHS regulations and SONY SS00259 standards, but also dedicates to promoting the environmental management system. ESMT was awarded the SONY GP (Green Partner) certificate in July 2005.

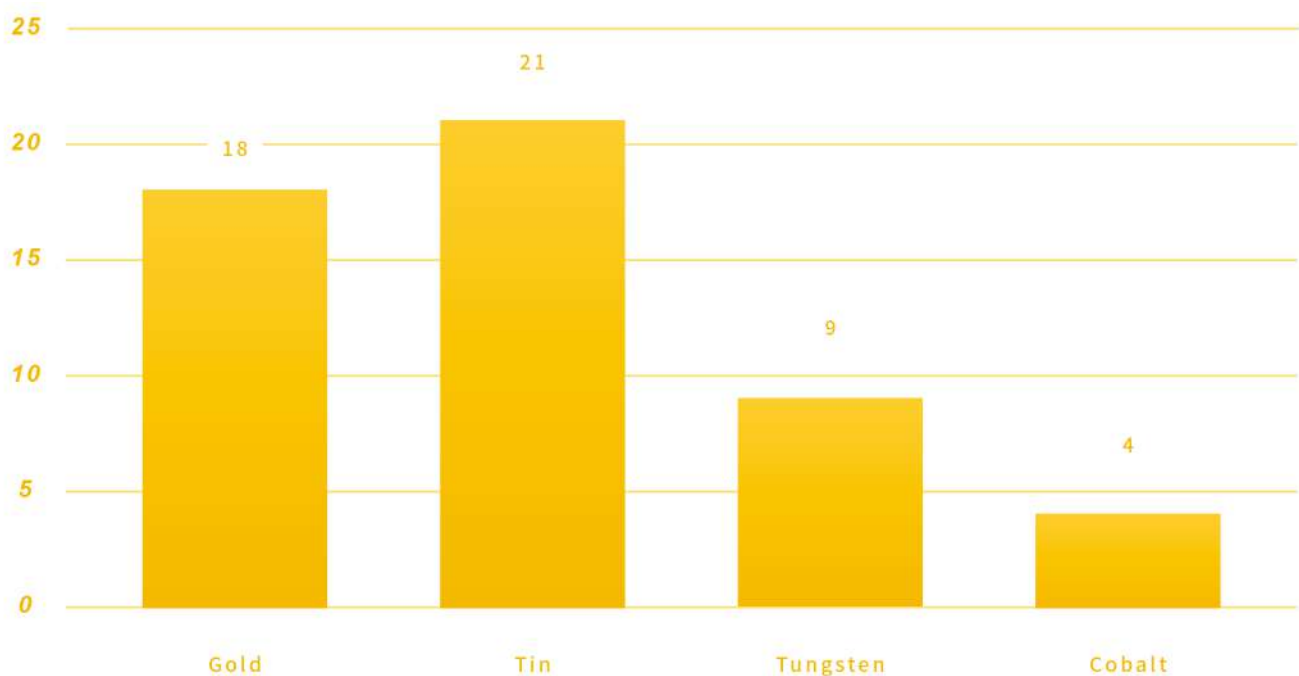
Conflict minerals

“Conflict minerals” refers to the minerals mined and sold by regions experiencing some kind of military or economic conflicts where human rights violation often occurs in the pursuit of valuable minerals. More specifically, rare metals such as coltan, cassiterite (tin), gold and wolframite (tungsten) extracted in the Democratic Republic of the Congo or adjoining countries or regions where human rights are severely violated and environment exploited. To support international human rights development, fulfill corporate social responsibility, and prevent the product raw materials or production process from involving conflict minerals, ESMT commits itself to the following:

1. Follow the Responsible Business Alliance Code of Conduct (RBA CoC); commit to supporting responsible procurement of gold (Au), tin (Sn), tantalum (Ta), tungsten (W), and cobalt (Co); refrain from using the said minerals extracted by illegal smelters in the Democratic Republic of the Congo, other conflicting area, or high risk area.
2. Investigate conflict metals in accordance with the Responsible Business Alliance (RBA) Code of Conduct and require that suppliers provide sources of gold (Au), tin (Sn), tantalum (Ta), tungsten (W), and cobalt (Co) contained in their products and reveal the information on smelters. Verify the correctness of the information provided by suppliers or vendors.

3. Explicitly demand that suppliers and vendors comply with the said responsible procurement requirements to meet the goals set forth in the Responsible Minerals Assurance Process (RMAP).

In 2021 the Company investigated raw materials suppliers in relation to conflict minerals for a glimpse of smelters; there were 18 gold smelters, 21 tin smelters, 9 tungsten smelters, and 4 cobalt smelters. The Company did not find any metal contained in the materials of subcontractors to come from illegal smelters in the Democratic Republic of the Congo or adjoining countries.



Green products

I. Green design:

To reduce product energy consumption, ESMT has developed low-energy products such as DDR2(30nm -> 25nm), DDR3(30nm -> 25nm), and Audio IC (Low Power). Judging from the volume of our products which were sold and used in end products in 2021, the electricity conserved in a year equals a reduction of 14.1 tons of CO2 emission, 363.4 times of the amount of CO2 that Daan Park is able to absorb.

II. Green production (RoHS):

ESMT complies with the EU' s Restriction of the use of certain Hazardous Substances in electrical and electronic equipment (RoHS) at all respects, from product design to production. ESMT also formulates the “Environmental Policy” and “Environment Management Substance Operation Procedures” , by which all suppliers are required to commit to zero use of environmental management substance and monitor and manage the environmental management substance, so as to comply with the green product requirements and international laws and regulations.

All products of the Company comply with RoHS regulations and the regulations for restricted hazardous substance. To meet the RoHS regulations, the Company demands the following:

1. Any process change must comply with EU' s RoHS regulations and customers' requirements for green production.
2. Suppliers must be informed of, and comply with, the requirements for managing environmentally controlled substance and the restriction of usage; they are required to provide supporting documents.
3. Suppliers must be irregularly audited and coached to enhance green supply chain management.

03 Environmental sustainability



Chapter 3 Environmental sustainability

| 3.1 Environmental protection policy |

Upholding the spirit of ISO14001 Environmental Management Systems (EMS), ESMT is committed to complying with advanced international environmental protection standards; providing and maintaining a work environment that is in line with legal regulations and industrial practicals; and continuing improvement to prevent any risk which might cause environmental pollution. By optimizing the process, ESMT continues to reduce the discharge of electrical and water waste and pollutants. It also commits itself to designing for the environment, striving to become a green enterprise of sustainable development. To achieve the effectiveness of environmental management, the Company started the establishment of ISO14001 Environmental Management System in 2007, and passed the certification and awarded the certificate in January 2008.

Environmental policy and improvement plan

(1) Quantitative management of energy conservation and carbon reduction in the future

After introducing the ISO-14001 Environmental Management System and continuously implementing various energy conservation and carbon reduction programs, the Company has achieved remarkable performance. Based on the management principle of continuous improvement, the Company still sets relevant quantitative management goals for further improvement in order to better protect the Earth. Details are given as follows:

A. Greenhouse gas reduction; water resources quantitative management goals:

1. Greenhouse gas reduction

The Company's quantitative management goal for greenhouse gas reduction is to reduce per capita greenhouse gas emissions by 4% in 2025 from 2019.

2. Water resource management

When planning the usage of water resources, the Company will consider government policy, company development, and industry characteristics, in order to effectively manage and allocate water resources and reduce the consumption of resources to cope with the climate change. Stable supply of water has become the problem faced by countries around the world.

To fulfill corporate social responsibility and cope with global water shortage, the Company has set the quantitative goal for managing water resources as: Reduce per capita water consumption by 2% from the 2019 level by 2025, in the hope that such concrete action, along with that of global enterprises, helps cope with the challenges brought by climate change in the world.

3. Waste reduction

The Company's quantitative management goal for waste reduction is to reduce per capita waste generation by 2% in 2025 from the 2019 level.

B. Measures required to achieve the goals:

1. Greenhouse gas reduction

- Replace the lighting system in the public area with LED lights.
- Set the air-conditioning temperature in the office area for a room temperature at 26~28 degree Celsius.
- Turn off non-essential lighting during meals and breaks.
- Promote paperless policies and introduce electronic forms to reduce paper usage.
- Use environmentally friendly utensils for meals and encourage

employees to bring their own utensils to reduce the use of disposable utensils.

- Use green products, or equipment and electrical appliances with a green label.
- Encourage employees to take the stairs instead of the elevator.

2. Water resource management

a. Establishment of management system

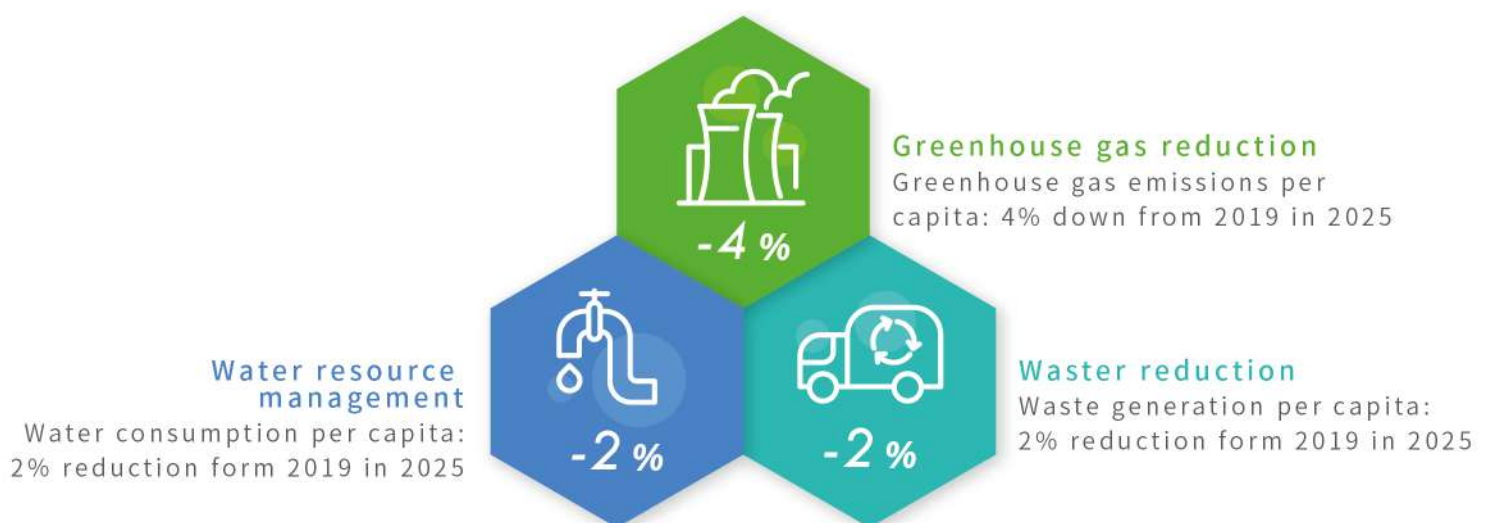
- Water resource risk management
- Rainwater harvesting, storage, and reuse
- Water quality monitoring and spill and leakage prevention
- Water consumption reduction and recycling

b. Introduction of new equipment

- Introduction of water-saving equipment
- Monitor water resources data

3. Waste management

- Implement a resource recycling and sorting mechanism.
- Encourage employees to reduce waste generation.
- Comply with relevant provisions of environmental laws and regulations and implement environmental policies.





Greenhouse gas reduction

1. Replace the lighting system in the public area with LED lights.
2. Set the air-conditioning temperature in the office area at 26~28 degree Celsius.
3. Turn off non-essential lighting during meals and breaks.
4. Promote paperless policies and introduce electronic forms to reduce paper usage.
5. Use environmentally friendly utensils for meals and encourage employees to bring their own utensils to reduce the use of disposable utensils.
6. Use green products, or equipment and electrical appliances with a green label.
7. Encourage employees to take the stairs instead of the elevator.



Water resource management

1. Establishment of management system
 - Water resource risk management
 - Water quality monitoring and spill and leakage prevention
 - Water consumption reduction and recycling
 - Rainwater harvesting, storage, and reuse
2. Introduction of new equipment
 - Introduction to water-saving equipment
 - Monitor water resources data



Waster reduction

1. Implement a resource recycling and sorting mechanism.
2. Encourage employees to reduce waste generation.
3. Comply with relevant provisions of environmental laws and regulations and implement environmental policies.

| 3.2 Response to climate change |

Introduction of Task Force on Climate-related Financial Disclosure (TCFD)

According to the Intergovernmental Panel on Climate Change (IPCC), global temperature rise will excess 1.5 °C in 2030 at the earliest, making climate change an issue that can't be ignored.

ESMT is well aware that the growing crisis of climate change is highly related to product manufacturing and related industry supply chain. To continue to improve its climate change preparedness, the Company discloses its concrete climate actions by proper means, and also discloses the risk and rewards brought by climate change for the Company' s operations in accordance with the Task Force on Climate-related Financial Disclosures (TCFD). In addition, the Company focuses

the four aspects, namely governance, strategy, risk management, and indicators and goals, to strengthen its governance of climate change, and thus responses to external stakeholders' expectation on the company's management of climate change.

Climate change risk identification and financial impact analysis

	Risk item	Description of impact	Response measures
Climate-related risk	Energy price increase	To meet the GHG emissions reduction requirement, the Company faces a hike in energy price and a need to improve the performance of existing equipment, pushing up energy consumption cost.	Promote energy conservation and carbon reduction measures at workplace Set an annual electricity conservation goal
	Tighter fuel/energy/environmental regulatory requirements	Increased operating and manufacturing costs; fines incurred; increased litigation; and asset impairment as a result of policy changes.	Continuously monitor and identify the impact of regulatory trends Exchange information among members of industry associations and participate in regulatory courses organized by the government Enhance legal awareness and education and training
	Increased frequency of extreme weather	Extreme weather will cause property and equipment damage, and possibly even operational disruption.	Shorten the time required for restoration of operational systems, as well as of operations. Implement the mechanism that deals with material anomalies Continue to supervise suppliers holding climate event contingency plans and drills Assess and set up backup equipment
	Market transformation / technology development	Develop low-carbon products; encourage suppliers to deploy the low and zero carbon technology (LZC) to open up the opportunities for tapping into relevant markets.	Assess and develop low-carbon products and markets Encourage existing suppliers to deploy the low and zero carbon technology (LZC), and preferentially work with them if they do so

| 3.3 Energy use and greenhouse gas inventory |

To respond to global climate change, reduce and manage greenhouse gas emissions, implement environmental justice, fulfill the joint responsibility for protecting the Earth, the Company actively supports the Carbon Disclosure Project (CDP) and has voluntarily discloses its

greenhouse gas inventory data, shown as follows, in accordance with the Greenhouse Gas Protocol (GHGProtocol) issued by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI):

Greenhouse gas emissions in 2021

Unit(CO₂ e)



Statistics on greenhouse gas emissions in 2021

Type of greenhouse gas	CO ₂	CH ₄	N ₂ O	HFC _s	PFC _s	SF ₆	aggregate
Emissions (metric tons CO ₂ e/year)	3,24965	34.657	0.128	85.8	0	0	3,370.235
As a percentage of total emissions	96.422%	1.028%	0.004%	2.546%	0	0	100.00

2021 direct emissions (scope 1) inventory results

Item	Emissions type	Emission source	Type of greenhouse gas				Emissions (metric tons CO2e/year)
			CO ₂	CH ₄	N ₂ O	HFC _s	
1	Stationary combustion	Diesel	V	V	V		0
2	Mobile combustion	Gasoline	V	V	V		3.879
3	Fugitive missions	Septic tank		V			34.624
4	Fugitive emissions	Fire extinguisher	V				0
5	Fugitive emissions	Refrigerant				V	85.8
Aggregate							124.303

2021 indirect emissions (scope 2) inventory results

Item	Emissions type	Emission source	Type of greenhouse gas				Emissions (metric tons CO2e/year)
			CO ₂	CH ₄	N ₂ O	HFC _s	
1	Indirect emissions from energy	Purchased electricity	V				3,245.932

2021 Electricity consumption

Energy type	Source	Usage	Consumption
Electricity	Taiwan Power Company	Plant-wide electricity-driven facilities	6,466,000 kWh (23,277,600 megajoules)

Note 1: Unit of conversion: 1 kWh of electricity = 3.6 megajoule

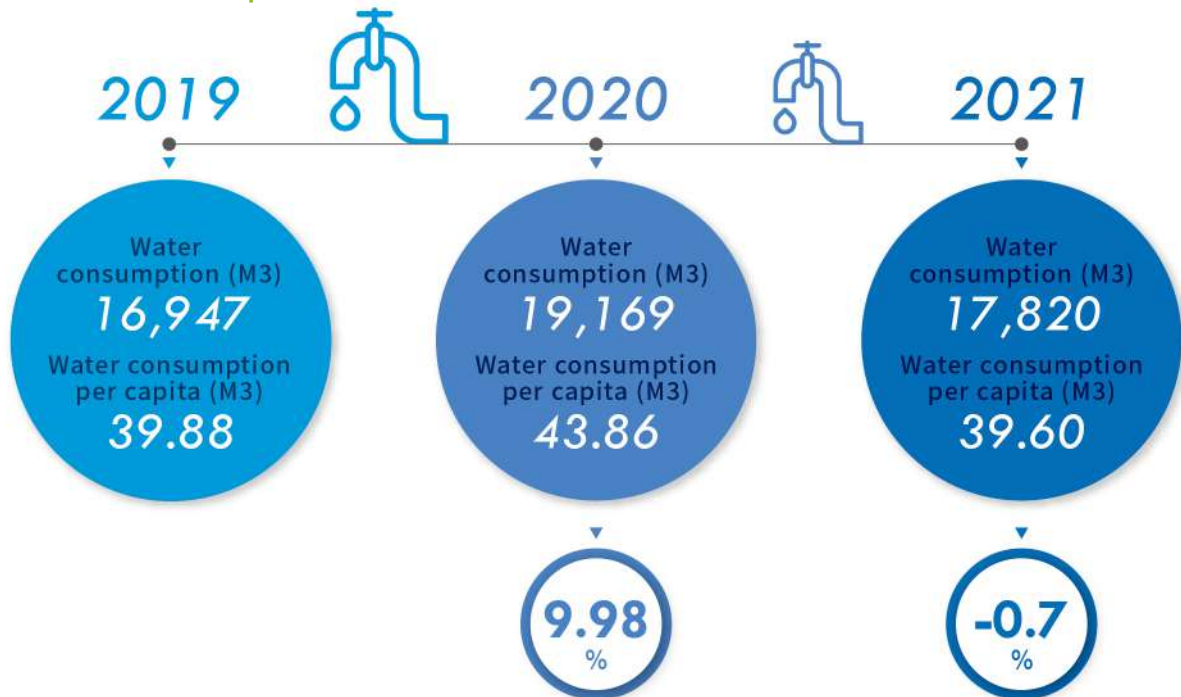
Note 2: Annual LPG conversion unit: 1 kg LPG = 27.8 megajoule

Note 3: The conversion data are based on the Energy Product Unit Heat Content Table published by the Bureau of Energy, MOEA.

Water consumption in 2021

| 3.4 Water consumption and waste |

Water consumption in 2021



Total waste in 2021



Impacted by COVID-19 pandemic over the two years, water consumption and total waste quantity increased instead due to personal sanitization activities and environment infection activities. The Company remains highly concerned and strives to solve the problem.

04 Friendly workplace



■ Chapter 4 Friendly workplace

Every employee is an important partner of ESMT on the road toward sustainable development. We value the working environment and work-life balance of employees. As such, our systems and strategies aim to create a work-life balance, diversified communication channels, and a friendly workplace, so as to build an excellent team, enhance cohesion of employees and their recognition for the Company, and improve product competitiveness, thereby achieving the goal of sustainable development.

ESMT abides by Labor Standards Act of our country, and international human rights conventions and standards such as the International Labour Organization - Declaration of Fundamental Principles and Rights at Work, the United Nations Global Compact (UNGC), and Responsible Business Alliance Code of Conduct (RBA CoC) in order to ensure that employees are respected, have a safe workplace, implement environmental protection activities, and follow ethics regulations. The Chairman has signed the ESMT Human Rights Policy and stipulated that ESMT and all suppliers abide by it.

The execution of the Human Rights Policy is as follows:

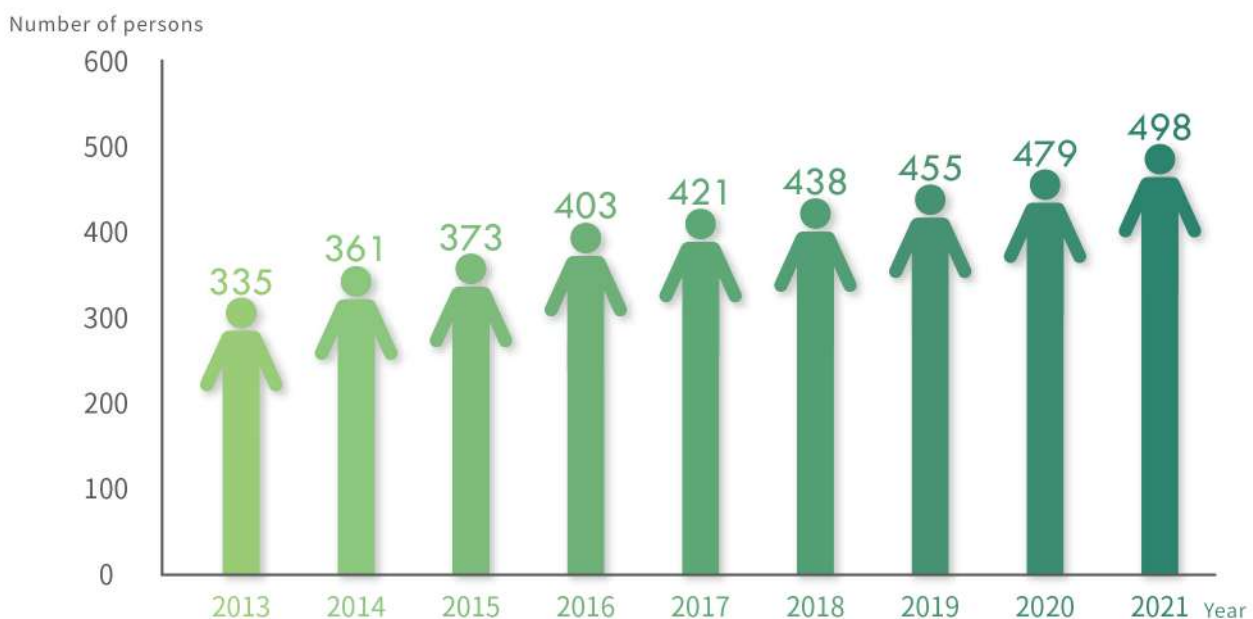
1. Value the human rights and interests of employees by eliminating discrimination and not coercing or forcing them into involuntary labor.
2. Continuously improve the health and safety of employees, create a friendly workplace, and enable employees to achieve a work-life balance.
3. Eliminate adverse effects of production process on the environment and natural resources, and protect public health and safety.

4. Demand that all employees and suppliers uphold high integrity standards and abide by the code of business ethics.
5. Comply with maternity protection regulations; refrain from using child labors

| 4.1 Excellent team |

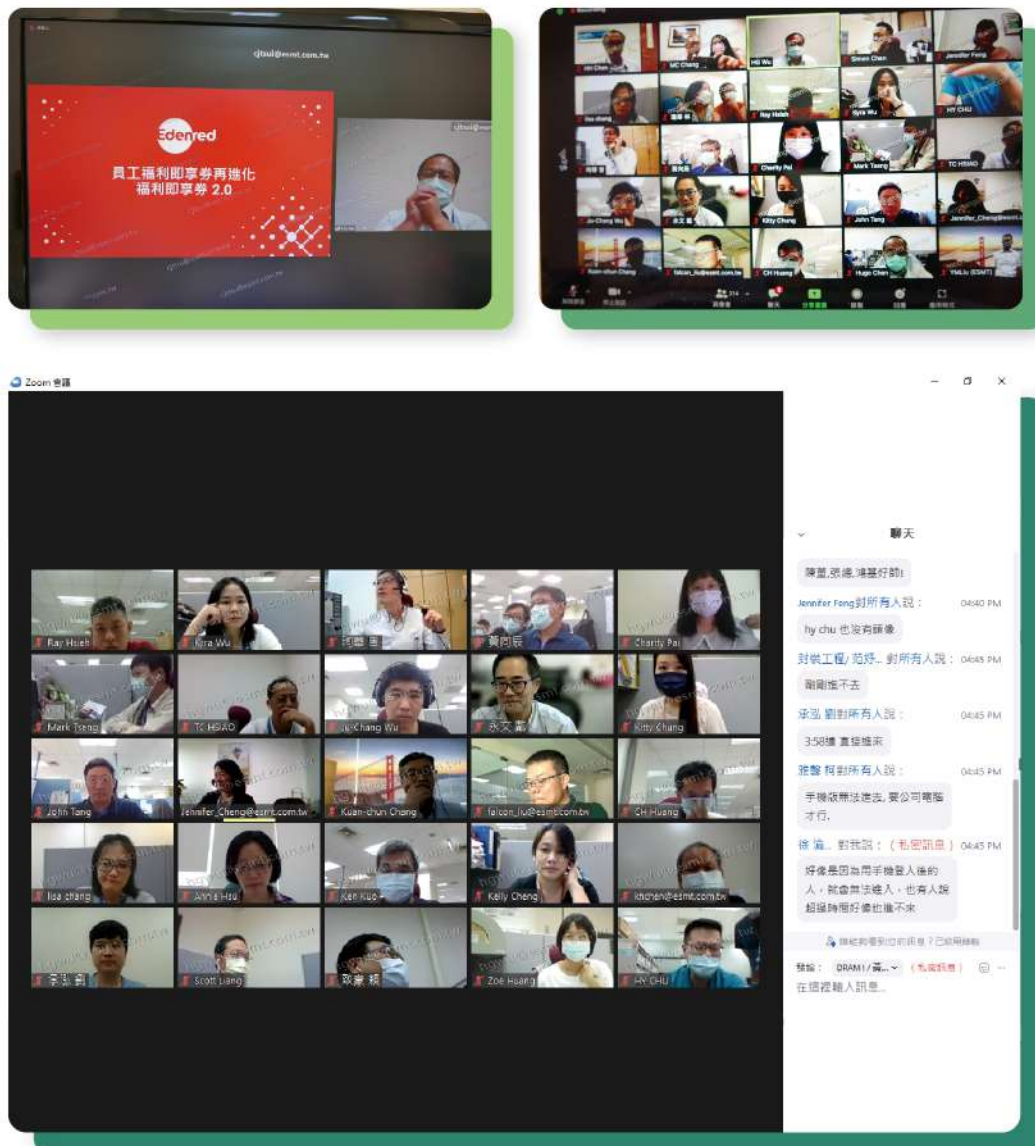
The number of ESMT employees has been edging up year by year. As of 2021, there were 498 employees. Male employees accounted for 70.14 % and female employees 29.86 %. The Company values diversity, equity, and inclusion, and encourages women to demonstrate their talent at work. Women accounted for 21.25% among supervisors in functional positions and technological positions, and 24.11% among supervisors in functional positions. As for the age distribution, most employees are aged between 30 and 50, accounting for 69.69 % of total employees. As for the education of members in the excellent team, up to 57% of them have an master degree or above, and up to 75.7 % of them are graduated from engineering disciplines. This means ESMT employees possess professional technological strength and practical experience, making them the most important partners of ESMT on the road towards growth.

Total Number of ESMT Employees Each Year



Since COVID-19 pandemic has raged from 2020 till the very recent days, the patterns of both work and study have changed, and people have to adjust their living pattern to adapt. In response to such an environment, ESMT acted early on by giving employees the equipment requisite for work, including distribution of a notebook computer to each employee so that they can work from home with peace in mind whenever necessary, and by providing a safe, health, and quality work environment.

In 2021, employees working from home remained in contact with each other by video conferencing; to avoid gathering, the Company replaced the physical meetings at which to communicate to employees with a video conference, which is an alternative work pattern during the pandemic.



Statistics on manpower composition in 2021



Age	Male	Female	Total
30 and under	54	14	68
31-40	113	58	171
41-50	122	54	176
51 and above	61	22	83



Education qualification	Male	Female	Total
PhD	9	0	9
Master	231	94	276
Junior college	108	45	202
Others	2	9	11



Type of position	Male	Female	Total
R&D/engineering	297	80	377
Administration/ business/ management	34	55	89
Production	17	15	32
Functional and technological supervisor	189	51	240
Functional supervisor	85	27	112



Seniority	Male	Female	Total
1 year and under	32	10	42
1-3 years	43	17	60
3-10 years	104	45	149
10-15 years	82	38	120
More than 15 years	82	45	127

Employee sex ratio



70.14 %



29.86 %

79 %



Functional and
technological
supervisor



21 %

Employee education qualification

PhD 2 %

Master 55 %

Junior college 41 %

Others 2 %

76 %



Functional
supervisor



24 %

Note: Calculated based on the number of employees who were still in service on December 31, 2021.

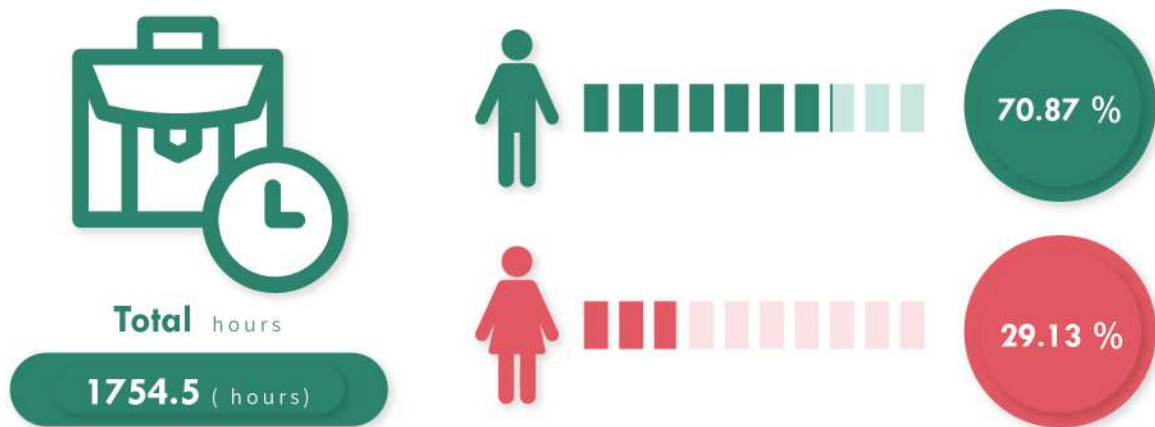
| 4.2 Talent development |

Talent cultivation is the key to innovation and development. The most important strategy for talent cultivation is the pass-on of R&D professional technologies and the trend of self-directed learning. Courses to hone professional skill and management skills are both available, so as to pile up the Company' s capital strength and overall competitiveness.

By looking at the occupational competency required of the position of employees, the requirement for personal development, and the requirement for company operational expansion, the Company not only formulates the training course for individuals, but also has each department formulate the annual training plan and implement it accordingly.

Type	Party	Learning method
New employee orientation	Employees serving the Company for less than 3 months	Internal training
Courses for obtaining a license	Personnel required by law to have a license	External training
Job duties	All employees	Internal training/ external training/OJT
Communication management	All employees	Internal training/ external training
Professional skills	All employees	Internal training/ external training/OJT
Trainings for supervisors	Rank-and-file/ middle level/top level	Internal training/ external training

Employee training hours in ESMT in 2021 totaled 1754.5 hours, of which men and women accounted for 70.87% and 29.13%, respectively. The percentage distribution of training hours is in line with the Company' s sex ratio.



Continuing education courses



Theme courses



Communication
across generations



Mentor instructions
and experience pass-on



Work enthusiasm
and energy



Consensus camp



Stress relief plants



Aromatic essential
oils for stress relief

| 4.3 Salary and welfare |

ESMT views employees as an important asset. To attract exceptional talents to join ESMT and enhance cohesion among employees, ESMT not only provides competitive remuneration and benefits, employee welfare measures, and a cozy work environment, but also values the work-life balance of employees.

(1) Remuneration system

The Company plans a comprehensive performance assessment every year to provide a basis for promotion and salary adjustment, thereby offering an appealing remuneration system. All salary standards fully demonstrate the spirit of equity, in that they do not discriminate on grounds of sex, race, or age. In 2021 the average salary of ESMT' s non-managerial employees was NT\$4,509 (thousand/person), and the median salary NT\$4,333(thousand/person). In 2021, the median salary of ESMT' s non-managerial employees ranked 1st, and the average salary of ESMT' s non-managerial employees ranked 3rd, among that of public companies, and of public companies plus OTC companies.



Included as a constituent of TWSE RAFI® Taiwan High Compensation 100 Index for nine years.

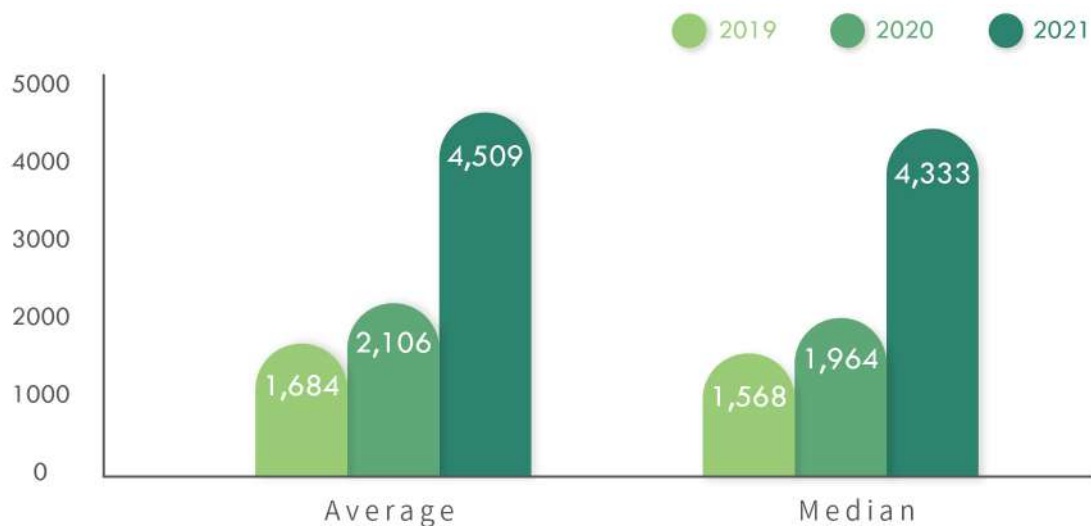


Ranked 3rd in the Lis of Average Salary of Non-managerial Employees of Public Companies



Ranked 1st in the Lis of Median Salary of Non-managerial Employees of Public Companies

Information on full-time non-managerial employees (thousand/person)



(2) Employee welfare measures

Group/travel insurance

Aside from the mandatory labor insurance, health insurance, and pension contribution, the Company also provides each employee, their spouse, and children with a group insurance which covers hospitalization, accidents, and major illness. We care for not only the employees but also their families.

In addition, ESMT offers employees required to take a business trip a travel insurance, which is helpful to employees and relieve their pressure whatever the inconvenience they encounter during the business trip.

Retirement system

The Company set up the Labor Retirement Reserve Fund Dedicated Account with the Central Trust of China in December 1998, and started making a contribution equal to 2% of the monthly salary of an employee to the account. The application for pension payment and the manner in which pension will be paid shall be in accordance with the Labor Standards Law. As required by the Statement of Financial Accounting Standard No.18: Accounting for Pensions, from 1999 onwards, qualified actuaries have been engaged to appraise the value of pension. As required by the Labor Pension Act (new pension system), from July 1, 2005 onwards, the Company consulted employees on their preference for a pension system before making a contribution to their personal pension account. Matters regarding retirement of employees were also conducted according to relevant regulations.

Work-life balance measures and welfare

ESMT offers employees a friendly workplace, which allows them to achieve a balance and harmony among work, life and family. As for working hours, employees are allowed to work flexible time so if they need to take care of their families or themselves; aside from enjoying Sundays and Saturdays off, employees are also given more paid leave hours than required by the Labor Standards Act. ESMT provides employees with the mandatory labor insurance, health insurance, and labor pension; furthermore, ESMT also provides employees and their dependents with a mix of group insurance, life insurance, casualty insurance, hospitalization insurance and cancer insurance at the expense of ESMT, and invites professionals to offer consultation on-site. Travel insurance is also purchased for employees who are required to take a business trip, so as to provide a comprehensive coverage for them.

ESMT holds an year-end party every year, in which employees are rewarded for their year-long endeavor and senior employees are rewarded trophies or cash gift for the efforts they made for ESMT. In addition, gift vouchers or cash gift is distributed to employees at major holidays and on their birthday.



Healthy and happy employees create higher sustainability performance for the Company. As such, ESMT is dedicated to promoting and providing diverse healthcare projects to take care of employees' health, and to foster a quality work environment. The Company's health center provides employee with health management, health examination, and health education and consultation, cares for specific parties, and arranges health consultations with on-site doctors. As for maternity protection measures, a lactation room was set up in the health center in 2011, which won the Company an excellence award from the Hsinchu city government. The lactation room allows employees unlimited breastfeeding hours, and regularly arranges for pregnant and postpartum employees to have a one-on-one consultation with on-site doctors. ESMT also offers employees regular health examination beyond the legal requirement, and satisfies the requirements for the safety and physical and mental health of employees by implementing the said healthcare promotion measures.

Health center & Lactation room



The Company has set up the Employee Welfare Committee, which regularly organizes domestic and foreign trips, birthday party, and afternoon tea fair to relax employee's mind and body and enhance the communication, interaction, and bond among them. Employees' dependents are also allowed to participate in the domestic and foreign trips, which provide an opportunity for communication and interaction. ESMT encourages employees to keep fit in that its building has a fitness center, basketball court, badminton court, aerobics classroom and other sports, fitness, and leisure spaces. In addition, ESMT values work-leisure balance for employees, in that it welcomes employees' creating clubs of various types, which irregularly organize club activities with the subsidy from the Employee Welfare Committee, so that the clubs operate smoothly and help relieve employees' pressure.

Work-life balance



Fitness center & Aerobics classroom

Relaxation after work



Basketball court and badminton court

Employee Welfare Committee-Club activities



Basketball club



Softball club



Jogging club



Yoga club



Dance club

Employee tour -Foreign travel-

2 - 3 routes for options

5-day to 10-day travel itinerary

Employee may also organize their own travel group



Turkey Travel Group



Netherlands, Germany, France, Belgium Travel Group

Employee tour -Domestic tour-

2 - 3 routes for options

Three-day tour, once a year

One-day tours, one in the first half year and the other in the second half



Sun Link Sea Travel Group



Elephant Trunk Rock, Heping Island

Regular department group meal to enhance the bond among employees



Regular afternoon tea & birthday tea party to refresh employees



ESMT has an employee restaurant where buffet, noodles, and light meals as well as calorie content information are available. The employee restaurant offers a cozy, safe, and hygienic dining environment; the meals are also subsidized by ESMT.

Employee restaurant



A cozy light meal restaurant



The Company offers diverse benefits and subsidies to employees. An annual budget is developed and welfare measures are planned every year, e.g., the subsidies for marriage, funeral, illness, childbirth and child rearing, and education. The Company also assesses the contracted day care center and kindergarten and offers health education information on child rearing. ESMT regularly holds diverse activities to refresh employees, hoping that they take care of their physical and mental health in addition to their work and relax themselves in a timely manner. For instance, ESMT offers employees courses and seminars on parent-child communication, self-growth, and pressure relief and makes leisure magazines and books available for borrowing.

Library/Document Control Center

Cozy reading space



- Professional periodicals (IEEE*EET)
- Employee Welfare Committee leisure magazines and books



Work

Flexible working hour

Festival / Birthday gift voucher, festive bonus

Off-day hours beyond the legal requirements

Year end party
Offer senior colleagues trophy and cash gift for encouragement

Cover business trip with a travel insurance



Family

Set up a lactation room
Allow un-limited breastfeeding hours

Arrange for pregnant and postpartum employees to have a one-on-one consultation with on-sited doctors

Offer employees various subsidies for childbirth, child rearing, and education

Assess contracted day care center and kindergarten

Courses and seminars on parent-child communication

Parent-child tour for employees and their dependents

Group insurance for employees and their dependents



Health

Employee assistance projects and health promotion activities

Periodic health check beyond the legal requirements

The health center offers employees health management and health education and consultation on health check.

Leisure and fitness space such as the basketball court, badminton court, and aerobics classroom

The Employee Welfare Committee regularly organizes domestic and foreign tours, birthday party, and afternoon tea party.

Subsidies for employees regarding marriage, funeral, illness, childbirth and child rearing education
Hold self-growth and pressure relief courses

Set up an employee restaurant which offers buffet, noodles, or light meal

4.4 Labor-management communication

The Company has set up a Labor-management Meeting as required by law to periodically negotiate labor issues; the Company also communicates with employees through the functions of the Employee Welfare Committee, to improve employee welfare. In addition, the Company values human-based management and is well aware of the interdependence of labors and management. As such, where labor issues are concerned, the Company always adopts a two-way communication

method which facilitates mutual understanding, so that both parties can work together toward a common goal.

| 4.5 A safe workplace |

The Company spares no effort in creating a safe and health work environment, and will do so in the future, hoping that employee safety incident at workplace can be minimized through such continuous improvement. Below is ESMT' s occupational safety and health (OSH) achievement in 2021:

Labor work environment monitoring

The Company adopts planning, sampling, testing, and analysis to grasp the conditions in the work environment at the workplace, and to assess the exposure of the work environment at the workplace. To prevent labors from being harmed by hazardous substance at workplace, and to offer employees a healthy, cozy work environment, the Company executes environment monitoring every year to prevent the occurrence of occupational accidents.

Occupational safety performance



Labor Safety and Health Committee

To prevent occupational accident and ensure employee safety and health, ESMT has set up the Occupational Safety and Health Committee, which convenes a meeting each quarter to discuss labor safety and health issues and promotes labor safety and health.

Personnel safety and health training

By way of education and training ESMT enables employees and contractors to understand the laws and policy regarding environment, safety and health (ESH), ESMT' s ESH commitment, ESMT' s commitment to an emergency response plan, and the safety and risk management for the construction or installation work within ESMT. This practice improves ESMT' s environmental influence and raises the awareness of safety and health risks, thereby moving toward ESH goals, hence complying with ESH laws.

Occupational safety education and training and dissemination



Work safety personnel with professional license	
Type A Occupational Safety and Health Manager	1
Occupational Safety Manager	1
Occupational Safety and Health Manager	1
Operators of Forklift Over 1 Ton	9
Oxygen-Deficient Operations Supervisor	1
High-pressure Gas-specific Equipment Operators	1
High-Pressure Gas Container Operator	1
Radiation Safety Certificate for Operator	5
First Aid Personnel	9
Healthcare Personnel for Labor Health Services	1
Radiation	3
Other	3

Work-related disability statistics

ESMT strives to offer employees a safe work environment; any accident will be reported by the party concerned or surrounding personnel to the supervisor, occupational safety personnel, or registered nurses who will assist in handling the accident.

According to the definition assigned to work-related disability by the Occupational Safety and Health Administration, MOL, the disability as a result of a traffic accident outside the Company is excluded. The Company disseminates information on OSH cases to new employees in the OSH courses to avoid recurrence of similar accidents.

Occupational safety performance in the past few years - Employee work-related disability statistics



Overwork-related Illness Prevention Procedures

Being a professional IC design house, ESMT has a pure work environment. According to Article 6 of the Occupational Safety and Health Act, an employer is obliged to ensure the work safety and physical and mental health of employees by preventing them from suffering illness caused by overwork such as working in shift, working at night, working long hours, or other work load. The Company believes that an enterprise's competitiveness lies in a safe and healthy workforce. Accordingly, ESMT establishes the "Overwork-related Illness Prevention Procedures", which stipulate illness preventive measures and management measures aiming to protect employees' physical and mental health, lest they develop any illness due to extraordinary workload. The medical staff periodically carry out an assessment, has an interview with the medical specialist of the occupational medicine division for advice and propose suggestions based on the specialist's advice, implement the suggestions, record the implementation.



05 Society engagement



Chapter 5 Society engagement

As a member of society, ESMT pursues operational performance and creates economic value while wishing to using its power to “better the society”, a corporate social responsibility goal it has set for itself. ESMT has been caring for the underprivileged groups and engaging in charitable events; it also contributes its fair share to talent cultivation and social education, hoping to activate a virtuous circle and fulfill corporate social responsibility.

5.1 Engaged in cultivation of memory talent

The acute shortage of semiconductor talent has indirectly impacted national competitiveness. The output value of Taiwan’s memory industry approximates NT\$30 billion, which might double in the future. In view of this, ESMT signed an industry-academia collaboration contract with Chang Gung University, pouring resources to cultivate talent of its own, thereby aiding industry development. Together with the university, ESMT encourages students to take part in the memory industry, extends their knowledge, enhances their professionalism, keeps them in pace with industry trend, and helps them understand the industry requirements early on, so as to ensure Taiwan’s competitiveness in the memory industry on the international arena.



The Company also launches its campus campaign by holding, “IC Design Industry Introduction and Career Development Planning Seminar” at the various campus, aiming to enable students to understand their personal strength and the industry before they start work, so as to enhance their competitiveness.



| 5.2 Charitable events |

As a member of enterprises and the society, ESMT pursues operational performance and creates economic value while wishing to using its power to “better the society”, a corporate social responsibility goal it has set for itself. ESMT has been caring for the underprivileged groups and engaging in the promotion of charitable events, so as to contribute to the society.

In support of the ESMT Educational Foundation in Hsinchu which aims to promote educational and artistic charitable events and encourage life-long learning and expression of life essence, ESMT has:

1. Set up or provide scholarship to encourage study or learning professional skills.
2. Promoted, subsidized, or organized charitable events and clubs in relation to education, arts, and promotion of aesthetics.
3. Promoted, subsidized, or organized charitable events and clubs in relation to lifelong learning, skill training, occupational competence training, life education, correctional education, and heuristic growth education.

4. Sponsored high-tech education and talent cultivation.
5. Promoted, subsidized, or organized the various academic activities and interchange.
6. Sponsored the cultivation of outstanding talents and participation in various performances and competitions.
7. Donated books and equipment for charitable and educational purposes.
8. Engaged in other charitable, educational affairs which align with the purpose of the establishment of the ESMT Educational Foundation.

Stated below is the 2021 execution plan of ESMT Educational Foundation:

1. Sponsor the Hsinchu Boxing Education Association.
2. Sponsor HsinChu Municipal Wind Orchestra for its operational expenses.
3. Sponsor SAINT JOSEPH SOCIAL WELFARE FOUNDATION for its expenses of the handcraft course plan.
4. Sponsor Hsinchu City East District Senior Learning Center for its expenses of crayon drawing workshop.
5. Sponsor the special education classes/special needs classes in the elementary schools, junior high schools, and senior high schools in Hsinchu city for the expenses of purchase of additional equipment.
6. Sponsor the special education classes/special needs classes in the elementary schools, junior high schools, and senior high schools in Hsinchu city for the course expenses.
7. Sponsor the elementary schools and junior high schools in Xiangshan Dist. of Hsinchu City for the program education promotion courses.
8. Sponsor Jiou She Primary School in Hsinchu City for its life education courses.

For details of the various plans, refer to the following description:

1. Sponsorship for Hsinchu City East District Senior Learning Center crayon drawing workshop

Content :

To realize the spirit of life-long learning, Hsinchu City East District Senior Learning Center provides the “crayon drawing” workshop for the senior of the community. This workshop comprises 10 sessions of courses, in which painting skills will be taught step by step. An artwork selection will be held after the courses are completed. The selected artworks will be displayed at the center’ s final presentation.

Performance :

- (1) The workshop of crayon drawing, an art form of the most basic, simplest, and most economical, enables the elderly to regain the lost childhood fun, leaving traces of aesthetic at a corner of their mind.
- (2) The direct sensory operation with a paintbrush relaxes the elderly, enhancing the α wave in their brain, improving the state of their crystallized Intelligence and thus slowing their deterioration.

Participants/beneficiaries :

10 sessions were held by Hsinchu City East District Senior Learning Center, participated by about 190 people.



2. Sponsorship for the life education courses of Jiou She Primary School in Hsinchu City

Content :

To foster mental growth and philosophical thinking among underprivileged students, parents, and teachers, Jiou She Primary School provides them with life education courses of specific type, so that they can grow together. This plan comprises two sessions of courses for students and one session for parents and teacher, totaling three sessions.

Performance :

- (1) Students learned to think properly, perceiving their own body, mood, and thoughts while fostering the attitude of collaboration and gratitude.
- (2) This life education course fostered the spiritual cultivation and philosophical thinking among parents for them to practice when dealing with their child.

Participants/beneficiaries :

A total of 73 of the underprivileged students, parents, and teachers of Jiou She Primary School.



3. SAINT JOSEPH SOCIAL WELFARE FOUNDATION - Handcraft plan to convey love without hindrance

Content :

This plan provides the physically challenged trainees with simple handcraft courses and simple baking courses, offering them skills as well as sense of achievement. This plan contains more than 20 hours of operation course per week, aiming to build trainees' capacity by having them operate repeatedly.

Performance :

- (1) Trainees have seen their skills and concentration improved, muscle strength maintained, and teamwork spirit honed.
- (2) During the courses, trainees naturally formed a production chain, in which they learned from, and cooperated with, each other.
- (3) This enabled the teachers/educare givers who are experts in this trade to phase the courses and equipment in.

Participants/beneficiaries :

40 people consisting of students and teachers of the Renai Workshop of Saint Joseph Social Welfare Foundation in Hsinchu.



4. Sponsor the Hsinchu Boxing Education Association for the operational expenses of 2021

Content :

Most students under the care of Hsinchu Boxing Education Association are teenagers from dysfunctional families; most of their parents are unable to steadily provide them with tuition and living expenses. As such, this plan aims to assist the teachers of the association in arranging the meals, accommodation, study, and after-school tutorial for students, and to sponsor the various types of competitions. In 2021, the teachers of the association continued to tutor the students, teach them boxing techniques, and train them on skills. Besides that, those teachers also offered counseling and keynote speech to students after class. They also regularly paid a visit to students' family to conduct an interview and assessment. Those students trained well on boxing and performed well, many of them even played the national team and won a place in international competitions, which is also honorable for Taiwan. The contests, at home and abroad, that the students took part in 2021 include: Asia & Oceania Boxing Olympic Qualification Tournament; Tokyo 2020 Summer Olympics; The National Games; National Intercollegiate Athletic Games; and High School Boxing Championship.

Performance :

- (1) Allowed continued education for teenagers from dysfunctional families.
- (2) Tapped boxing talent and cultivated national players of the new generation.
- (3) Tutored students so that they can pursue further education with what they have learned.
- (4) Fostered boxing seeds teachers.
- (5) High achievement in competitions in 2021:

- A. 2nd place, Asia & Oceania Boxing Olympic Qualification Tournament
- B. 5th place, Tokyo 2020 Summer Olympics
- C. 2 gold medals, 1 silver medal, and 3 bronze medals in The National Games.
- D. 1 gold medal, 1 silver medal, and 1 bronze medal in the National Intercollegiate Athletic Games.
- E. 1 gold medal, 2 silver medals, and 3 bronze medals in the High School Boxing Championship.

Participants/beneficiaries :

26 students of Hsinchu Boxing Education Association.



- 5. Plan to purchase additional equipment for the special education class/ special needs class of Hsinchu Municipal Guanghua Junior High School

Content :

Students in the special education class are limited by the learning space and equipment, in that the blackboard and projector screen have to be used alternately and that interaction between teachers and students is restrained, which impact the learning efficiency. This plan aims to purchase 3 sets of 65-inch touch screens and 1 tablet, and to interchangeably deploy interactive screens, projectors, videos, and picture books throughout all courses; doing so allows the teachers and students to have a discussion

at close range and improves students' ability to solve problems with equipment, thereby creating a learning environment full of fun, raising students' learning interest and efficiency, and stimulating them to continue their study.

Performance :

- (1) Improved students' engagement and learning motivation.
- (2) Improved students' ability to use technology to solve problems
- (3) Improved communication and conflict management skills
- (4) Improved equipment resources and thus learning efficiency.

Performance :

195 students with special educational needs, including students of the special needs class and physically challenged class of Hsinchu Municipal Guanghua Junior High School.



6. Plan to purchase additional equipment for the special needs class of Hsinchu Municipal Min Fu Elementary School

Content :

The special needs class adopts the individualized education method, but equipment isn't enough to allow the special needs class the diverse teaching materials and environment, reducing the efficiency of individualized teaching. This plan aims to purchase electronic whiteboards and touch screens to replace

the traditional blackboard. Teachers may prepare classes by using the electronic whiteboard to present visualized teaching materials, and even the sound, video, animation and network resources. In addition, the absence of chalk dust protects the respiratory system of teachers and students, refining the learning environment and improving learning efficiency. This plan also aims to purchase tablets and stands to serve the teachers' convenience of presenting visualized teaching materials, and even the sound, video, animation and network resources, so as to create a diversified learning environment for students, which in turn will improve the efficiency of individualized learning.

Performance :

- (1) Improved teaching effectiveness
- (2) Made teaching flexible, suitable, and diverse.
- (3) Made teaching less burdensome.
- (4) Improved learning motivation and interest.
- (5) Healthy and environmental.
- (6) Improved interaction and engagement.
- (7) Tailored to the need for different learning model.

Performance :

88 students from the special needs classes of grade 1 through grade 6; and 10 teachers and staff.



7. Hsinchu Municipal Chu Lian Elementary School - Arts courses sponsorship plan

Content :

To stimulate students' learning motivation and diverse development, Chu Lian Elementary School set up the Taiko drum club at early days. However, learning is restricted for students due to insufficient teachers and equipment. This plan aims to invite professional Taiko drum teachers to teach 5 lessons, including a description of the spirit of Taiko drums, basic operation, and advanced practice; in addition, 20 sets of Taiko drums (including drumsticks and drum stands) will be donated, so that students can learn in a more concentrated and efficient way. The school organizes a final presentation of taiko drum performance, in which parents and community people will be invited to appreciate the performance. This not only boosts students' confidence and expression capability, but also enhances the interaction between the school and the community so as to facilitate a mutual growth.

Performance :

- (1) Enabled students to be bold to create artworks, demonstrate their artistic talent, and develop their ability to appreciate arts, boosting their confidence and enhancing their emotion expression skills and communication skills.
- (2) Improved teachers' curriculum planning skills and knowledge of artistic and cultural teaching skills.
- (3) Enhanced the artistic and humanistic teaching skills for the school, and promoted community interchange and sustainable development of the school.

Participants/beneficiaries :

80 students of the three grade 6 classes; 48 teachers; and about 1,200 audiences of the Taiko drum performance (including parents and community residence).



8. Plan to purchase additional equipment and refurbish facilities for the special education class of Hsinchu Municipal Ximen Elementary School

Content :

Since the cabinets, desks, and chairs in the special education classroom are obsolete, providing students with more suitable storage space and learning environment should be an urgency. This plan aims to purchase a set of system cabinets and multiple sets of desks and chairs for students' use. In addition, The special education class adopts the individualized teaching method; yet, the physically challenged students increase in number year by year, causing a shortage of learning equipment. As such, this plan aims to purchase two notebook computers, which can be used for teaching and resource sharing, so as to enable the physically challenged students to understand the taught content and thus improve the learning efficiency.

Performance :

- (1) The new type of desks and chairs are suitable for use at different learning stages of students; aside from being used in class, these desks and chairs may also be used for after-school care and special education meetings.
- (2) The system cabinet holds students' data and teaching aids, and can be locked to secure students' personal data.

(3) Teachers used the notebook computer to teach the lessons, record students' learning portfolio, design interactive courses, and share resources, thereby improving the learning efficiency.

Participants/beneficiaries :

111 students of the special education classes of Ximen Elementary School.



9. Plan to purchase additional equipment for the special education class of Hsinchu Municipal Hsiang Shan Senior High School

Content :

The curtain at the special education classroom is so obsolete that it is unable to regulate the admission of light, which might harm students' eyesight; the desks and chairs do not fit the students' height and body weight, which impedes learnings and causes safety concern. In addition, the area is characterized by high wind and damp weather, which has caused the paint on the wall to crack and peel and hence an adverse impact on the health of the teachers and students. To improve the health of teachers and students and the learning environment of students, this plan aims to substitute 1 type of curtain, 30 sets of desks and chairs, a three-tier iron-made standardized cabinet with sliding doors and panels, and to paint the wall of the classroom to improve the learning environment.

Performance :

- (1) The new curtains regulate the light and are flameproof and dustproof, making the classroom safer and clearer, which in turn protects the eyesight and makes the air conditioner more energy-efficient.
- (2) The cracked and peeled paint on the wall was removed and the wall was painted anew. Students no longer need to dodge the falling dust; they can finally study in a cozy and assuring environment.
- (3) The new desks and chairs are helpful for students to concentrate on their learning, and for them to grow healthily without being affected by poor posture. The desks and chairs are adjustable in height, which means they can be tailored to the height of the students, thereby improving their concentration.
- (4) By providing the three-tier iron-made standardized cabinet with sliding doors, and by substituting new panels, we provide the students with the ease of storage of objects and improvement in privacy.
- (5) By refurbishing the physical environment of the classroom to allow a cozy and refreshing learning environment, we increased students' concentration and reinforced their self-assurance and positive life attitude.

Participants/beneficiaries :

145 people, which comprise students and teachers of the special education class and special needs class of Hsinchu Municipal Hsiang Shan Senior High School.



10. Plan to purchase equipment for bilingual teaching for Hsinchu Municipal Hsin Ke Junior High School

Content :

To interchange ideas with the international community and cultivate students' cosmopolitan perspective, Hsin Ke Junior High School launched its bilingual plan as early as in 2019. However, the limited equipment and space impedes full implementation of the bilingual courses because resources are shared with other courses. As such, this plan aims to purchase 9 tablets. This plan aims to purchase 8 tablets (with a cover) and 1 stylus for use in interdisciplinary bilingual courses, e.g., biology, technology, art, social study, scout, and physical education. To ensure learning efficiency, an oral test, implementation test, written test and performance/dynamic assessment will be carried out when the courses conclude.

Performance :

- (1) We enabled students to learn to care about local culture, to possess a cosmopolitan perspective, to learn the skill in using data, to enhance communication capability in English, to acquire more learning exhilaration, and to enhance their competitive edge.
- (2) Helpful for teachers to prepare classes, thereby improving the teaching quality.

Participants/beneficiaries :

About 390 students, consisted of all students of grade 7, grade 8, and grade 9 classes of Hsin Ke Junior High School.



11.Hsinchu Guan Dong Primary School - Plan to sponsor the implementation of holistic courses

Content :

Since special education students and underprivileged students lack resources relative to ordinary students, Hsinchu Guan Dong Primary School intends to develop participatory activities and diversified curriculums to provide a friendly and interactive learning atmosphere for the special education students and underprivileged students, thereby implementing the holistic education programs. This plan contains various courses and activities, which involve unicycles, ukuleles, holiday bicycles, agri-food education, and Christmas flash mob, enabling underprivileged students to experience different courses and activities and foster confidence and learning passion.

Performance :

- (1) Created a friendly and interactive learning environment; fostered morality and life education.
- (2) Advanced the purposes of inclusive education involving special education students and ordinary students; furthered understanding and inclusiveness.

(3) Pursued the ideal of equal education opportunity; envisioned equity and justice in education.

Participants/beneficiaries :

333 students, consisted of special education students, underprivileged students, and other students (ukulele: 10 students; unicycle, bicycle: 8 students; agri-food education: 307 students; Christmas flash mob: 26 students).



12. HsinChu Municipal Wind Orchestra - 2021 Music Station at School plan

Content :

Aside from staging large-scale music performance, HsinChu Municipal Wind Orchestra launched its Music Station at School plan for 2021 in order to bridge the urban-country gap of music resources. The plan provides music courses and instrument

courses as well as a chance for performance, to the schools/institutions in Hsinchu City which lack music resources. This includes:

- (1) Teaching the pop music band of the Miracle Home in Hsinchu City: The orchestra taught instrument playing on weekends and in winter and summer vacation. In 2021, 50 lessons were given and 8 outdoor concerts were held, honing students' skill in playing the various type of instruments.
- (2) Teaching for, and practice of, the Marching Percussion Band of Hsinchu Fuli Junior High School.
- (3) Teaching for, and practice of, the Environmental Percussion Band of HsinChu Municipal Gau Feng Elementary School Basic performance and ensemble performance courses are given in the first semester; students are required to submit a creative music piece and give a final presentation in the second semester.

Online final presentation :

Physical concerts are moved online due to the pandemic. Various videos, e.g., Ode to the Town of Wind-Leisure Wind of Hsinchu and Ode to the Town of Wind-Dancing Alp, are recorded by fusing the characteristics and local culture of Hsinchu City, aiming to promote music knowledge while staging a music performance. In addition, HsinChu Municipal Gau Feng Elementary School and Hsinchu Fuli Junior High School were invited to give their final presentation online, allowing music and art to transcend national boundary, time, and the pandemic and thus nourish the mind of people.

In 2021, the videos below were recorded and made available on the Internet by the musicians of the HsinChu Municipal Wind Orchestra; they invited interested people to appreciate the music free of charge.

- (1) Ode to the Town of Wind - Leisure Wind of Hsinchu
- (2) Ode to the Town of Wind - Speech with the Master
- (3) Hakka Music Portfolio - Kanon in Bb.
- (4) Ode to the Town of Wind - Dancing Alp
- (5) Ode to the Town of Wind - Sound of the Tide
- (6) Ode to the Town of Wind - Wind Town Musical Notes
- (7) Ode to the Town of Wind - When Azalea Blooms
- (8) Hsinchu Fuli Junior High School - Marching Percussion Band
<https://reurl.cc/Vj23MQ>
- (9) HsinChu Municipal Gau Feng Elementary School -
Environmental Percussion Band
<https://youtu.be/tlxQY2XBBJA>

Performance :

- (1) By staging music performance in public, HsinChu Municipal Wind Orchestra brought people the aesthetic experience and joy of appreciation.
- (2) HsinChu Municipal Wind Orchestra realized its ideal of bringing music into schools by offering music courses and instrument courses at schools or charitable institutions; this familiarized students with different instruments, offered them the joy of music and playing instrument, and inspired the awareness of cherishing things and protecting the environment among them. The final presentation demonstrated the characteristics of the school, teachers and students, and served as feedback to the community. Using music as a medium, the musicians of HsinChu Municipal Wind Orchestra honed students' skills in playing wind instruments and percussion instruments, allowing them to broaden their horizon and develop confidence through charitable performance.

Participants/beneficiaries :

- A. 60 people, consisted of the students and teenagers in Hsinchu Fuli Junior High School, HsinChu Municipal Gau Feng Elementary School, and Miracle Home; outdoor concerts benefited about 300 members of the general public.
- B. The online final presentation benefited an unidentified number of people.



13. 2021 Learning Growth Tournament - Promotion of Program Education : Dahu Elementary School; Jiadong Primary School; Gangnan Primary School; Hu Lin Primary School; Nan'ai Primary School; Hsinchu Municipal Nei Hu Junior High School

Content :

Xiangshan District, a relatively remote area in Hsinchu City, sees its elementary schools and junior high schools lack the teachers and teaching materials requisite for program education. Since the learning courses sponsored by ESMT Educational Foundation in 2020 yielded fruitful results which were highly regarded by each school, the principal of each school conveyed their intent that ESMT Educational Foundation continue to sponsor the basic program learning courses for students. As such, this education program continued into 2021 and was expanded from the program learning courses of 4 schools to those of primary schools and junior high schools, totaling 6, in Xiangshan Dist. of Hsinchu. The 2021 plan contains the after-school program learning courses for the primary schools and junior high schools, totaling 6, with 13 sessions for one semester and 90 minutes for each session. However, due to reasons concerning the academic year, Nan'ai Primary School is unable to provide regular curriculums to senior grades, and thus can only conduct the courses in the form of clubs. The final presentation at the end of a semester offers students a chance to show their work, from which they might derive the sense of achievement.

Performance :

- (1) Cultivated students' creative thinking and self-directed learning capability.
- (2) Tapped the interest in program learning; spotted students with talent for programs and creativity
- (3) Cultivated programming teachers for schools.

Participants/beneficiaries :

1. Dahu Elementary School: 18 people/times, consisted of students and teachers of grade 5 and grade 6 over two semesters.
2. Jiadong Primary School: 17 people/times, consisted of students and teachers of grade 4 through grade 6 over two semesters.
3. Gangnan Primary School: 39 people/times, consisted of students and teachers of grade 4 through grade 6 over two semesters.
4. Hu Lin Primary School: 34 people/times, consisted of students and teachers of grade 5 and grade 6 over two semesters.
5. Nan'ai Primary School: 20 people/times, consisted of students and teachers of grade 3 and grade 4 over two semesters.
6. Hsinchu Municipal Nei Hu Junior High School: 13 people/times, consisted of students and teachers in one semester.



Aside from the sponsorship provided by ESMT Educational Foundation, the Company has also increased its engagement in charitable events, devoted to supporting underprivileged groups, and contributed to the society, in the following manner:

- 1.Sponsored Dexin Girls' Home for its operational expenses.
- 2.Sponsored Saint Francis Xavier Home for Girls for the expenses of renovation.
- 3.Sponsored Libertas for its operational expenses

- 4.Sponsored Taiwan Tuberous Sclerosis Complex Association for its operational expenses
- 5.Sponsored Vox Nativa Association, Taiwan for its operational expenses

For a description of the Company' s achievement in charitable events in 2021, refer to the following table:

Group name	Brief introduction
Good Shepherd Social Welfare Foundation - Dexin Girls' Home	A medium- and long-term shelter for dependent girls, caring for the life of girl victims. Aside from assisting in the daily life of girls, the Company sponsored the girls at the Girls' Home for a series of self-reliance courses and gender study courses in order to enable them to deal with the various issues in life; those courses have benefited 60 people. In addition, activities and seminars on stress relief, marital relationship, and parent-child relationship were also provided to girls already leaving the Girls' Home; those courses have benefited about 110 people. In addition, the Company encouraged edu-care givers and social workers to take part in on-the-job training and growth courses, so that they can harmonize their body and mind, care for themselves while caring for others, and give better care to the girls. Beneficiaries amounted to 100 people.
Taiwan Catholic Church Hsinchu Diocese - Saint Francis Xavier Home for Girls in Miaoli	A shelter for dependent girls, caring for the life of girl victims. Since the buildings of the shelter were constructed in 1959, 64 years from now, and were so old that they required renovation every year. In addition, the buildings were deemed highly prone to earthquake by the local government, which demanded that improvement be made. As such, the Company actively planed the reconstruction. The design will focus on giving girls safety and privacy. By providing girls with a cozy and safe environment, the Company hope that the girls can live and grow peacefully.
Libertas	It provides drug addicts with residential service, therapeutic communities, living expenses, rental subsidies, social enterprise empowerment training, educational training courses, and psychological counseling courses, so that they can rejoin the society and start a new life. The foundation systematically arranges for each drug addict to take empowerment and occupational training courses according to their individuality, and offers them one-on-one skill training based on their preference, intent, skills, and needs; in addition, occupational training for obtaining a license is also offered at the same time. Furthermore, the foundation also values the mental aspect and regularly offers psychological counseling courses to drug addicts. In 2021, 5 teenagers got a job and adopt to the society well.

Group name

Brief introduction

Taiwan Tuberous Sclerosis Complex Association

Tuberous sclerosis complex (TSC) is a rare genetic disorder that causes abnormalities in a variety of organs, including the central nervous system (especially the brain and retina), skin, and cardiovascular, renal, and respiratory systems. Taiwan Tuberous Sclerosis Complex Association (TTSC), an association composed of family members of TSC patients, provides long-term services for patients and their families. In 2021, the Company sponsored TTSC for a series of care activities and courses held by TTSC for patients and their families, which supported the patients and their families and thus enhanced the bond among family members. "Happiness under the Shutter", a film book published by TTSC patients and their family members by leveraging their professionalism, served to intensify the dissemination of life education. "Happy Movement under the Shutter", a sequel into which they compiled the stories of patients and their families in 2021, conveyed their resilience and courage to the general public.

TSC patients often see their daily life affected by epilepsy. Despite so, the Company relentlessly encourages TSC patients, especially those school-aged kids, to shift their attention from illness to their talent. The Company sponsored patients to learn musical instruments, organize an orchestra, and take painting classes. Some patients are amazingly talented in painting and have attended numerous exhibitions.

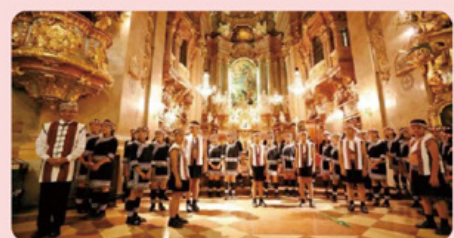
The Company also called for paintings from the patients in 2021, and displayed the paintings, which were readily available for the public's appreciation, on the official website of ESMT Educational Foundation. Aside from demonstrating the painting talent and skills of patients, each painting makes space for the expression of the painter's feelings. Every original intention is the affirmation and care for the patient painter.



Vox Nativa Association, Taiwan

"Vox Nativa Children's Choir" has become a well-known group nowadays. The Company sponsored Vox Nativa Association, Taiwan as early as its establishment. While seeing them riding their voices high into the international arena, the Company agreed with the Vox Nativa Association, Taiwan's upholding its origination intention that all school-aged children in the tribe should take intensive courses in the basic disciplines. As such, the Company established the Yuan Sheng International Academy, which enrolled indigenous teenagers, providing an advanced learning channel for members of the Vox Nativa Children's Choir who intended to pursue further music education.

The pandemic raged in 2021. Despite so, Yuan Sheng still insisted on providing students with music courses and tutorial on the basic disciplines and held multiple concerts, so as to develop students' potential in every aspect.



The Company's employees also initiated multiple events in 2021:

1. ESMT employees donated notebook computers, tablets, and stationary to Taiwan Sailing Association for use by remote-village students at home.

Since COVID-19 pandemic peaked in June 2021, many schools demanded that students study at home. This wouldn't do for students at remote villages because they didn't have the equipment for remote learning. As such, ESMT employees, though also working from home due to the pandemic, still enthusiastically donated their used notebook computers and tablets, in addition to new stationary sets, to the students studying at home in a remote village, so that they can continue their education during the pandemic. ESMT employees truly wished every student an assuring and happy learning.



2. ESMT purchased the mooncake gift boxes under charitable sale from Lan-chui Social Welfare Foundation and then donated the gift boxes to multiple underprivileged groups.

ESMT employees initiated the purchase of the mooncake gift boxes under charitable sale from Lan-chui Social Welfare Foundation before the Mid-Autumn Festival, helping the foundation raise fund for the establishment of Tian Xin Joyful Home, a nursery home which will offer long-term care to the physically challenged at their old age.

Meanwhile, ESMT employees donated the purchased mooncake gift boxes to the underprivileged families, living-alone elders and shelter for dependent girls, so that everyone can celebrate the joyful Mid-autumn festival.



3. ESMT employees purchased the “2022 Life-aspiring Annual Calendar Notebook” from SAINT JOSEPH SOCIAL WELFARE FOUNDATION for charitable cause.

SAINT JOSEPH SOCIAL WELFARE FOUNDATION published the “2022 Life-aspiring Annual Calendar Notebook” to raise fund for the promotion of special education and the expenses of professional services for the physically challenged. ESMT employees enthusiastically supported the fund-raising through purchase, and at the same time donated the purchased charitable objects to the children and

teenagers of underprivileged family, reproducing one serving of love into two servings of warmth to benefit more groups, so that the warmth of writing can be widely shared.



4. ESMT employees subscribed to the tickets for the performance by Vox Nativia Association , Taiwan and NTU Chorus.

ESMT employees initiated to subscribe to the tickets for the joint performance by Vox Nativia Taiwan and NTU Chorus in order to sponsor Vox Nativia Association, Taiwan, which devoted itself to the holistic education for indigenous children.

ESMT employees went all the way north to Taipei, where the performance was held; this demonstrated not only their love for the indigenous vocals, but their support for Vox Nativia Taiwan.

5. ESMT employees subscribed to the “Happy Movement under the Shutter” II, a film book, from Taiwan Tuberosus Sclerosis Complex Association, and donated the books to underprivileged groups for sharing purpose.

Understanding that fund-raising was not easy for many charitable groups because of the pandemic in 2021, ESMT employees actively subscribed to the “Happy Movement under the Shutter” II, a film book published by Taiwan Tuberous Sclerosis Complex Association. The subscription helped in raising funds for the operational expenses of Taiwan Tuberous Sclerosis Complex Association. In addition, the purchased film books were given to multiple high-risk and underprivileged groups, so that students got a change to read the book full of life education meaning.

This film book recorded the life stories of the brave children with rare disease and their families. ESMT employees subscribed to their books and shared their endeavor with families and friends, believing that the book will encourage and stimulate those still in deep water into feeling the beauty of life.



Moving forward, we will uphold our pursuit of a fair and beautiful society by dedicating to the sustainable development of enterprises and the society, so as to create a win-win situation among stakeholders, thereby driving the society forward.

06 Appendix



Chapter 6 Appendix

GRI Standards Index

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102-12	External initiatives	-	The Company did not sign any external initiative
102-13	Membership of associations	Association Membership	14
102-14	Statement from senior decision-maker	Message from the executives	8
102-16	Values, principles, standards, and norms of behavior		17
102-18	Governance structure	Governance	26
102-40	List of stakeholder groups	Materiality analysis and stakeholder engagement	18
102-41	Collective bargaining agreements	-	The Company did not have a union.
102-42	Identifying and selecting stakeholders		
102-43	Approach to stakeholder engagement	Materiality analysis and stakeholder engagement	15
102-44	Key topics and concerns raised		
102-45	Entities included in the consolidated financial statements	Governance	26
102-46	Defining report content and topic Boundaries	Scope	6
102-47	List of material topics	Materiality analysis and stakeholder engagement	18
102-48	Restatements of information		No restated report
102-49	Changes in reporting	NA	No material changes
102-50	Reporting period	Scope	6
102-51	Date of most recent report	Report publication	7
102-52	Reporting cycle	Report publication	7
102-53	Contact point for questions regarding the report	Opinion feedback	7
102-54	Claims of reporting in accordance with the GRI Standards	Compilation principles	6
102-55	GRI content index	Appendix	126
102-56	External assurance	-	NA

Disclosure of specific topic

Material topics	GRI Index	Disclosure Item	Corresponding Chapters/ Sections	Page
 Economic performance	GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	Material issues Management approach and goals	23
		103-2 The management approach and its components		
		103-3 Evaluation of the management approach		
	201	201-1 Direct economic value generated and distributed	1.2 Operational performance (Dividend distribution in recent years)	29
		201-2 Financial implications and other risks and opportunities due to climate change	3.2 Response to climate change	67
		201-3 Defined benefit plan obligations and other retirement plans	4.3 Salary and welfare	80
 Procurement practices	GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	Material issues Management approach and goals	19
		103-2 The management approach and its components		
		103-3 Evaluation of the management approach		
	204	204-1 Proportion of spending on local suppliers	2.1 Supplier management and evaluation	54
 Anti-corruption	GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	Material issues Management approach and goals	19
		103-2 The management approach and its components		
		103-3 Evaluation of the management approach		
	205	205-2 Communication and training about anti-corruption policies and procedures	1.3 Ethics and legal compliance	35
 Emissions	GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	Material issues Management approach and goals	19
		103-2 The management approach and its components		
		103-3 Evaluation of the management approach		
	305	305-1 Direct (Scope 1) GHG emissions	3.3 Energy use and greenhouse gas inventory	68
		305-2 Energy indirect (Scope 2) GHG emissions	3.3 Energy use and greenhouse gas inventory	68

 Supplier Environmental Assessment	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Material issues Management approach and goals	19
		103-2	The management approach and its components		
		103-3	Evaluation of the management approach		
	308	308-1	New suppliers that were screened using environmental criteria	2.1 Supplier management and evaluation	54
		308-2	Negative environmental impacts in the supply chain and actions taken	2.1 Supplier management and evaluation	54
 Labor relation	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Material issues Management approach and goals	19
		103-2	The management approach and its components		
		103-3	Evaluation of the management approach		
	401	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.3 Salary and welfare	54
 Occupational Safety and Health (OSH)	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Material issues Management approach and goals	19
		103-2	The management approach and its components		
		103-3	Evaluation of the management approach		
	403	403-1	Occupational Safety and Health management system	4.5 A safe workplace	89
		403-2	Hazard identification, risk assessment, and incident investigation	4.5 A safe workplace	89
		403-3	Occupational health services	4.3 Salary and welfare	80
		403-4	Worker participation, consultation, and communication on occupational health and safety	4.5 A safe workplace	89
		403-5	Worker training on occupational health and safety	4.5 A safe workplace	80
		403-6	Promotion of worker health	4.3 Salary and welfare	89
 Human rights assessment	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Material issues Management approach and goals	19
		103-2	The management approach and its components		
		103-3	Evaluation of the management approach		
	412	412-2	Employee training on human rights policies or procedures	1.3 Ethics and legal compliance	35
 Supplier Social Assessment	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Material issues Management approach and goals	19
		103-2	The management approach and its components		
		103-3	Evaluation of the management approach		
	414	414-1	New suppliers that were screened using social criteria	2.1 Supplier management and evaluation	54
		414-2	Negative social impacts in the supply chain and actions taken	2.1 Supplier management and evaluation	54

Information security policy

Elite Semiconductor Microelectronics Technology Inc., ESMT

Information security policy

- Elite Semiconductor Microelectronics Technology Inc., ESMT shall continue to enhance information security to protect the rights of customers, shareholders, employees, and suppliers.
- To ensure the confidentiality, completeness, and availability of the information security system, ESMT shall continue to enhance the defense capability to lower the risk of data leak and inappropriate use.
- ESMT shall disseminate, and train employees on, the knowledge on information security, so as to raise the awareness that "Information security is everyone's responsibility".

Chairman 陳興海

ESMT 晶豪科技

Human rights policy

Elite Semiconductor Microelectronics Technology Inc., ESMT

Human rights policy

ESMT will abide by Labor Standards Act of our country, and international human rights conventions and standards such as the Labor Standards Act - Declaration of Fundamental Principles and Rights at Work, The United Nations Global Compact (UNGC), and Responsible Business Alliance Code of Conduct (RBA CoC) in order to ensure that employees are respected, have a safe workplace, implement environmental protection activities, and follow ethics regulations.

ESMT has formulated the following implementation policy, which ESMT's suppliers are also required to follow, so as to implement ESMT's human rights policy.

Implementation policy:

1. Value the rights and interests of employees and human rights, including eliminating discrimination and not coercing or forcing them into involuntary labor.
2. Continuously improve the health and safety of employees, create a friendly workplace, and enable employees to achieve a work-life balance.
3. Eliminate adverse effects of production process on the environment and natural resources, and protect public health and safety.
4. Demand that all employees and suppliers uphold high integrity standards and abide by the code of business ethics.
5. Comply with maternity protection regulations; refrain from using child labors

Chairman 陳興海

ESMT 晶豪科技

Environmental policy

Environment Policy

As an IC design company with business focusing on the design and development of semiconductor products, ESMT holds the spirit of environmental protection to pursue the Corporate Sustainability. To achieve this goal, ESMT is committed to:

- Comply with all environmental regulations and take corporate social responsibility.
- Devote to green product design to reduce the impact on environment.
- Continue to minimize waste and conserve energy as well as make efforts to prevent pollution.
- Review the performance on environmental protection regularly to ensure continuous improvement.
- Practice environmental protection education to raise employees awareness.
- Communicate with suppliers continuously to promote our concept of environmental protection.

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Chairman 陳興海

Safety and Health Policy

ESMT Safety and Health Policy

ESMT pass attention to safety and health topics, meets domestic and international safety and health regulations and standards and implements safety and health control measures

To establish a safe and healthy working environment, enhance the safety and health of employees and contractors, and pursue a sustainable future.

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Chairman 陳興海

Conflict minerals policy

Elite Semiconductor Microelectronics Technology Inc., ESMT Conflict minerals policy

The rare metals such as coltan, cassiterite (tin), gold, and wolframite (tungsten) which are extracted in the Democratic Republic of the Congo or adjoining countries or regions have caused human rights to be severely infringed and environment exploited.

To support international human rights development and fulfill corporate social responsibility, ESMT commits itself to the following:

1. Follow the Responsible Business Alliance Code of Conduct (RBA CoC); commit to supporting responsible procurement of gold (Au), tin (Sn), tantalum (Ta), tungsten (W), and cobalt (Co); refrain from using the said minerals extracted by illegal smelters in the Democratic Republic of the Congo, other conflict- ing area, or high risk area.
2. Investigate conflict metals in accordance with the Responsible Business Alliance (RBA) Code of Conduct and require that subcontractors provide sources of gold (Au), tin (Sn), tantalum (Ta), tungsten (W), and cobalt (Co) contained in their products and reveal the information on smelters. Verify the correctness of the information provided by subcontractors or suppliers.
3. Clearly demand that subcontractors and suppliers comply with the said responsible procurement requirements to meet the goals set forth in the Responsible Minerals Assurance Process (RMAP).