ESMT 晶豪科技

Elite Semiconductor Microelectronics Technology Inc.

晶 豪 科 技 股 份 有 限 公 司

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ESMT

晶豪科技股份有限公司

2023 ENVIRONMENT SOCIAL GOVERNANCE

SUSTAINABILITY REPORT

ESMT

晶豪科技股份有限公司

00 About This Report

01 Governance

04 Friendly Workplace

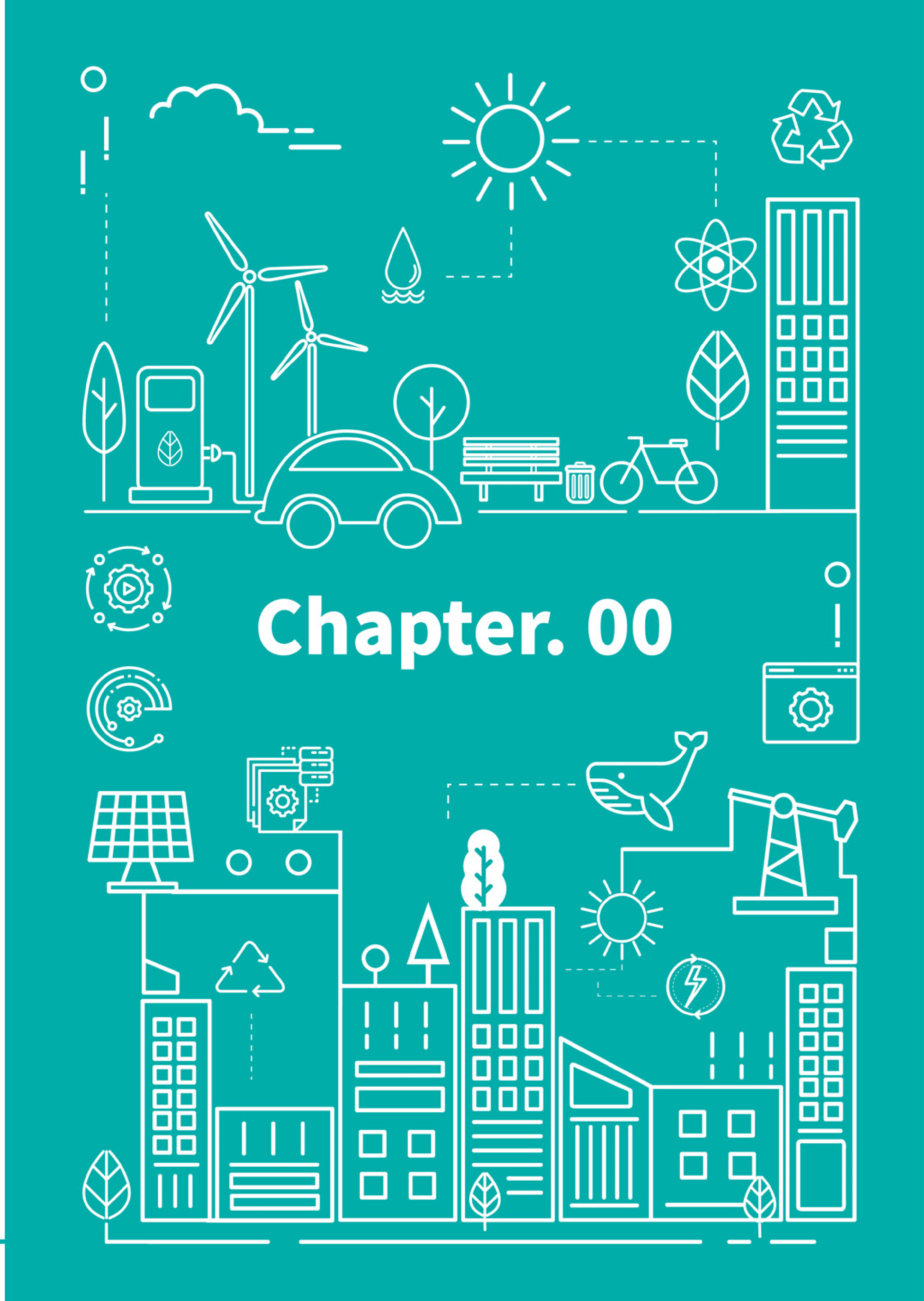
02 Prosper with Partners

05 Society Engagement

03 Environmental Sustainability

06 Appendix

00 About this report



00 About This Report

This SUSTAINABILITY REPORT for 2023 is published by Elite Semiconductor Microelectronics Technology Inc., ESMT (“ESMT” hereinafter). This report makes transparent ESMT’s efforts and achievements regarding the Environment, Social, and Governance (ESG) aspects, and presents it to the stakeholders who pay close attention to ESMT.

Scope

This report discloses the data on 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 2023 (January 1, 2023 ~ December 31, 2023).

Compilation principles

The report collects ESMT’s ESG (Environment, Social, Governance) related issues, and analyze such based on the materiality analysis to understand the issues concerned by the stakeholders, while following the core options of the GRI Standards (Global Reporting Initiative), referring to the Semiconductor Industry Disclosure Standard of the Sustainability Accounting Standards Board (SASB), and incorporating the analytical framework of the Task Force on Climate-related Financial Disclosures (TCFD) for climate-related financial disclosures, to prepare the Report and write the disclosures.

The statistics in this report are the summary statistics provided by 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, verified by the supervisor of each responsible unit, confirmed by the Corporate Sustainability Committee, submitted to the Audit Committee for discussion on July 29, 2024 and the approved by the Board of Directors before publishing.

Report publication

ESMT independently issues the Corporate Sustainability Report each year, and provides both Chinese and English versions for download from the official website.

First publication date : September 2021

Current publication date: July 2024

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.

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

Message from the executives

Due to geopolitical conflicts, the Russia-Ukraine War started in early 2022 is still ongoing. In addition, the Israeli-Hamas conflict that broke out in early October 2023 shows no sign of abating yet. The spillover effect gave rise to the Red Sea crisis, resulting in a rapid rise in freight rates. In 2023, the inflation crisis in the western countries was eased a little by the strong interest rate hikes adopted by the U.S. Federal Reserve and the European

Central Bank. However, the crisis has not yet been fully removed, and high interest rates will continue for some time. High interest rates affect the private consumption and worsen the global economy. Meanwhile, the pandemic, cereal shortages, and the impact of climate change, resulting in extreme weather events worldwide, pose significant threats to human life and property. Consequently, the United Nations' 17 Sustainable Development Goals (SDGs) have garnered increased attention, highlighting the importance of ESG (Environment, Social, Governance) issues, which have become a key focus for governments and businesses.

The effects of the wars, high inflation, supply chain reorganization, and the gradual lifting of COVID-19 restrictions have caused a rapid decline in the boom of the semiconductor industry, which has lasted for over two years. The consumer electronics and semiconductor markets are experiencing oversupply, with the "stay-at-home economy" rapidly cooling down and port congestion issues being resolved. The memory industry experienced the harshest operating ordeal in 2023, and resulted the Company’s significant decline in operating performance and yearly loss.

At the beginning of 2023, Open AI debuted and sparked the enthusiasm for the AI technology around the world. It is believed that the development of AI will change the life in the future, a lot of manpower and materials are invested to develop AI-related products and their applications; the R&D of the generative AI and large language model (LLM) becomes the most important R&D projects for major companies in the next few years. These R&Ds require extremely high algorithm power, where not only the main chips need high-speed computing power, the high-speed and capacity memories are also required. Meanwhile, the shortage of semiconductor components in the automobile industry is gradually easing, and the sales of electric vehicles are also expected to grow significantly. Due to the surging demand for semiconductor components in electric vehicles and the announcement of major car manufacturers that they will focus on the development of electric vehicles in the future, the future market demand and development of automotive semiconductors will show rapid growth. The Company passed the ISO 26262 safety certification at the end of 2023, demonstrating the determination to deeply cultivate automotive electronics; the revenue from automotive semiconductors is expected to grow year by year in the future.

The upsurge in generative AI and the significant growth in demand for electric vehicles will drive the demand for semiconductors to another peak in the next few years. The Company cultivates deeply in the niche memory market, so the economic fluctuation is lower than that of the standard memories. Although the standard memories have enjoyed a lot of growth, the niche memories usually lags behind by one to two quarters. The three major memory manufacturers have estimated the business performance of this year will gradually improve by quarters and emerge out of losses, which is a positive effect on the operation of niche memories. In 2024, the Company' s operation will be bottomed out, and filled with opportunities and challenges. It is expected that both the shipment volume and the revenue will grow.

As a professional IC design company, ESMT has been engaged in the design, production, and sale of niche memory for years. ESMT' s products include DRAM, NOR Flash, SLC NAND Flash, and MCP, which are among the critical parts in the smart generation, making the Company an integral supplier of critical electronics products. In addition, the Company' s tapping into the market for audio amplifiers IC and power ICs also yields fruitful results. We are actively engaged in research and development in other IC design fields, such as Wireless SOC ICs, Motor Driver ICs, and Sensor ICs, aiming to further diversify our product line and contribute to the company's growth.

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 keep and fulfill the commitments to stakeholders. On the work attitude front, they are required to complete their tasks conscientiously, be practical, and undertake responsibilities on their own initiative. They should keep the mindset of keeping continuous improvement, bettering themselves, and pursuing better products and work quality, thereby outperforming industry peers. They should welcome innovative ideas and knowledge, be bold enough to break the current technical bottleneck, and keep pace with trends, so as to develop new products, thus making the Company ahead of peers in terms of competitiveness. Implanting the Company' s core values in the mind of employees just makes corporate sustainable operations.

Since the implementation of ESG (Environment, Social, Governance) practices in 2021, ESMT has made gradual progress under the leadership of the Board of Directors and the promotion of the Corporate Sustainability Committee. In terms of governance, in 2023, due to the impact of the overall economic situation, the Company's consolidated revenue (NT$11.88 billion) and profit (after-tax net loss of NT$1.21 billion) for the fiscal year 2022 were significantly lower compared to the previous year. The company's governance evaluation remained within the second tier (6%~20%). Regarding the environmental aspect, ESMT has maintained normal operations in compliance with energy-saving and environmental protection standards. The Company has also conducted the carbon inventory and TCFD analytic frameworks, and continues to develop low-energy-consumption products to provide customers with environmentally friendly product applications. In addition, in the social aspect, ESMT continues to cooperate with the ESMT Educational Foundation to promote public welfare activities. Since employees have always been the Company's most important asset, the salaries of ESMT's employees have been among the top tier among the TWSE and TPEx listed companies announced by the competent authorities. In 2023, when the COVID-19 lockdowns were lifted, the Company held the Family Day of the 25th Anniversary and ESG event. Under the leadership of the Chairman and President, the employees and their families were introduced to the source of water that the Hsinchu area depends on for our livelihood -- Second Baoshan Reservoir integrate the ESG concept into various activities, allowing employees and their relatives to feel the Company's care and responsibility in a joyful atmosphere.

Moving forward, ESMT 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 international situation, the pandemic and climate change; continue caring for the underprivileged and pursuing a common-good society; and fulfill the sustainability 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, hoping that the Company grows even stronger, becomes the best global supplier and partner, and thus achieves the goals of corporate sustainability and a common-good society.

Chairman (Chair of the Corporate Sustainability Committee) Chen Hsing-hai

陳興海

July 2024

President (Deputy Chair of the Corporate Sustainability Committee) Chang Ming-chien

張明鑑

July 2024

About ESMT

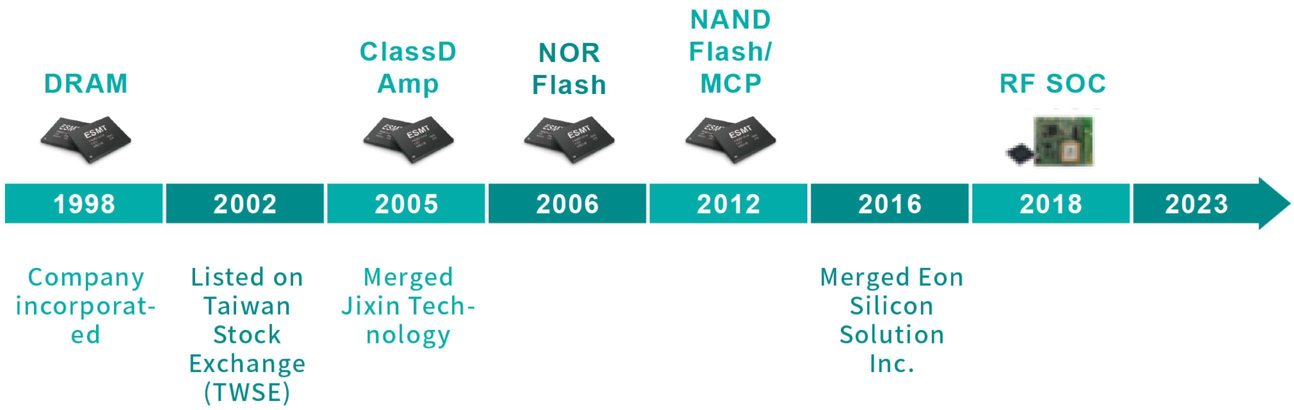
Elite Semiconductor Microelectronics Technology Inc. (ESMT) is a professional IC design company incorporated in Hsinchu Science Park in Taiwan in June 1998. The Company’s main business activity includes the design, production, sale, and technical support of private-brand IC products. The Company was listed on Taiwan Stock Exchange (TWSE) in March 2002, with the stock code being 3006. As of December 31, 2023, the Company had 569 employees. Among them, 449 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, information-based home appliance, and consumer and communication systems. Successfully developed products include the DRAM product lines (SDRAM, DDR I/II/III, PSRAM, energy-efficient Mobile DRAM) comprising each type of capacity and interface specifications. On the flash memory front, the Company has successfully developed NOR Flash and NAND Flash comprising multiple capacity and interfaces, which can meet the requirements of specific application systems. In addition, in view of the soaring demand for System in a Package (SiP), ESMT has already developed the Known-Good-Die (KGD) products requisite for the products stated above, as well as the Multi-chip Package (MCP) solution, to satisfy customers' demands of all kind.

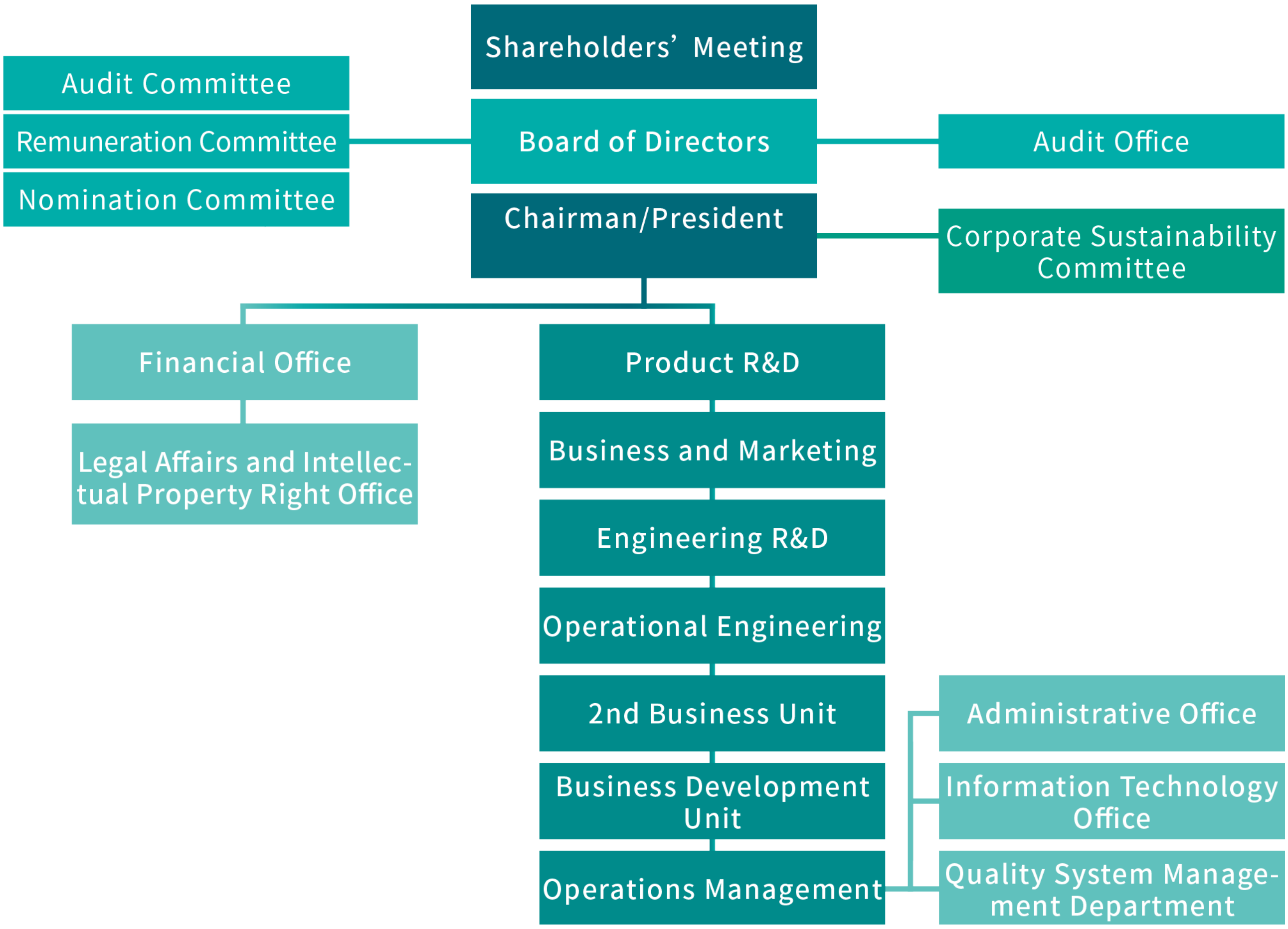
In recent years, to meet the needs of more customers, ESMT has expanded its product lines to non-memory application areas such as analogy, mixed-signal, and system ICs. Currently, the products provided include various power management, audio signal converters (ADC/DAC), Class D amplifiers, and IC products such as IoT wireless communication, motor drivers, thermo sensor and photo sensors .

With technology R&D as the core competitiveness, ESMT has excellent design/process/packaging/testing and production/quality assurance teams, which are capable of using the most advanced process technology to develop IC product solutions of high quality and highly custom which help improve customers' market competitiveness. Aided by experienced partners in the upstream and downstream supply chain, ESMT is even capable of offering customers the most premium and most cost-effective products and services in a timely manner.

Progress of the launch of product lines

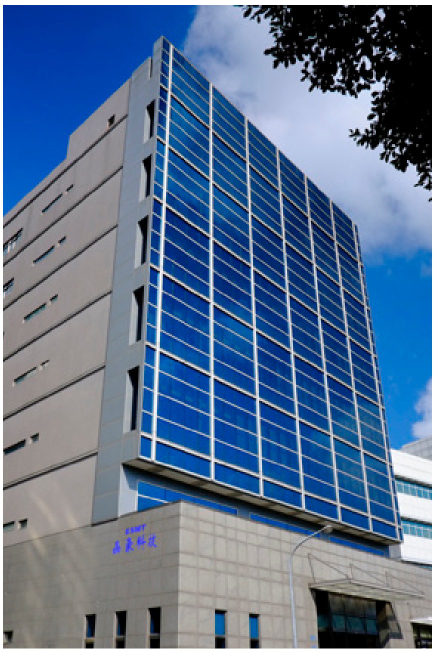


Elite Semiconductor Microelectronics Technology Inc. (ESMT) Organizational Chart



Company headquarters address: No.23, Gongye E. 4th Rd, Hsinchu Science Park

Building A



Building B

Association Membership

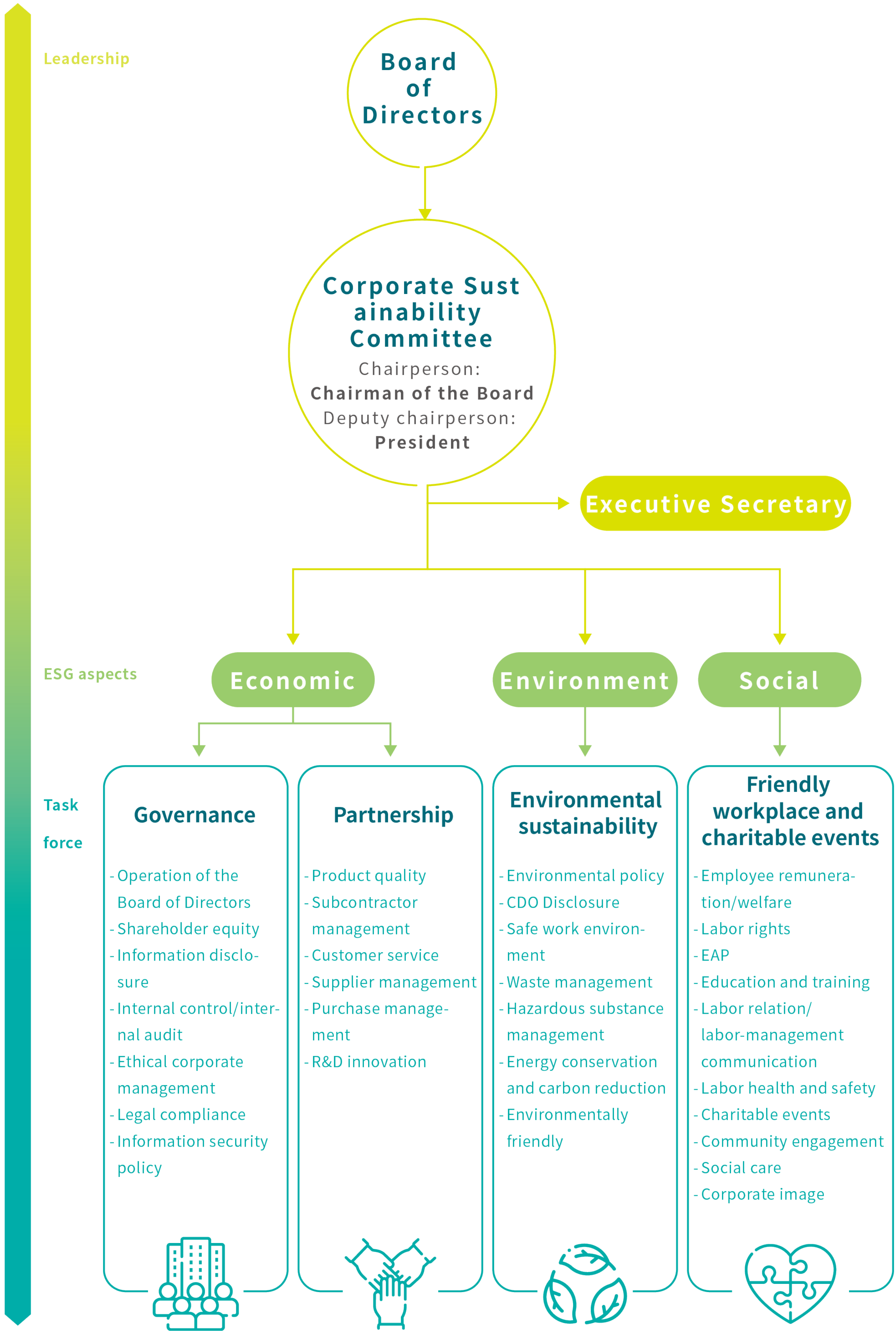
The Allied Association for Science Park Industries
Taiwan Semiconductor Industry Association (TSIA)
JEDEC Solid State Technology Association
AI on Chip Taiwan Alliance (AITA)
Zeta Alliance
Smart Vehicle Electronics Special Interest Group (IoT Promotion Platform, Smart Electronics Industry Project Promotion Office, IDB, MOEA)
Taiwan Advanced Automotive Technology Development Association (TADA)

Corporate Sustainability Committee

Adhering to the principle of corporate sustainable development, ESMT pursues business interest while attending to the issues concerning stakeholders and making improvement, so as to fulfill its corporate social responsibility on the ESG front, thereby improving the sustainable operations performance. ESMT established the Corporate Sustainability Committee in October 2020, which will take charge of assessing the risks and rewards associated with sustainable operations and formulating the vision and strategy requisite for corporate sustainability, so as to enhance governance, partnership, environmental sustainability, friendly workplace, and charitable events. The chairperson of the committee is the Chairman of the Board; the deputy chairperson of the committee is the President. They review the effectiveness of promoting corporate sustainability in committee meetings, and report 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 come from each relevant functional unit; the Corporate Sustainability Committee assigns members to be the task force chief, who shall plan and supervise the task force’s operation and regularly convenes a meeting. Additionally, ESMT’s Corporate Sustainability Committee has set up the post of executive secretary, who is responsible for coordinating the promotion of corporate sustainability issues of concern among the task forces, convening the Corporate Sustainability Committee meetings, and compiling the Sustainability Report.

ESMT Corporate Sustainability Committee Organizational Structure



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

Governance

1.Help enhance the occupational competence 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.Establish a long-term co-prosperous partnership concerning supply chain management such as product quality, customer service, and delivery and supply.

Environmental sustainability

1.Carry out the Company's environmental operation in compliance with laws and regulations
2.Carry out safety and health work in compliance with laws and regulations and ensure workplace safety
3.Carry out work concerning energy conservation and carbon reduction to meet the goals

Friendly workplace and charitable events

1.Plan employee welfare
2.Help implement employee career development plan
3.Maintain employee employment rights
4.Establish a friendly workplace
5.Incorporate corporate core philosophy into promoting community and charity development

Sustainability vision and commitment

Upholding the spirit of sustainable operations, ESMT works hard on the governance, environment, and social front. Through coordinating resource planning, ESMT has established a 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, 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 through the three steps, namely, identification, analysis, and verification.

01 Identify

- Identify the parties to be communicated with
- Collect sustainability issues

02 Analyze

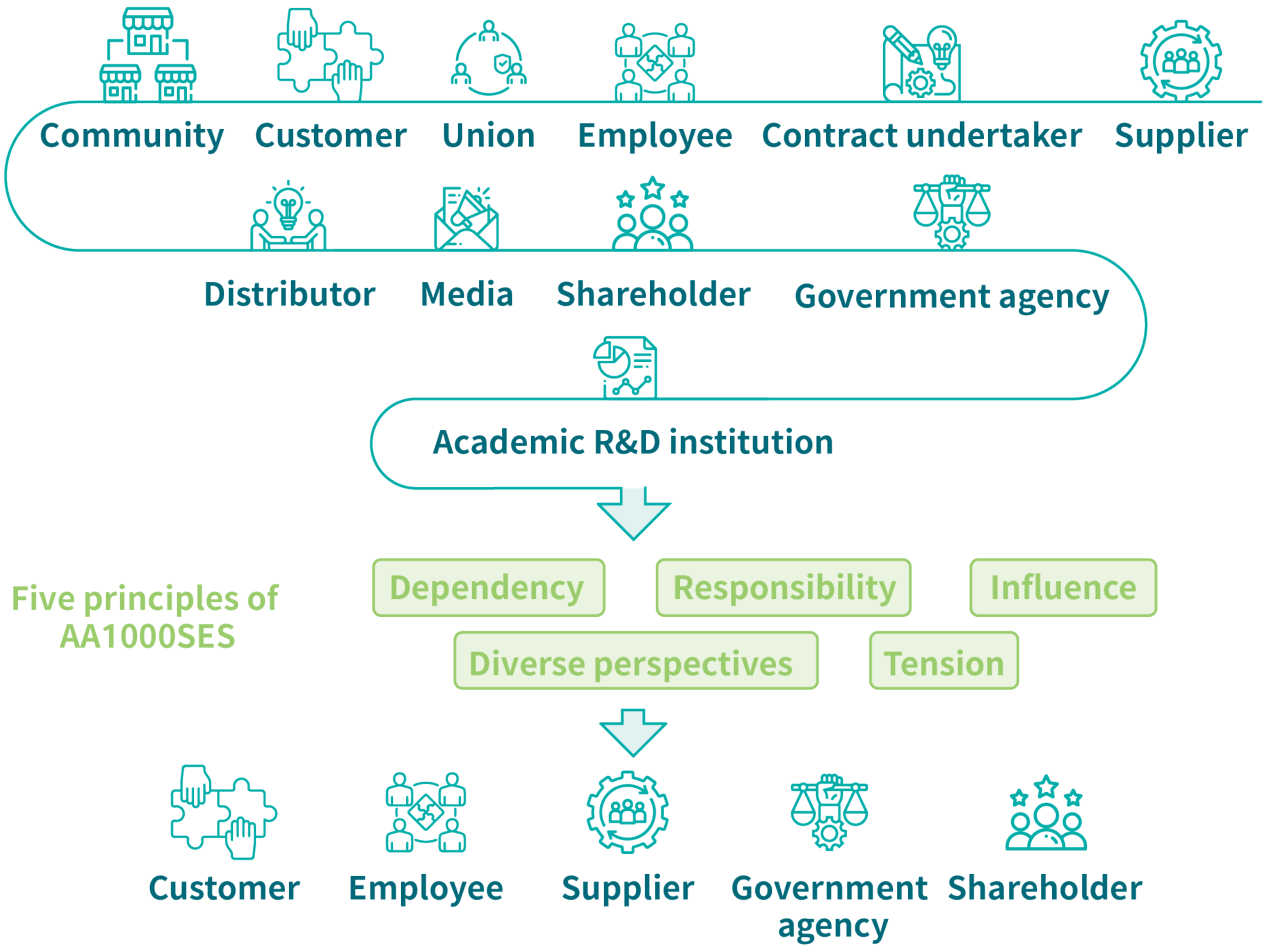
- Survey the extent of concern
- Analyze operational impacts
- Draw materiality matrix

03 Verify

- Determine disclosure boundaries
- Review disclosure content

Identification

Identify the parties to be communicated with (i.e., Stakeholder identification)



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: clients/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 recycling rate of 91.72%, and hence the issues of concern t stakeholders are as follows:

Stakeholder	Relevance	Communication Method	Issues of Concern
Client/ Customer	Clients/customers are long-term partners and the key to the Company' s growth.	· Customer satisfaction survey (annually) · Corporate Social Responsibility Report (Annually) · Dedicated window (irregularly) · Customer audit (irregularly) · Business meeting (irregularly) · Company website (irregularly)	1. Quality management 2. Information security protection / 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 may be 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 welfare 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) · Corporate Social Responsibility Report (Annually) · Dedicated window (irregularly) · Supplier meeting (irregularly) · Company website (irregularly)	1. Information security protection / personal data protection / customer privacy 2. Occupational Safety and Health (OSH) 3. Ethical governance 4. Economic performance 5. Environmentally friendly products
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) · Corporate Social Responsibility 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 welfare
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) · Corporate Social Responsibility Report (Annually) · Government agency inspection (irregularly) · Official letter, e-mail, and meeting (irregularly) · Company website (irregularly)	1. Legal compliance 2. Information security protection / 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.

ESMT materiality matrix

ESMT’ s materiality matrix was drawn by referring to the extent of concern being surveyed and results of the operational impact analysis.

Verification

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

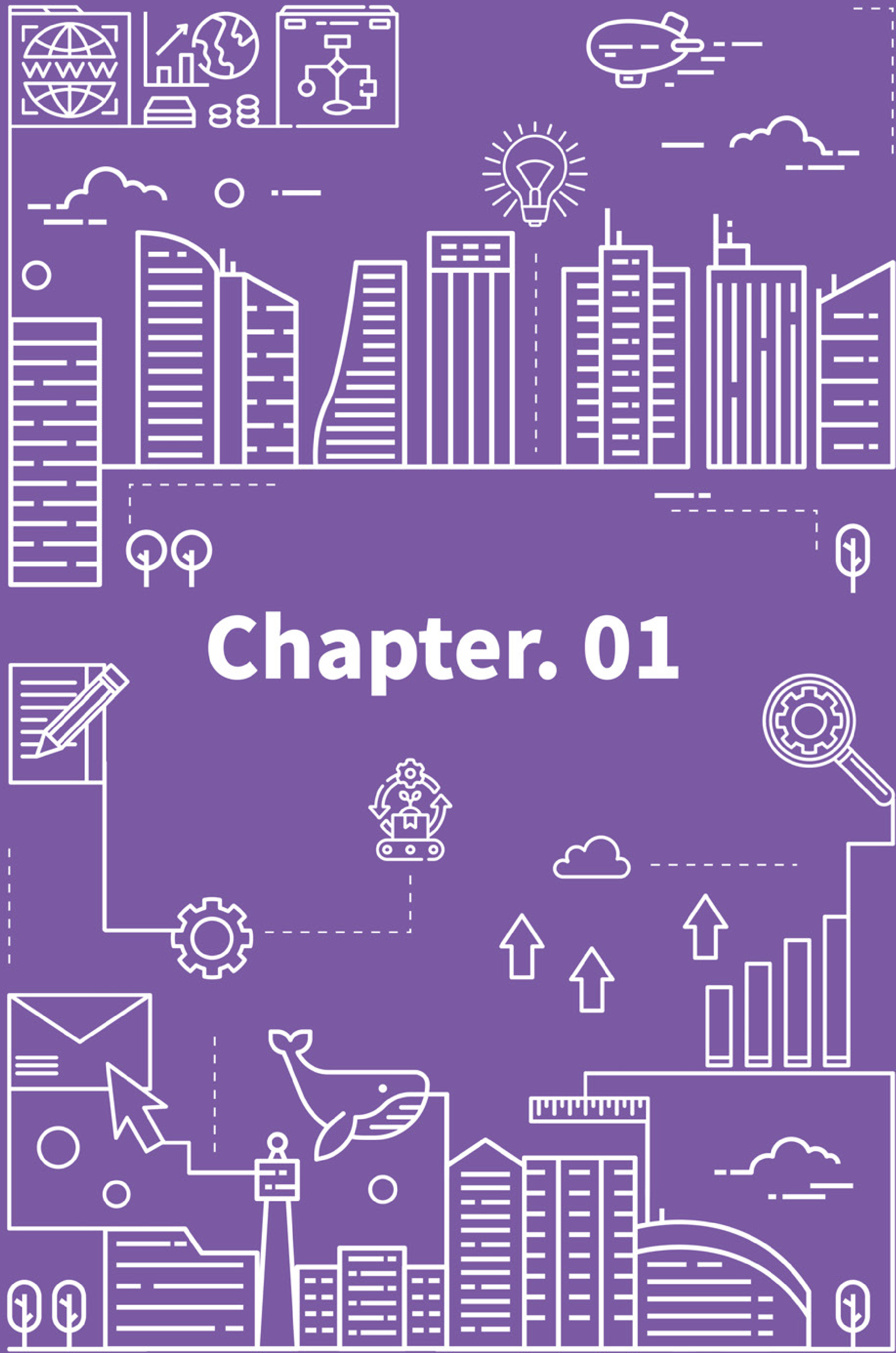
After discussing about the results, ESMT's Corporate Sustainability Committee deemed the eight issues which highly impacted company operations and concern stakeholders, in addition to the other two issues, namely, environmentally friendly products and ESMT supplier management, to be material. Hence, a total of 10 material issues were identified. 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 2023	Goals
Ethical governance	In the corporate governance evaluation results, the Company is ranked in the 6% - 20% range and included in the Taiwan Index Plus	Be among those at the 6%~20% interval or above in the Corporate Governance Evaluation
Economic performance	As stated in the financial statements for 2023	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 96.84%.	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 10 new product design plans and obtained 36 patents abroad in 2023	Continue new products design and technology development
Quality management	Customer satisfaction score 4.5 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 97% suppliers had their ESG system certified Local procurement accounted for 75.04% 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	CO2e resulting from products sold reduced by about 68,582 tons	Improve the performance of self-developed low-energy DDR3 and DDR4, and Low Power products
Talent development	Included as a constituent of the TWSE RAFI® Taiwan High Compensation 100 Index for ten years Ranked the 20th in the Average Salary of Non-managerial Employees of Public Companies Ranked 16th in the 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. 01



01 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 wit 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 9 members of the 9th Board of Directors (including four independent 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 nine directors of ESMT's 9th Board of Directors:

Chairman Chen Hsing-hai
Education and Experience
Chairman, ESMT
Master of Applied Physics, National Tsing Hua University

Director Chang Ming-chien
Education and Experience
President, ESMT
M.A., Institute of Electronics, National Chiao Tung University

Director He Chih-hung
Education and Experience
Senior Vice President, ESMT
PhD in Mechanical Engineering, North Carolina State University

Director Tai Yung-wen
Education and Experience
Vice President, ESMT
M.A., Institute of Electronics, National Chiao Tung University

Director Huang Chia-neng
Education and Experience
Chairman and CEO, Chang Wah Electromaterials Inc.
Department of Mechanical Engineering, Chung Yuan Christian University

Independent director Shen, Wei-Min
Education and Experience
Professor, Department of Finance and Taxation, Taichung University of Science and Technology
Ph.D. in Accounting, Purdue University

Independent director Chien Cheng-yang
Education and Experience
Independent director, Eon Silicon Solution Inc.
M.B.A., Emory University

Independent director Tsui, Bing-Yue
Education and Experience
Professor, Institute of Electronics, National Yang Ming Chiao Tung University
Ph.D., Institute of Electronics, Chiao Tung University

Independent director Kuo, Tai-Hao
Education and Experience
Professor, Department of Electrical Engineering, National Cheng Kung University
Ph.D. in Electrical Engineering, University of Maryland, USA

Note: Director, Huang Chia-neng resigned on July 2, 2024.

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:

Name	Title	Education
Chang Ming-Chien	President	M.A., Institute of Electronics, National Chiao Tung University
Ho Chih-Hung	Senior Vice President of Memory Product Business Marketing	PhD in Mechanical Engineering, North Carolina State University
Diah Yeong-Wen	Senior Vice President of Memory Product R&D and Engineering	M.A., Institute of Electronics, National Chiao Tung University
Chang Kuan-Chun	Senior Vice President of Audio/Power Products	M.A., Institute of Electrical Engineering, National Cheng Kung University
Feng Shu-Hui	Vice President of Operations Management	Master, Institute of Technology Management, National Tsing Hua University
Hao Chung-Hsien	Vice President of Memory Product Business Marketing	Department of Electronic Engineering, Kun Shan Institute of Technology
Tsai Meng-Hung	Vice President of Audio/Power Products	MBA, City University of New York
Wu Hong-Gee	Chief Governance Officer	Department of Industrial Engineering and Management, National Yang Ming Chiao Tung University
Chu Kuei-hsia	Senior Director, Finance Division	Department of Accounting and Statistics, Ming Chuan Business College
Cheng Hui-Wen	Senior Director, Finance Division	Master of Accounting, National Chengchi University

Note 1: Senior Vice President, He Chih-hung, resigned on June 30, 2023; Senior Director of Division, Chu Kuei-hsia, was assigned to another post on December 28, 2023.
Note 2: Senior Director of Division, Cheng, Hui-Wen, was promoted on December 28, 2023, and Vice President, Tsai Meng-Hung, was promoted on April 26, 2024.

Corporate Governance Officer

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

The duties of the Corporate 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 requite for performing their duties.
(5) Assist directors and independent directors in complying with laws and regulations.

(6) Report to the Board of Directors the results of the review on whether the qualifications of independent directors comply with relevant laws and regulations at the time of nomination, election, and during the term of office.

(7) Handle matters related to the changes of directors.

(8) Other matters prescribed in the Articles of Incorporation or contracts.

1.2 Operational performance

1.2.1 Operational results of 2023 (data taken from the consolidated financial statements)

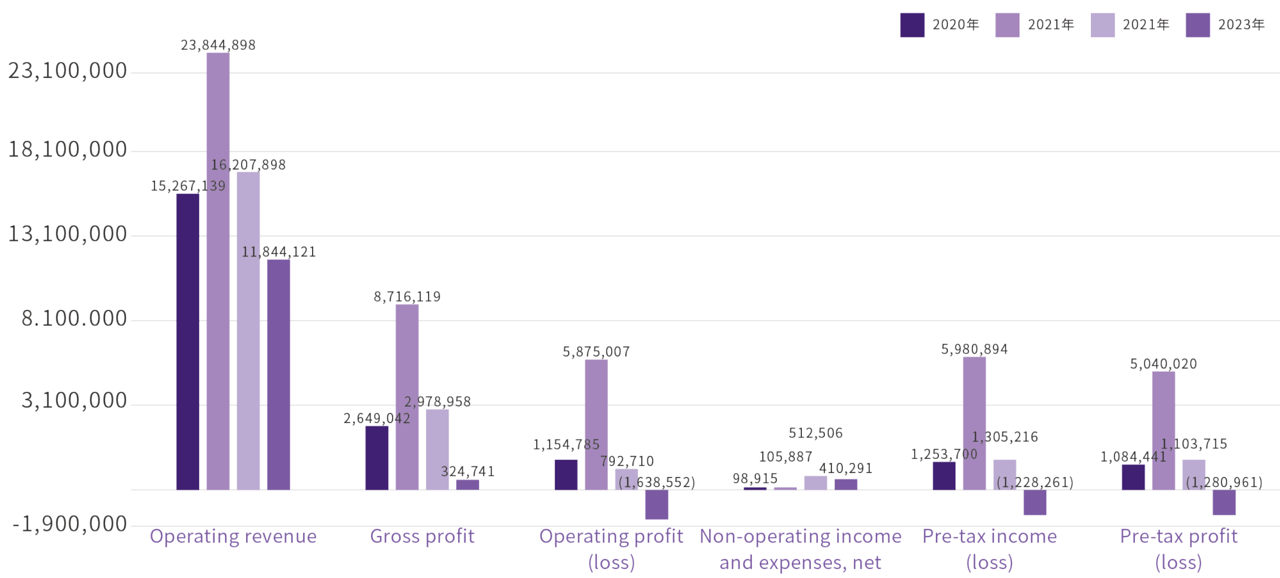
(i) The table below compares the operational status of 2023 with that of 2022:

Unit: NT thousand

	Year 2023	Year 2022	Amount increased (decreased)	Percentage increased (decreased)
Operating revenue	11,844,121	16,207,898	(4,323,777)	(26.68%)
Gross profit	324,741	2,978,958	(2,654,217)	(89.10%)
Operating expenses	(1,963,293)	(2,186,248)	222,955	10.20%
Operating profit (loss)	(1,638,552)	792,710	(2,431,262)	(306.70%)
Non-operating income and expenses, net	410,291	512,506	(102,215)	(19.94%)
Pre-tax profit (loss)	(1,228,261)	1,305,216	(2,533,477)	(194.10%)
Post-tax profit (loss)	(1,208,961)	1,103,715	(2,312,676)	(209.54%)

Operating status

Unit: NT thousand



(ii) Analysis of income and expenses and profitability

(1) Income and expenses

Unit: NT thousand

Item	Year 2022	Year 2022	Amount increased (decreased)	Percentage increased (decreased)
Cash flows from operating activities	186,925	(3,528,541)	3,715,466	(105.30%)
Cash flows from investing activities	(481,876)	(1,273,847)	791,971	(62.17%)
Cash flows from financing activities	50,584	(223,653)	274,237	(122.62%)

(2) Profitability

Item		Year 2023	Year 2022
Return on assets (%)		(5.96)	5.67
Return on equity (%)		(11.32)	9.16
As a percentage of paid-in capital	Operating profit	(57.26)	27.70
	Pre-tax profit	(42.92)	45.61
Profit margin (NT$)		(10.17)	6.81
EPS (NT$)		(4.36)	3.71

(3) R&D status: R&D expenses in 2023 reached NT$1,458,708 thousand, accounting for 12.27% of operating revenue.

1.2.2. Summary of the 2024 Business Plan

1. 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) Complete the mass production of 21nm DRAM products, and expansion of related memory product lines.

(4) Accelerate the R&D of 19nm DRAM products and introduce the mass production.

(5) Completed the introduction mass production for 19nm/40nm NAND products.

(6) Accelerate the expansion of MCP, eMCP and eMMC product lines.
(7) Expand the 50nm NOR Flash product line and business without reservation.
(8) Research and develop the niche memory of car specifications.
(9) Accelerate the R&D of audio amplifier IC and power IC product lines.
(10) Expand non-memory product lines, such as IoT/AIoT wireless IC/Solution, motor drive IC, sensor IC (Temperature/Photo).
(11) Maintain a robust financial structure.

2.Sales forecast and forecast basis

Since 2020, the stay-at-home demand brought about by the COVID-19 pandemic, as well as the shortage of international freight caused by harbor congestion during the same period, have led to a boom in the semiconductor market for more than two years. The outbreak of the Russia-Ukraine War and the high inflation crisis in the western countries have deteriorated the global economy. In addition, the stay-at-home economy has declined after the COVID-19 pandemic, resulting in an oversupply of consumer electronics products, making the memory market to enter a downward revision cycle from the second half of 2022. This situation continued into 2023 and deteriorated constantly, resulting in significant losses for major international memory manufacturers. Due to this market trend, the Company also suffered a significant downward revision of performance and losses in 2023. Fortunately, to reduce constant losses, the major manufacturers began to reduce production in a larger scale in the second quarter of 2023. Coupled with the rise of AI applications and the expected large demand in the memory market, it is expected that the memory market will gradually enter a recovery cycle with balanced demand and supply in 2024.

Memory ICs are products tend to be impacted by economic fluctuations. In the niche memory market where the Company deeply cultivates, due to the aforementioned market cycle, the operations encounter harsh ordeal as the significant increase in costs has been accompanied with prices falling to the level in 2020 before rising. After the inventory adjustment in 2023 and the accelerated product development plans, we look forward to embrace the next wave of growth. Shipments and revenue are expected to gradually rebound in 2024.

3. Important production and sale policy

(1) Enhance the partnership with chip suppliers and back-end production suppliers to maintain a stable production capacity and goods supply.

(2) Strengthen the promotion of SOC memory, NOR flash, NAND flash and MCP/eMCP.

(3) Provide an industry-leading quality and cost structure to expand the market share at home and abroad.

(4) Strengthen the interaction with customers, agents and distributors, expand the application fields of new products, and increase business sales.

1.2.3 Future development strategy

Although the global suppliers of DRAM and NAND flash tend to consolidate, unlike the bloody price competition in the past, the shortage and downward revision cycle since 2020 have made major manufacturers to face the harsh ordeal of the economic downturn after accelerating capacity expansion. In addition, in recent years, China has vigorously supported the semiconductor industry with the national power, especially the DRAM and NAND memory industries. This has cast great uncertainties on the future memory supply and will also affect the niche memory market. However, the niche memory market is still in the inventory adjustment stage in the short term. 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 that cultivated by the Company, 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 2024. 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/eMCP/eMMC, the Company will also accelerate the R&D of analogy IC and mixed signal IC product lines, including audio amplifiers, power management, IoT/AIoT wireless communications, and thermo/photo sensor ICs, to Improve product competitiveness and meet customer requirements of all kind.

In addition, the Company's memory development process passed the advanced safety system verification for automotive electronics in 2023, and obtained the highest-level ISO 26262 ASIL-D functional safety process certification. The Company will enter the global automotive electronics advanced safety system supply chain, to have a greater foundation in the future competition, and create the greatest income for the Company.

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

Unfavorable factors such as high inventory, high inflation, and high interest rates have led to weak demand for technology end products. The Company faced the most severe operational challenges in history in 2023. Fortunately, the major manufacturers were unable to cope with the operating pressure, and have reduced production, controlled production, and improved processes to control the production capacity. The benefits of the production reduction by the major manufacturers have effectively slowed down the continuous decline in memory prices. Coupled with easing inflation, the demand for some technology products has rebounded, and the inventory adjustment has been ended. The willingness of front-end manufacturers to stock up has increased, and the overall operator has improved but difficulties remain. Looking into the future, in general, the semiconductor market is still expected to be in the inventory adjustment period in the first half of 2024. However, the inflation is expected to moderate, and major central banks will end the tightening cycle and start cutting interest rates. Driven by the falling interest rates and the wave of AI, the demand for memory chips is expected to gradually recover and grow, and the overall semiconductor operating difficulties are expected to gradually improve. However, there are many risks and uncertainties in the overall macro environment in 2024. The development of inflation and interest rates, the weakening economy in China, the US chip ban on China, the result of the US election, international geopolitical changes and climate change will affect the global economic outlook and development, thereby affecting the recovery of the industry.

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 at home 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.

2024 Dividend Policy and Policy Execution

(1) Dividend policy stated in the Articles of Incorporation:

As a company operating in an industry that is still in the growth phase of its life cycle, in order to meet future capital needs, long-term financial planning, and satisfy shareholders' demand for cash dividends, it is possible to distribute the entire distributable earnings of the current year. Each year, the Board of Directors prepares a distribution proposal in accordance with the law and submits it for resolution at the shareholders' meeting. The distribution of shareholder dividends can be made in cash or stock, with the principle that the proportion of cash dividends distributed to shareholders should not be less than 50% of the total dividend amount.

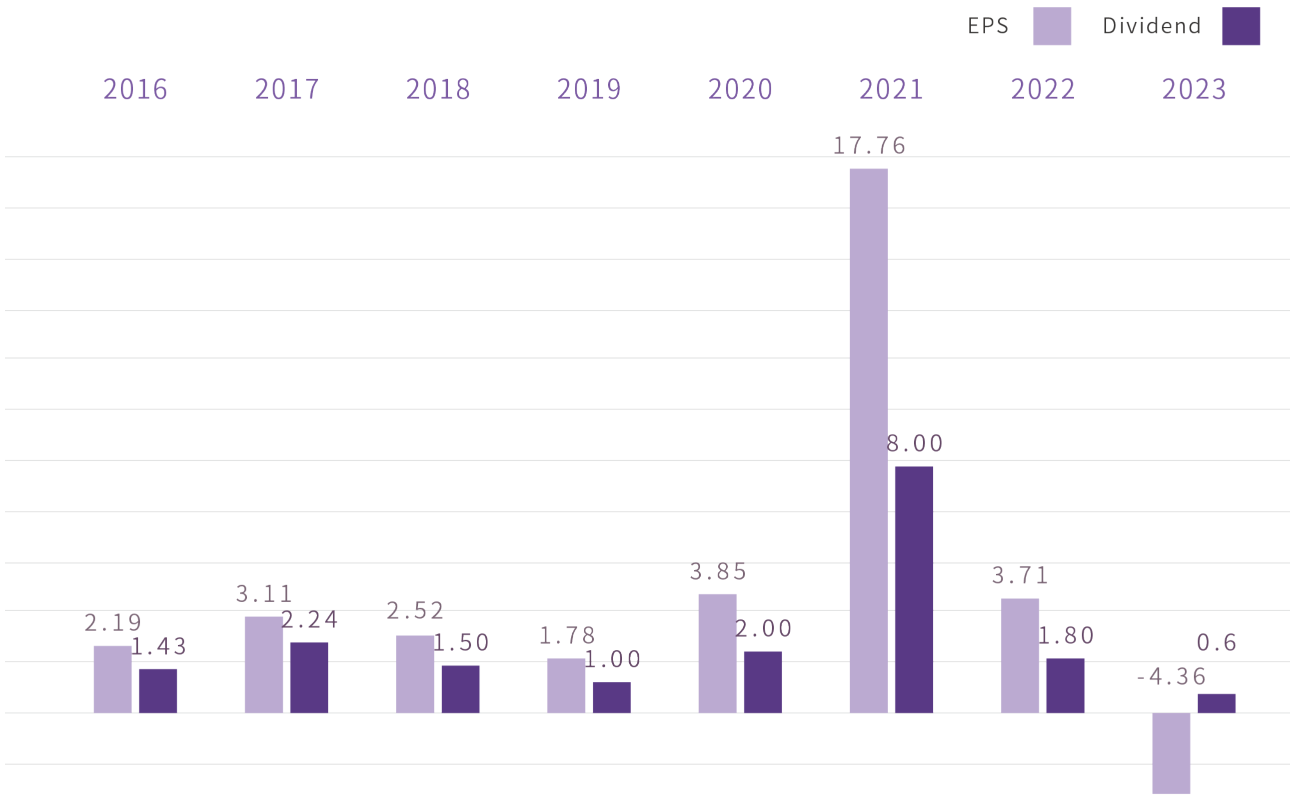
In the event that the company decides to distribute all or part of the earnings retained in the legal reserve or capital surplus in the form of cash, the Board of Directors is authorized, in accordance with Articles 240 and 241 of the Company Act, to proceed with the distribution upon the agreement of two-thirds or more of the directors present, with the condition that the majority of attending directors support the decision, and the matter is reported to the shareholders' meeting.

(2) Dividend distribution for 2024:

On February 27, 2024, the Board of Directors resolved to distribute a cash dividend of NT$600 for every 1,000 shares (to be calculated until a full NTD) after earnings distribution. The ex-dividend was submitted to the general shareholders' meeting for ratification on May 30, 2024 and completed on July 4, 2024.

Dividend distribution in recent years

Unit: NT$



1.3 Ethics and legal compliance

Ethical and business strategy

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. 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, and 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 reporting 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 according to 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 2023, 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. 551 employees have finished the training, accounting for 96.84% of total employees.

Corporate social responsibility policy

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. 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 between 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 more friendly for work and living.

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 making its humble contribution 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, to be submitted to the Audit Committee and Board of Directors for deliberation, including the follows:

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

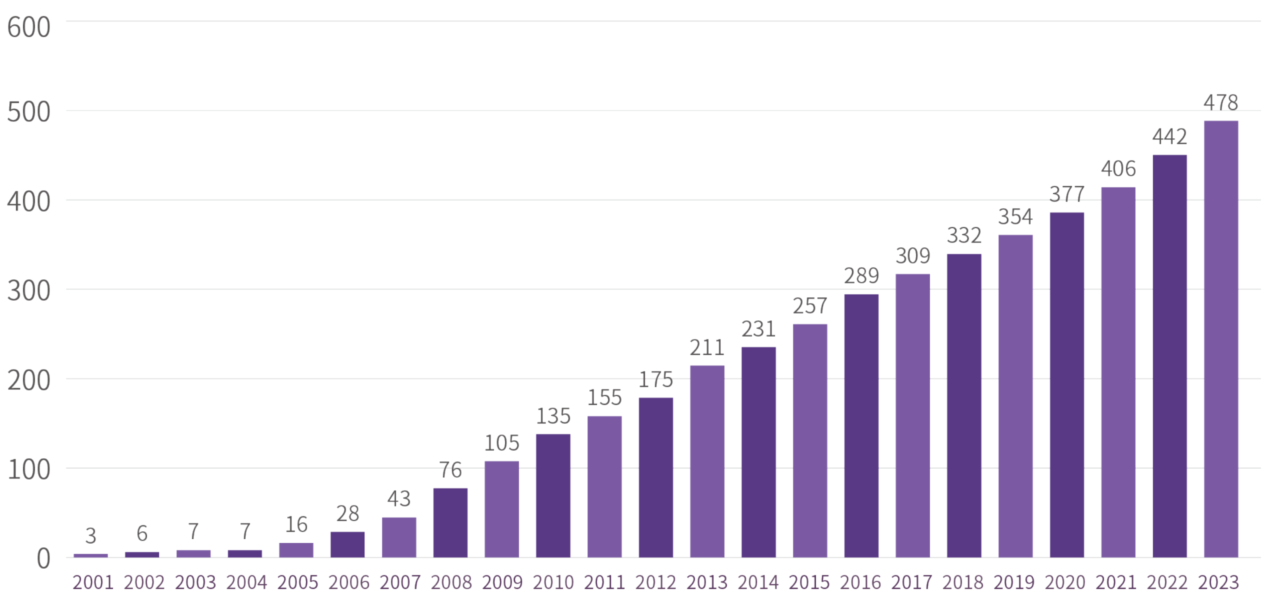
The company focuses on the research and development of niche memory products, including niche DRAM, NOR Flash, SLC NAND, MCP, eMMC, eMCP, and other memory ICs. These products have broad applications in various electronic devices such as computer peripherals, network communication, consumer electronics, IoT/AIoT, and automotive.

In the power IC and analogy IC product lines, after years of effort and cultivation, ESMT has developed a more complete product portfolio. The company has also received validation from major customers, particularly in the increasing market share of Audio Amplifiers in the TV market. In the recent years, a satisfactory results have been achieved in the high-end speaker market.

Furthermore, in response to market demand, the company is actively expanding its research and development efforts in new product lines, including wireless communication, motor ICs, and sensor ICs (including thermo/photo sensor ICs). These initiatives are expected to contribute to the company's future growth and success in its operations.

Looking forward, ESMT will continue piling up the number of patents for leverage advanced technologies R&D and product design to launch cost-effective and high quality IC products from all production lines, aiming to become the long-term trust-worthy partner of customers.

Total number of awarded patents over the years



1.6 Intellectual Properties

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 which uses 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 patented 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 provided 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 undertaking document; in doing so, they are obliged to keep confidential 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 irregularly holding education and training 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 trade mark protection in countries where the main markets for its products are. The Company has dedicated personnel responsible for the retrieval prior to trade market application, management of trade mark cases and trade mark data, and maintenance of trade mark, so that the Company can do marketing worldwide under its private brand.

Copyright management

To protect company confidential information and the acquisition of patented technology rights, 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, 2010, 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 for applying for and reviewing company information to be publicized.

(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 centrally maintain and manage 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) In 2022, efforts were made to enhance the comprehensiveness and accuracy of patent document retrieval by conducting a comparative investigation between the currently used patent databases and other patent databases.

The feasibility of adopting the Taiwan Intellectual Property Management System (TIPS) was reassessed, taking into account the company's research and development activities and intellectual property management status. Data was organized and compiled, and a self-evaluation was conducted on the "inspection items" and "corresponding provisions/subjects" required by TIPS.

In accordance with the company's epidemic prevention policy, an online approval process was designed for the company's patent review committee members to review and approve patents. Additionally, in response to online training for new employees on trade secrets, appropriate course materials were compiled, and the online training interaction mode was adjusted.

Assistance was provided to the new product business department in developing new products, including evaluating potential applications and conducting a worldwide trademark layout assessment for future products.

(12) In 2023, the Company invited senior professional lecturers from well-known patent and trademark firms to the Company, giving lectures to the R&D personnel on topics such as introduction to the patent system, basic concepts of patents, case studies, and patent knowledge that R&D personnel shall possess.

The formal public ceremony for the inventors of the Company's awarded patents in recent years was held. The Chairman and heads of various business units praised and encouraged the employees awarded patents in recent years, to motivate the Company's employees to actively exert their creativity and file patent applications for rewards and honors. The R&D technology power of the Company can be demonstrated and protected through patents.

To cope with the significant amendments to the Intellectual Property Case Adjudication Act, where the protection for trade secret litigation is expanded, the relevant content of the teaching materials for trade secret course to employees is adjusted accordingly and the latest cases are introduced.

The manuals for complicated laws and regulations are prepared, to summarize the key points of laws and regulations, and explain the practical cases for facilitating employees' understanding and work implementation. These manuals integrate the knowledge achievements of the Company's relevant personnel, and are also the important intellectual asset of the Company. They are all archived in the document management system, and can only be viewed online by personnel upon application, but not be disclosed externally.

(13) Below is a list of awarded intellectual property rights:

1. Patent: As of December 2023, the Company has accumulated 527 patents worldwide, including 36 acquired in 2023 at home and abroad.
Trade mark: As of December 2023, the Group has registered 37 trade
2. marks in the countries where it mainly operates.

1.7 Prevent insider trading

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 provided otherwise, the Company's material information shall be disclosed by the Company's
spokesperson or acting spokesperson. Unless being authorized, no employee of the Company may disclose the material information they are informed of.
4. No employee informed 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 unrelated to their 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 confide the Company’s trade secret or non-public material information they are informed of.
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.
10. The Company's directors are prohibited from trading their shares during the lockdown period that is 30 days prior to the publication date of the annual financial statements and 15 days prior to the publication date of the quarterly financial statements.

The Company notified the directors in advance of the date to announce the financial statements before the lockdown period for 2023 financial statements (including 30 days before 2022 financial report announcement and 15 days before 2023 quarterly financial report announcements), to enhance the awareness in a timely manner, and remind the directors not to trade shares during the lockdown period. During the 2023 fiscal year, there were no occurrences of directors trading their stocks during the closed periods before the financial report announcements, as stated above.

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 2023. A total of 551 completed the e-learning courses, accounting for 96.84% of total employees. Those who have yet to complete the e-learning courses will be tracked during the 2024 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.

I. The reporter's identity information, contact address, contract number, and e-mail address.
II. The name of the person being reported, or other materials sufficient to identify the person being reported.
III. 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:

I. Collecting and reporting information: upon receiving whistleblowing, the dedicated unit shall collect the related evidence, if the 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.
II. Forming the investigation team and investigating the case: the

II. Company’ s dedicated unit and the supervisor or personnel stated in the previous subparagraph shall immediately form an investigation team to verify the reported matter, and may request the assistance from the legal compliance department or other revenant department wherever necessary.

III. Reporting, judging, and punishing: 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 sent to the HR unit to impose penalty based on the work rules, 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.

IV. Improvement of management mechanism: 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.

V. 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.

VI. VI. 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 Litigation and Compensation

During the year 2023, the company did not encounter any litigation events nor incur any litigation-related damages or compensations.

1.10 Information security policy and management projects

During the year 2023, the company did not encounter any litigation events nor incur any litigation-related damages or compensations.

1. Information security risk management framework

The Information Office is the unit in charge of information security within the Company; the Information Office shall formulate ad implement information security policy, and report to the management on information security execution plan and achievement every three months, 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.

2.Information security policy

This policy is to protect the security of ESMT’ s information assets, and prevent internal or external threats and compromises, intentional or accidental, resulting in the business failing to be operated normally, or information being tampered with, accessed, or destroyed, for the purpose of sustainable operations.

I. Definition of information security

To protect the Company's information and information systems from unauthorized access, use, disclosure, compromise, modification, view, recording, and destruction, while maintaining the availability of existing information systems.

II. Targets of information security

1. Ensure the confidentiality of business-related information and protect the Company's secrets.
2. 2. Ensure the integrity and availability of business-related information.
3. 3. Enhance the capabilities of information security protection.

III. Scope of Information Security

This policy applies to the Company's internal information systems, internal employees, vendors and third-party personnel accessing the business information or providing services.

3. Information security management measures

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 (ISAC), 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.

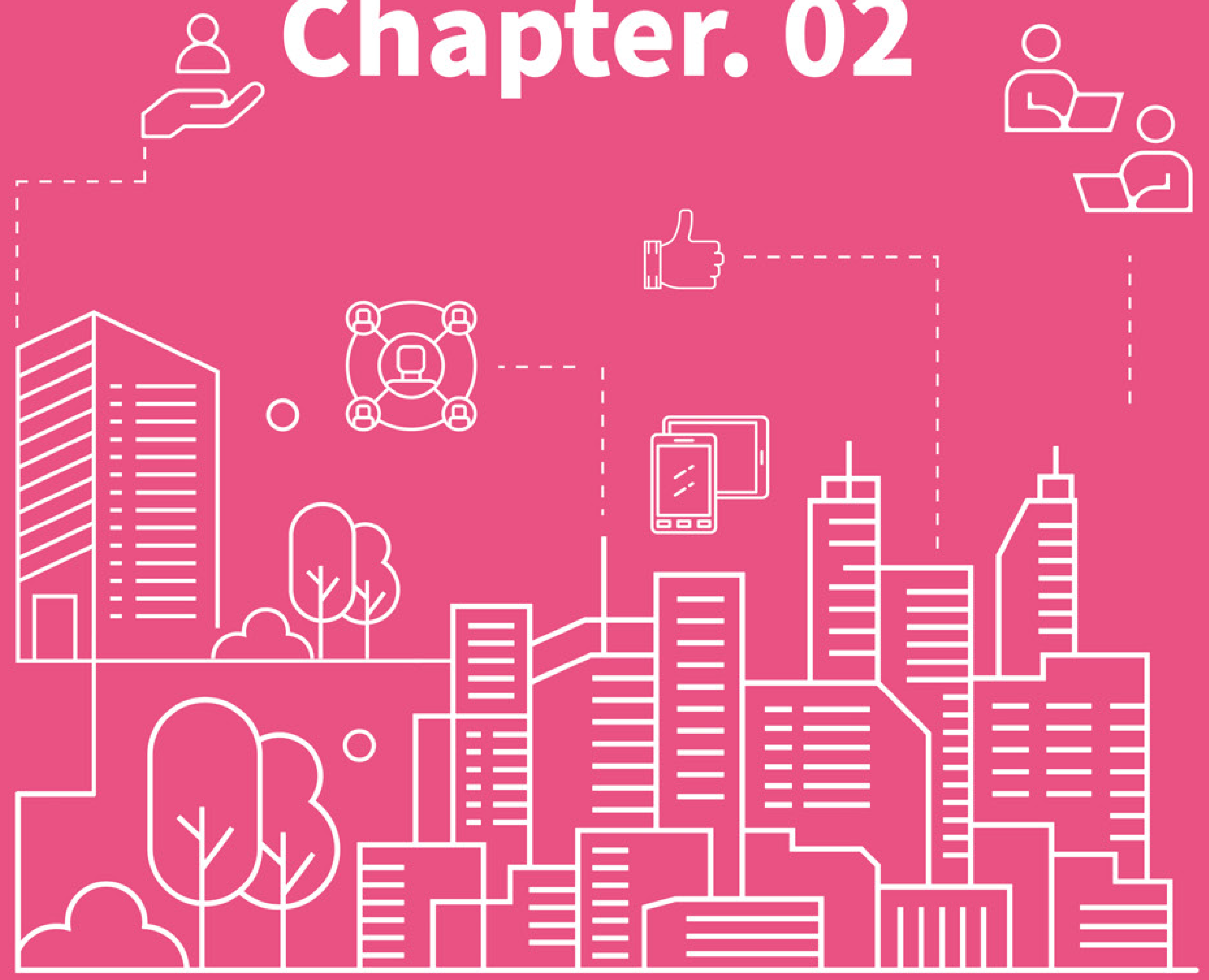
Pursuant to the Regulations Governing Establishment of Internal Control Systems by Public Companies of the Financial Supervisory Commission, the Company has set up corresponding information security workforce, including a dedicated information security officer and information security personnel, while integrating the above-mentioned information security management programs to enable the programs to exert a greater synergy with incremental investment in information security.

4. Information security management measures

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

5. As of the date of this report, the Company has not experienced any major cyber security incident.

Chapter. 02



02 Prosper with partners

02 Prosper with Partners

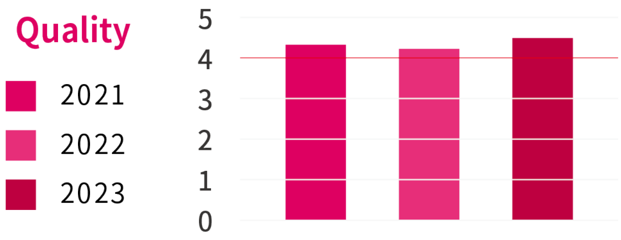
2.1 Opinion feedback

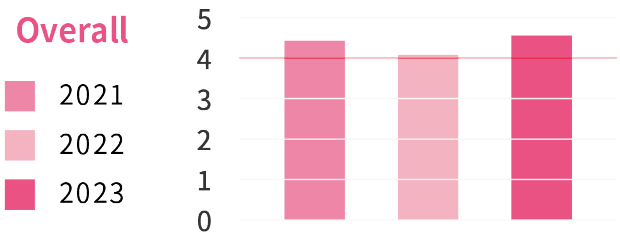
ESMT upholds a customer-centric service philosophy, actively listening to and understanding customer needs and providing timely feedback. In addition to conducting annual self-assessments and information disclosures based on the requirements of brand customers such as RBA SAQ (Responsible Business Alliance, Self-Assessment Questionnaire) and CDP (Carbon Disclosure Project), the company also regularly provides customers with reports or investigation information on product environmental management substances and conflict minerals. This ensures that ESMT's governance, environmental, and social management practices consistently meet customer requirements.

Through annual customer satisfaction surveys, ESMT collects feedback and ratings from customers. The company reviews this feedback internally and transforms it into feasible improvement plans, ensuring that customer voices are implemented in improvement initiatives.

In 2023 , the customer satisfaction with the quality of ESMT improved slightly from 2021 and 2022; the overall customer satisfaction also increased from to 2021 and 2022. Customers praise ESMT for its enthusiasm for service feedback and stability of product supply quality, which contributed to the growth of 3.5% in customer satisfaction in 2023 . ESMT continues to communicate with customers and address relevant sales, service, delivery time, and quality related issues to achieve customer satisfaction goals.

Customer Satisfaction Trend

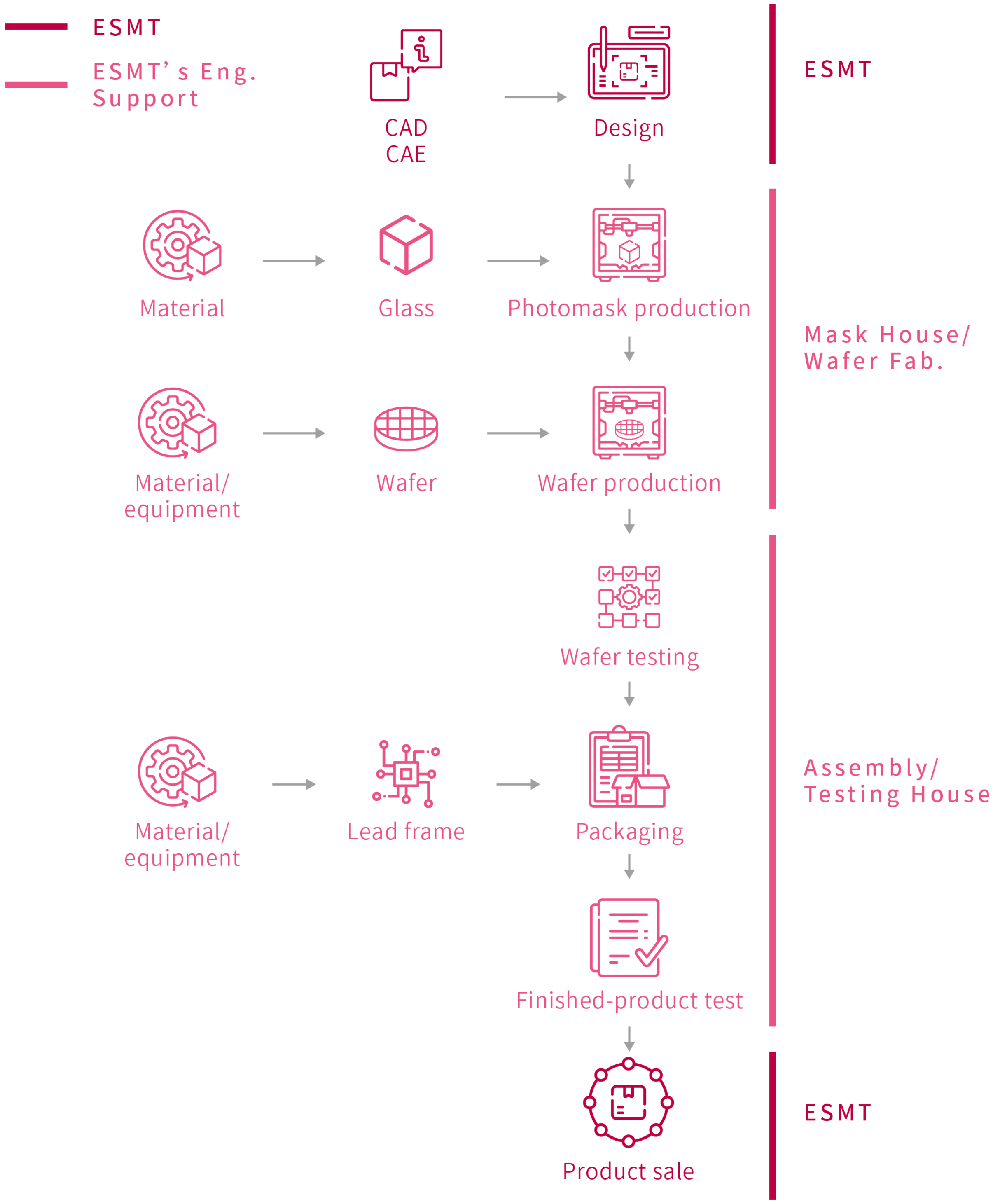




2.2 Supplier Management and Evaluation

Supply chain overview

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

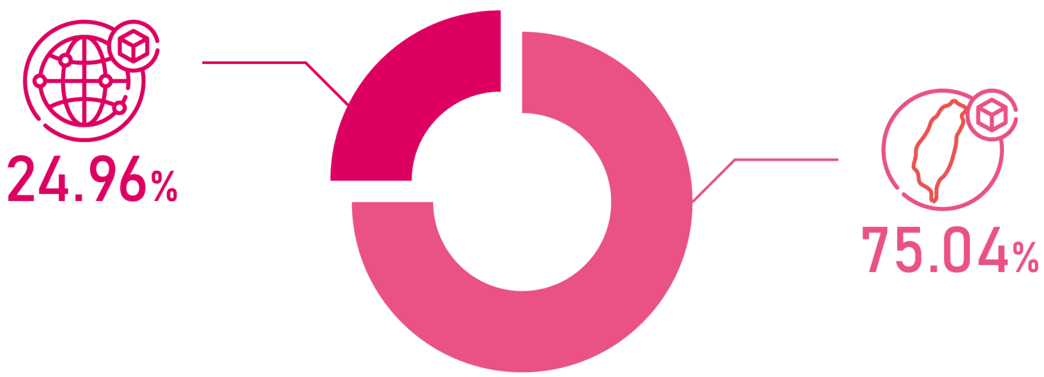


Local procurement

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. To reduce carbon emissions from transportation, the Company prioritize the local suppliers as much as possible; however, due to the movement of the demand mix in the memory product market, the proportion between the domestic and international procurement became unbalanced comparing to previous years. In 2023, the proportion of ESMT’s domestic localized procurement was revised down to 75.04%. This situation is expected to improve in 2024.

Due to the rising costs of raw materials and labor, with the effect of inflation, the localized procurement cannot meet the Company’s required operating costs, and the external procurement is the only solution; therefore, the local procurement ratio dropped. Nonetheless, the Company still expects and continuously works towards local procurement which reduces carbon transmission during transportation.

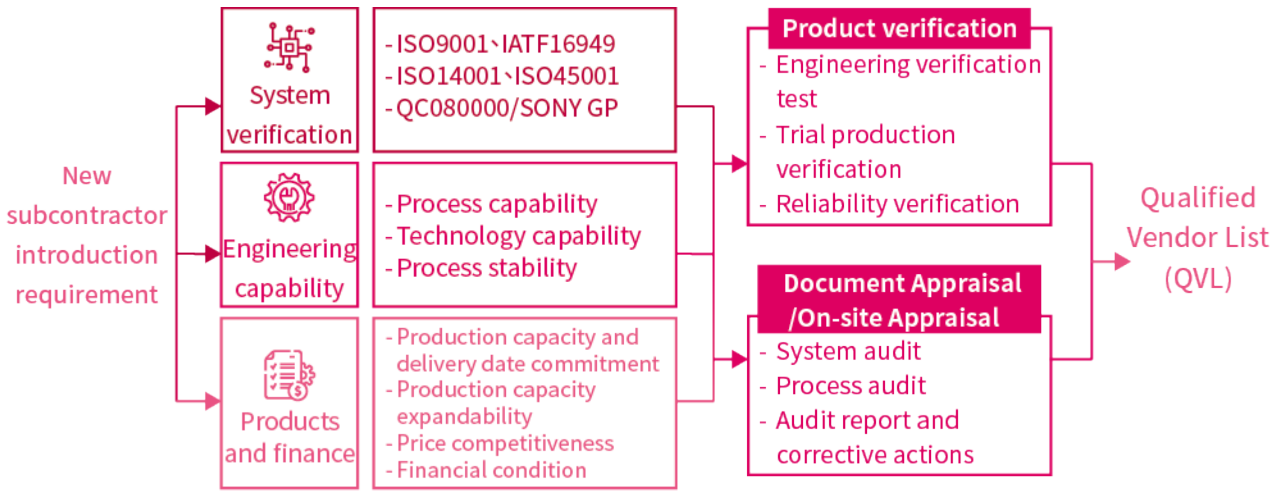
Local procurement ratio in 2023



New supplier evaluation

When choosing an subcontractor partner, ESMT will follow the “External Subcontractor Management Procedures”, to require the key external vendors to obtain the certifications of ISO 9001 / IATF 16949 and ISO 14001, for assessing 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 product validation, to see whether a subcontractor’ s capabilities meet ESMT’ s requirements. Subcontractors that pass the appraisal will be listed as Qualified Outsourcers (QVL) of Sovereign Technology. The audit and inspection items for key external suppliers includes 21 for environmental protection/conflict mineral items, 10 for labor human rights items, 6 for occupational safety and health items, 3 for ethics, and 3 for RBA management system, to check whether the key external suppliers meet the requirements of ESMT ESG policy requirements one by one.

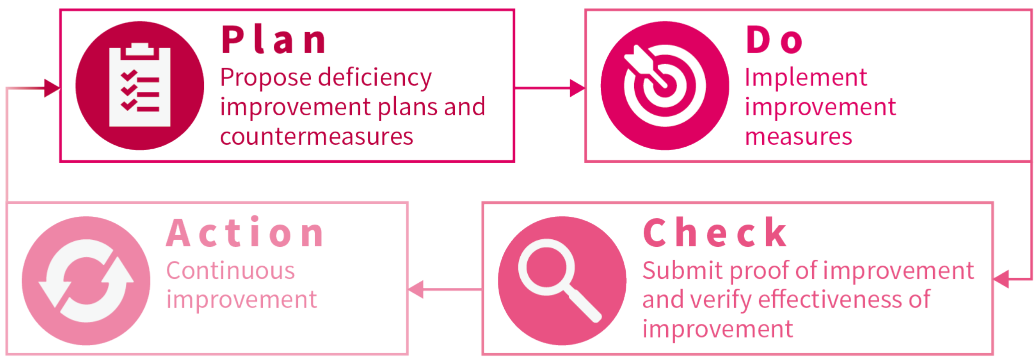
Subcontractor introduction procedures



Subcontractor management

ESMT periodically audits contractors annually and evaluates them quarterly, to continuously review the their conformity through the PDCA management cycle, and to see whether there is still room for improvement.

Subcontractor coaching flow chart



In 2023, the ratio of ESG system certification for ESMT’ s key subcontractors reached 97%. In 2023, the annual regular audits of the subcontractors were all conducted in the form of physical audit, and all non-conformities found in the audit have been rectified to meet ESMT’ s or local regulatory requirements. The system certification, regular audits, and periodic evaluations of ESMT's key contractors are described as follows:

Proportion of contractors' system certifications

Aspect	Governance		Environment		Social
Type	ISO 9001	IATF 16949	ISO 14001	QC080000 /SONY GP	ISO 45001
Wafer plant	100%	94%	100%	94%	100%
Packaging plant	100%	100%	100%	100%	93%
Testing plant	100%	86%	100%	NA	86%
RDL plant	100%	100%	100%	100%	100%
Overall percentage	100%	95%	100%	97%	95%

Subcontractor evaluation and periodical audit

- Frequency: Annual
- Party： New contractor 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)
- Audit and inspection： inspection items including 21 for environmental protection/conflict minerals, 10 for labor human rights, 6 for occupational safety and health, 3 for ethics, and 3 for RBA management system.
- Method： ✓ Document evaluation by the subcontractor per se
  ✓ On-site audit
  ✓ Non-conformity corrective actions

■ 2023 Contractor Periodical Rating Completion Rate

Subcontractor	QSA	QPA	CSR	EMS
Packaging plant	100%	100%	100%	100%
Testing 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

■ 2023 Contractor Periodical Rating Completion Rate

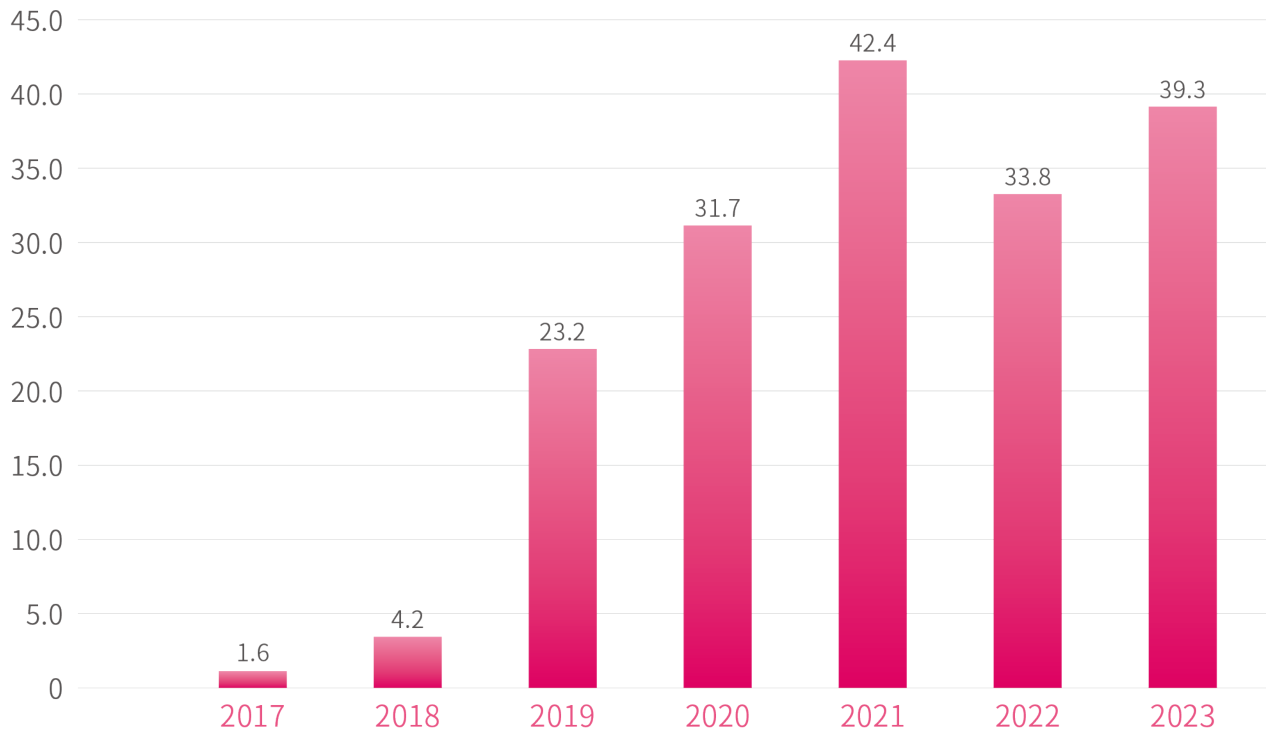
Subcontractor	Wafer plant	Packaging plant	Testing plant	Others	Overall percentage
Completion rate	100%	100%	100%	100%	100%

2.3 Green products

I. Green Design:

ESMT focuses on the development of niche products. To achieve the goal of improving product energy consumption, ESMT's product design is based on the DDR2 in 2016, and has gradually shifted to the product design of DDR3 and DDR4 with low energy consumption, while replacing the 30nm process technology with 25nm low energy consumption process technology. The DDR4 products have been successfully introduced into cloud server applications to the hard drive customers in the US, and will soon be introduced into home appliances for brand customers; DDR3 products have been applied in home appliances for brand customers, and the home appliance products have obtained the U.S. Energy Star certification; since 2019, the audio IC products have been gradually replacing the 0.30μm process with the 0.18μm and 0.13μm process technology. From 2017 to 2023, the cumulative power savings achieved through the use of these low-energy products in end-product devices amounted to a reduction of 68,582 metric tons of carbon emissions, equivalent to the carbon sequestration capacity of 176 Daan Forest Parks.

Carbon adsorption capacity in Daan Forest Park (piece)



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 contractors 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. Contractors must be informed of, and comply with, the requirements for managing environmental management substance and the maximum value of environmental management substance they are allowed to use; they must also provide supporting documents.
3. Contractors must be audited from time to time and coached to enhance green supply chain management.

2.4 Risk Management of Critical Raw Material Usage

As a semiconductor chip design company at the forefront of the semiconductor industry chain, ESMT not only focuses on continuous innovation in product design and technology to minimize the environmental and social impact of our products but also manages the risks associated with critical raw material suppliers in the production of our products. We require and audit our subcontractors to comply with environmental management substance requirements and conduct investigations on conflict minerals to achieve our roadmap for sustainable development.

The Company has established the environmental policy, human rights policy, and conflict minerals policy, with related management regulations. Other than announcing that ESMT complies with the requirements of corporate sustainability, we also actively request subcontractors to sign the "Restricted Substances Not Used Commitment" and "Conflict-Free Metal Self-Declaration" to ensure their compliance with ESMT's requirements for sustainable development.

Green Partner

To meet customers' constantly updated environmental management substance requirements and maintain the ESMT's environmental management substance requirements and commitments, ESMT not only complies with EU RoHS regulations and SONY SS00259 standards, but also dedicates to promoting the certification of environmental management substance system. ESMT was awarded the SONY GP (Green Partner) certificate in July 2005. 97% of ESMT's key subcontractors have obtained the QC080000 certification or SONY GP certification; we ensure that ESMT and the subcontractors continuously comply with green product standards through annual regular audits and the subcontractors' fulfillment of responsible conflict mineral investigation.

Conflict minerals

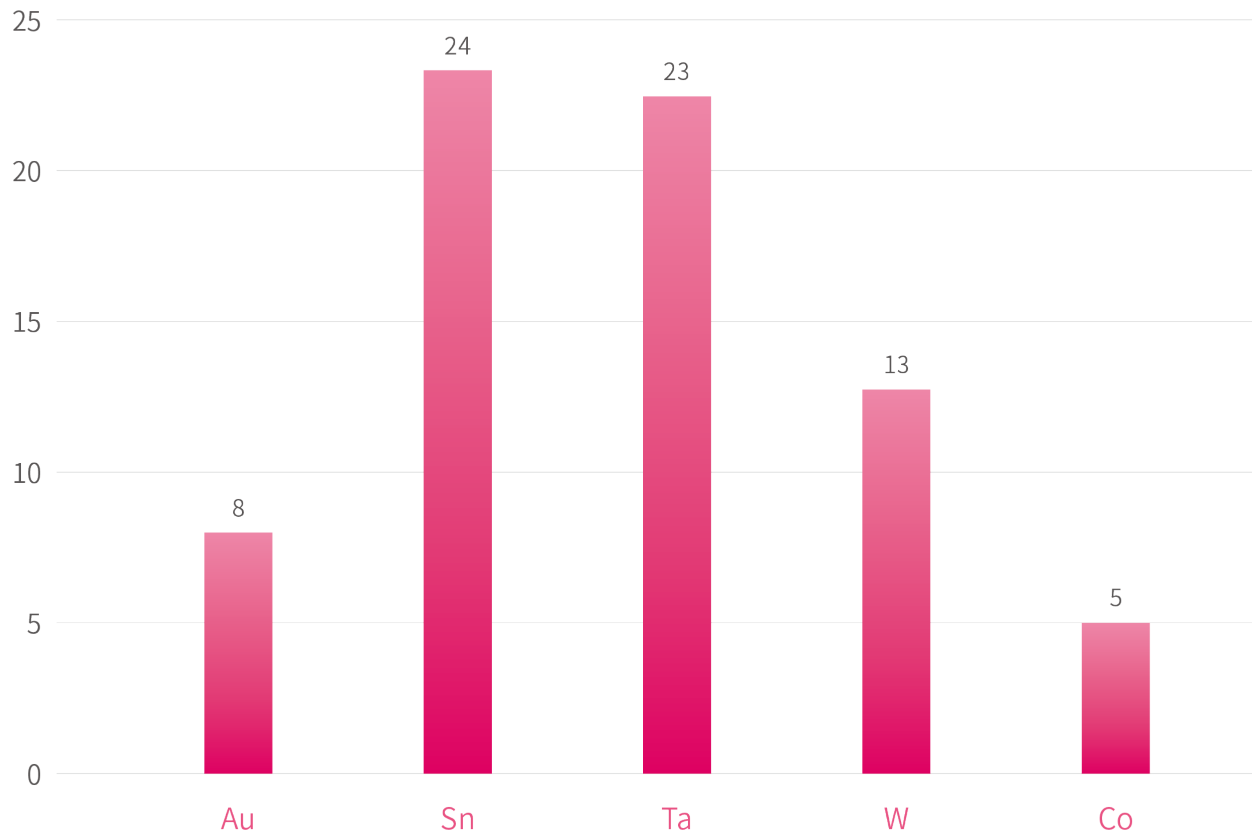
"Conflict minerals" refers to the minerals mined as a result of armed conflicts and human rights infringement, especially rare metals such as coltan, cassiterite (tin), gold, and wolframite (tungsten) which are extracted in the Democratic Republic of the Congo or adjoining countries or regions where human rights are severely infringed 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 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; meanwhile, the accuracy of the information provided by the contractors and suppliers must be verified.
3. Clearly 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 2023 the Company investigated raw materials suppliers in relation to conflict minerals for a glimpse of smelters; there were 8 gold smelters, 24 tin smelters, 13 tungsten smelters, 23 tantalum smelters, and 5 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.

Number of smelters in relation to conflict minerals



Chapter. 03

03 Environmental sustainability

03 Environmental Sustainability

3.1 Environmental protection policy

ESMT established the ISO14001 environmental management system in 2007 and passed the verification in January 2008, ESMT strictly complies with regulations, to strive to conform to the advanced international environmental protection standards; it is committed to providing and maintaining a work environment superior than the legal regulations, and prevent any risk which might cause environmental pollution with continuous improvement. From the environmental friendliness of source products, optimized process design, among other things, we strive to reduce the use of energy and resources such as water, power, and precious metals, while reducing the discharge of pollutants, to achieve pollution reduction and prevention, and pursue sustainable development. ESMT continuously promotes reduction of greenhouse gas/energy, water resources, and waste management, as well as optimization.

1. Greenhouse gas/ energy management

(1) Continue to replace the lighting system with LED lights in the plant area.

(2) Set the air-conditioning temperature in the office area at 26~28 degree Celsius.

(3) Turn off unnecessary lighting during meal and break times.

(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 an eco-friendly energy-saving label.

(7) Encourage employees to take the stairs instead of the elevator and promote carpooling for official transportation.

(8) Promote the inventory and updating program for the major energy-consuming equipment.

(9) Assess and plan the green energy establishment, purchase and use National Renewable Energy Certification (T-REC).

2. Water Resource Management

A. Establishment of management system

(1) Water resource risk management

(2) Management of the rainwater recycling, storage, and reuse system

(3) Water quality monitoring and spill and leakage prevention

(4) Reduction of water consumption and improvement of water use efficiency

B. Introduction of new equipment

(1) Introduction of water-saving equipment

(2) Monitor water resources data

3.Waste Management

(1) Implement the resource recycling and classification mechanism and set the resource recycling rate

(2) Enhance the value of resource recycling.

(3) Promote the concept of waste reduction among employees.

(4) 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)

ESMT is well aware that the deteriorating 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 opportunities brought by climate change for the Company’ s operations in accordance with the Task Force on Climate-related Financial Disclosures (TCFD); the Company’ s governance over the climate change is strengthened from the four major aspects, namely governance, strategy, risk management, and indicators and targets, to respond to the expectations of the external stakeholders to the Company’ s management of climate change.

Governance

I. Corporate Sustainability Committee: the Chairman and the President serve as the chair and deputy chair, respectively. The secretariat promotes the "TCFD Risk and Opportunity Identification," which integrates the resources of each subordinate task force and business unit, for the identification of risk and opportunities from climate change, short-, medium- and long-term strategic planning, implementation of risk assessment, and performance evaluation and tracking. The implementation status is reported by the executive secretary to the Board of Directors on a quarterly basis.

II. Board of Directors: urges the management to promote climate change-related issues, supervises the risk response strategies and performance evaluations of climate-related issues, and strengthens the resilience of the Company's sustainable development.

Board of Directors	Corporate Sustainability Committee	Each task force
— Supervise the Company's response strategies to risks and opportunities from climate change — Outcome of urging the management to implement and performance tracking	— The achievement status of climate-related environmental goals, and the identification, assessment, and tracking of risks/opportunities; regular reports to the Audit Committee/Board of Directors every year.	— Regularly review the status of identification of internal and external risks/opportunities from climate change — Regularly assess new risks/opportunities from climate change, i.e. the responding status of existing risks/opportunities.

Strategy

Each task force of the Corporate Sustainability Committee, in response to identified climate change risks and opportunities, incorporates the quantitative assessment of substantial impacts and climate scenario analysis tools in the process for planning climate adaptation strategies. Short-term (3-5 years), medium-term (within 10 years), and long-term (over 10 years) issues and corresponding measures are prioritized based on their likelihood and magnitude of impact. This approach aims to identify the risks and opportunities and prepare the contingency in advance.

Risk item	Period	Impact Description	Potential financial risks	Response measures
Transition risks				
Unstable power supply	Short-term	The demand for power has increased significantly, and the stability of green energy supply and raw material transportation have been affected by political and climate issues.	Rising electricity prices	1.Promote energy conservation and carbon reduction measures at workplace 2.Set an annual electricity conservation goal 3.In-house power consumption survey
Stricter environmental regulations	Mid-term	Stricter emission regulations	Increased waste disposal costs Additional or enhanced process equipment	1.Exchange information among members of industry associations and participate in regulatory courses organized by the government 2.Enhance legal awareness and education and training
Carbon fee/carbon tax	Short- and mid-terms	1. Incorporation of the carbon fee into laws and regulations 2. Implementation of carbon tariffs (carbon border adjustment mechanism) by various countries	Increased operating and manufacturing costs, and related penalties generated	1.Continuously monitor and identify the impact of regulatory trends 2.Evaluate the implementation of the internal carbon pricing mechanism, and grasp the tangible cost of carbon emissions.
Physical risk				
Increased frequency of extreme weather	Short-term	Increased extreme events such as typhoons and heavy rainfall	Operations are affected or interrupted	1.Shorten the time required for restoration of operational systems, as well as of operations. 2.Implement the mechanism that deals with material anomalies 3.Continue to supervise suppliers holding climate event contingency plans and drills 4.Assess and set up backup equipment
Rising average temperature	Short- and mid-terms	Continuous high temperatures and prolonged summer hours	Elevated building energy consumption	1.Continuously improve the energy efficiency through the energy management system assessments.
Drought	Long-term	Increase in consecutive days without rainfall during the rain season	Externally purchased water trucks or additional water tanks are required to maintain normal operations.	1.Continuously monitor the water consumption in the plant area 2.Set up the emergency water-saving plan
Opportunity items	**Period**	**Challenge description**	**Potential financial impacts**	**Response measures**
Market transformation / technology development	Mid- and long-term	Increased technical requirements for low-carbon product development (low-carbon production)	Increase the investment in R&D personnel and funds for low-carbon products.	1.Encourage existing suppliers to deploy the low and zero carbon technology (LZC), and preferentially work with them if they do so 2.Assess and develop low-carbon products and markets

Risk management

Each task force is responsible for identifying climate-related risks across business units and departments. Based on risk management and assessment results, these risks are incorporated into the key agenda of corporate sustainability development, and effective and continuous (PDCA) actions are taken to respond to emerging climate-related challenges and opportunities. In 2023, the Company will strengthen the feedback information from internal and external stakeholders, identify climate-related risks and opportunities, and quantitatively assess them to update or develop new strategies and goals.

Each task force

Identification of Risk /Opportunity Issues

Corporate Sustainability Committee

Risk/opportunity assessment, level analysis (urgency/ degree of impact), and formulation of countermeasures

Audit Committee/ Board of Directors

The annual implementation results and performance tracking, as well as the response strategy formulation

Indicators and Targets

Continuously promote the greenhouse gas inventory and environment-related indicator statistics, set up the per capita targets for greenhouse gas, water consumption, and waste output, and promote the reduction activities.

(1) Target of GHG reduction per capita (reduction by 4% in 2025 from 2019)

(2) Target of water consumption reduction per capita (reduction by 2% in 2025 from 2019)

(3) Target of waste output reduction per capita (reduction by 2% in 2025 from 2019)

(4) The waste resource recycling rate reaches 60%, continuing to promote a circular economy and doubling the value of recycling.

3.3 Energy Management

ESMT is a professional IC design company. The main source of energy consumption for daily operations is the electricity (purchased electricity), followed by gasoline and diesel for self-owned company vehicles and emergency generators. The total energy consumption in 2023 was 28,390.18 GJ, an increase of 10.4% comparing to 2022; the energy use efficiency per employee increased by 4.92% year-on-year (2022).

Energy consumption in the past two years

28,390.18GJ
2023

25,438.93GJ
2022

Difference：10.40%

Electricity

Source：	Taiwan Power Company
Usage：	Plant-wide electricity-driven facilities
2023	28,338.90GJ
2022	25,401.60GJ
Difference：	10.36%

Gasoline

Source：	Taiwan CPC Corporation
Usage：	Emergency generator
2023	46.37GJ
2022	35.92GJ
Difference：	22.52%

Diesel

Source：	Taiwan CPC Corporation
Usage：	On-site company vehicles
2023	4.92GJ
2022	1.41GJ
Difference：	71.34%

(Data Scope: Hsinchu Science Park/Tainan/Taipei Office)

Note 1: Unit of conversion: 1 kWh of electricity = 3.6 megajoule
Note 2: Conversion units for gasoline and diesel are 7,800 kcal/L and 8,400 kcal/L, respectively.
Note 3: The conversion data are based on the Energy Product Unit Heat Content Table published by the Bureau of Energy, MOEA.

“Clean” energy and carbon reduction

In addition to being directly reflected in the operating costs, the energy use status is also used as a part of the GHG inventory management, to manage the greenhouse gas emissions derived therefrom (see 3.4 GHG Inventory Management for details). Therefore, ESMT has implemented the survey plan of energy (power) consumption in the plant area to grasp the energy consumption of all equipment in each plant, and make a comprehensive plan for promoting the replacement of low-efficiency equipment in the future.

In 2023, the Company began to purchase T-RECs(Renewable energy certificates) from the "National Renewable Energy Certification Center," and the outputs of the certificates are all in the form of solar power generation. Familiarize with the trading mechanism through T-REC trading, and take a step toward achieving net zero by 2050. In the future, we will continue to monitor the procurement of T-REC and the promotion of self-construction, to gradually expand the use of T-REC.

3.4 GHG Inventory Management

In 2023, ESMT's greenhouse gas emissions were 3,952.411 metric tons of CO2e, an increase of about 316 metric tons of CO2e from 2022; the emissions per capita were 6.97 metric tons of CO2e/person. The Company's quantitative management targets for greenhouse gas reduction have been achieved for two consecutive years: to reduce greenhouse gas emissions per capita by 4% in 2025 from 2019. In terms of the scope of information collection, one new operating base is added: the Taipei office, so that the scope of the inventory covers the entire company (three major areas, including Hsinchu Science Park, Tainan Office, and Taipei Office). To review the greenhouse gas emissions situation of itself and the supply chain more effectively, ESMT expects to promote the company-wide greenhouse gas inventory in 2024, and complete the third-party verification plan in 2025. Identify more greenhouse gas emission hotspots in Scope 3 (other indirect emission sources) and invite suppliers, partners, and employees to promote this initiative jointly.

Annual greenhouse gas emissions from 2019 to 2023 Unit:(t CO_2e)

Year	Greenhouse gas emissions	Greenhouse gas emissions per capita	%
2019	3,191.78	7.69	
2020	3,336.88	7.87	2.34
2021	3,370.24	7.49	-2.60
2022	3,636.05	6.87	-10.66
2023	3,952.411	6.97	-9.36

(Data Scope: Hsinchu Science Park/Tainan/Taipei Office)

According to the results of GHG inventory in 2023, the main source of emissions still comes from scope 2 - power consumption, accounting for 98.68% of the whole. Under the impact of climate change, the average summer temperature of each operating site in Taiwan continues to hit new highs, making it even more challenging to curb overall energy use.

Table of Greenhouse Gas (GHG) Emissions in 2023 Unit:(t CO_2e)

	CO_2	CH_4	N_2O	HFC_s
Emissions	3,900.179	49.2236	0.1066	2.9025
Percentage of total emissions	98.68%	1.25%	0.003%	0.07%
	PFC_s	SF_6	NF_3	Aggregate
Emissions	0.0000	0.0000	0.0000	3,952.411
Percentage of total emissions	0.00%	0.00%	0.00%	100.00%

(Data Scope: Hsinchu Science Park/Tainan/Taipei Office)

Table of Direct Emission (Scope 1) Inventory in 2023

55.8122 (t CO_2e/Year)
Total Emissions

Diesel

Emissions type	Stationary combustion source
Emissions (t CO_2e/Year)	0.3735
Type of greenhouse gas	☑ CO_2 ☑ CH_4 ☑ N_2O ☐ HFC_s

Gasoline

Emissions type	Mobile combustion source
Emissions (t CO_2e/Year)	3.3484
Type of greenhouse gas	☑ CO_2 ☑ CH_4 ☑ N_2O ☐ HFC_s

Septic Tank

Emissions type	Fugitive emissions
Emissions (t CO_2e/Year)	47.1878
Type of greenhouse gas	☐ CO_2 ☑ CH_4 ☐ N_2O ☐ HFC_s

Fire Extinguisher

Emissions type	Fugitive emissions
Emissions (t CO_2e/Year)	0.0000
Type of greenhouse gas	☑ CO_2 ☐ CH_4 ☐ N_2O ☐ HFC_s

Refrigerant

Emissions type	Fugitive emissions
Emissions (t CO_2e/Year)	2.9025
Type of greenhouse gas	☐ CO_2 ☐ CH_4 ☐ N_2O ☑ HFC_s

(Data Scope: Hsinchu Science Park/Tainan/Taipei Office)

Table of indirect Emission (Scope 2) Inventory in 2023

	Emissions Type	Emissions (t CO_2e/Year)	Type of Greenhouse Gas
Purchased Electricity	Indirect emissions from energy	3,896.5984	☑ CO_2 ☐ CH_4 ☐ N_2O

(Data Scope: Hsinchu Science Park/Tainan/Taipei Office)

3.5 Water Resource Management

When planning the intake of water resources in all plant area of ESMT, the first considerations are given to the government policies, company development, and industry characteristics, reasonable and effective management and allocation, while reducing the consumption of water resources. Although the impact of water issues on chip R&D and design companies without manufacturing processes is limited, it is imperative to address the issue of water shortage from the view of upstream and downstream integration of the supply chain and fulfillment of social responsibility. The quantified targets of water management is determined as: reducing the overall water consumption per capita by 2% in 2025 comparing to 2019, and the target was achieved early in 2023. However, the overall water intake figure has continued to rise. ESMT will continuously promote water-saving facilities and manage water resources.

Table of water consumption form 2019 to 2023

Unit : (M^3)

Year	Water consumption (M^3)	Water consumption per capita (M^3)	%
2019	16,947	39.88	
2020	19,169	43.86	9.98
2021	17,820	39.60	-0.70
2022	20,499	39.57	-0.78
2023	20,894	37.65	-5.59

(Data Scope: Hsinchu Science Park)

The statistical scope of water resources use is Hsinchu Science Park, and the source of water resources is Second Baoshan Reservoir. In terms of the risk management assessment of water resource use, the analysis results of the water risk assessment tool from the World Resources Institute (WRI) show that none of the offices in the Hsinchu Science Park are in areas with water stress. In addition, rainwater recycling equipment has been installed to collect and store rainwater, to channel into secondary water systems such as the cooling tower of the main water chilling unit.

The sewage discharged is mainly the domestic sewage discharged from the offices, and no process sewage is generated. All sewage is discharged through sewage drainage pipes and treated properly before outfall.

Table of water resource usage from 2021 to 2023

Unit: million liters (thousand M^3)

Type	2021	2022	2023
Total Water Intake	17.954	20.687	21.063
1. Surface water (rainwater)	0.134	0.188	0.169
2. Groundwater	0	0	0
3. Seawater	0	0	0
4. Third-party water supply (tap water)	17.82	20.499	20.894
Water consumption	9.578	11.312	10.091
Water discharge	8.376	9.375	10.972

(Data Scope: Hsinchu Science Park)

3.6 Waste Management

Due to the changes in the lifestyles of the employees resulted from COVID-19, the total amount of waste treated in 2023 reached 18.23 metric tons, decreased by about 1.8 metric tons from 20.04 metric tons in 2022. There is still a lot of room for improvement from the waste reduction management goal of ESMT: "reducing personal output by 2% in 2025 comparing to 2019."

ESMT divides the industrial waste into two categories: hazardous industrial waste and general industrial waste. The main sources of the hazardous industrial waste are scrapped defective IC chips from research, testing, and factory testing; the general industrial waste can be divided into general garbage and recycled waste resource. Under the concept of the Sustainable Development Goals (SDGs), the limited supply of resources in the future has unlimited value. Implement resource recycling and classification, increase recycled resource reuse rate, and increase the value of reuse the recycled resources. This year, waste resource recycling has been included, and by setting the new target where the resource recycling rate reaches 60% by 2025, we continuously promote and respond to the circular economy actions. The resource recycling rate in 2023 was 52.49%, with packaging materials (waste paper) as the main part.

Table of Waste Disposal Statistics form 2019 to 2023

Unit:(tons)

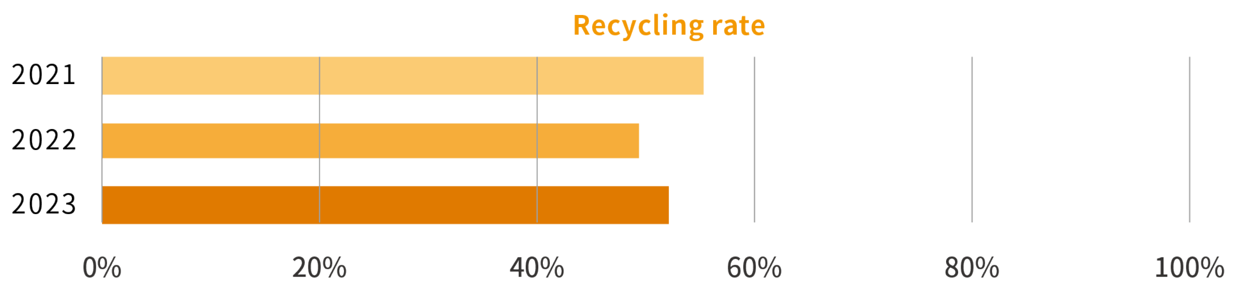
	Hazardous industrial waste Waste IC (scraps and defective products)	General industrial waste Domestic waste and industrial waste	Waste disposal volume	Output per capita (kg)
2019	0.25	10.51	10.76	25.32
2020	1.38	16.62	18.00	41.18
2021	0.87	16.26	17.13	38.06
2022	0.47	19.57	20.04	38.69
2023	0.43	17.80	18.23	33.08
Disposal Method	Commissioned removal (recycled for reuse)	Commissioning removal (incineration)		

(Data Scope: Hsinchu Science Park)

Table of Recycling Volume in 2023

Unit:(tons)

Type	Paper	Iron	Other metals	Information products
Recycled volume in 2023	15.28	4.252	0.605	85(unit)
Disposal Method	Commissioned removal (recycled for reuse)			



(Data Scope: Hsinchu Science Park)

Note: Recycling rate = volume recycled / (volume of general industrial waste + volume of hazardous industrial waste + volume recycled)

3.7 Green Actions

ESMT actively promotes the reduction of disposable plastics, we provide the employees with a set of eco-friendly utensil and eco-friendly straws, so that the employees may use the eco-friendly utensil whether taking the meals in office or during the business trips, to lower the dependence on the disposable utensil. The volume of disposable plastics reduced over the past two years is as high as 1.36 times of the height of Taipei 101.

Joined the Green Office Initiative of the Ministry of Environment

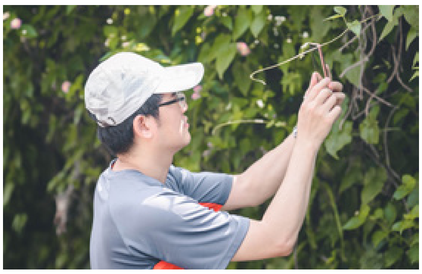
In 2023, ESMT promoted the green office event through promotion of event in advance, self-evaluation of achievement status, and evaluation of unachieved goals. By the first quarter of 2024, the participation in the green office was completed (achieved 27 out of 35 indicators).

For the indicators failed to be achieved, ESMT will continue to promote and improve the planning. 1) We will continue to promote ad hoc projects until 2026, with the goal of increasing the penetration rate of LED lamps from 20% currently to over 50%. 2) Invite the employees to participate in other indicators that have not yet been achieved (such as green procurement, environmentally friendly restaurants and green tourism), so that the green life spreads to every employee's life circle.

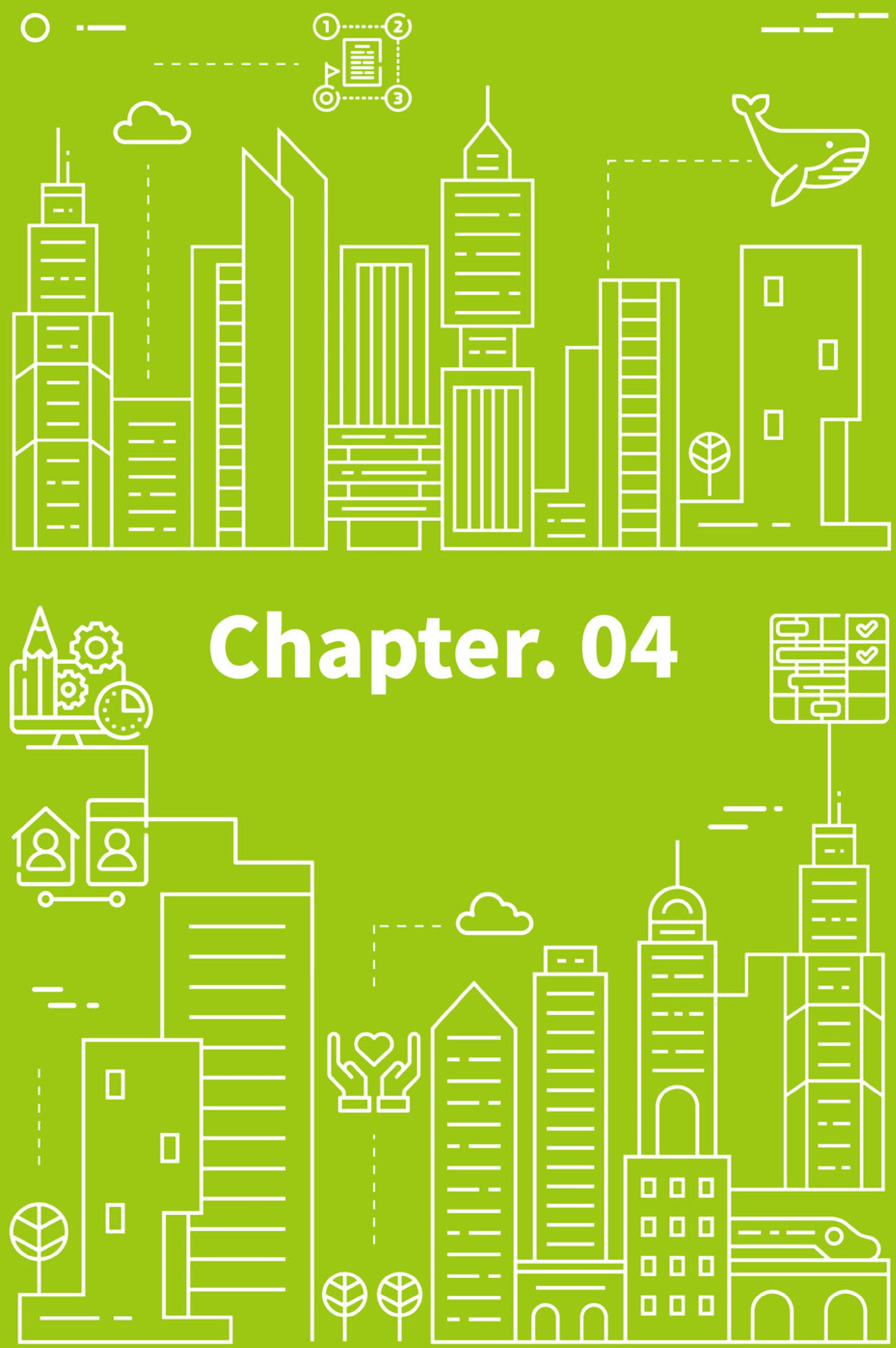
3.8 Biodiversity

Promoting the ecological sustainability from awareness. In 2023, ESMT invited the family members and friends brought by the employees to participate in the film-viewing event "GOOD MORNI MIT". Through the event, we not only directly supported the who record the environmental ecology, but also allowed our employees to learn more about the activities of the native species in alpine regions of Taiwan. Hynobius formosanus is not a fish but an amphibian. It is one of the few creatures from the same period of the dinosaurs still survive on the earth. In this era of intensified climate change, we can’ t help but think about whether Hynobius will survive and leave good things to future generations.

During the event to celebrate the 25th anniversary of ESMT, Second Baoshan Reservoir in Hsinchu was chosen as the location for all employees to step into nature, come to get familiar with and love the mountains, know the mountains, and learn more about the sources of water in the park. To enable the employees to understand the ecology of the surrounding environment, the participants were invited to capture creatures in the ecosystem around the reservoir. A total of 101 groups of adults and children signed up to participate the activity, and more than 200 species were identified. Among the captured biological species, local species that are not native to Taiwan were also found, such as the (exotic species) bittervine. This is not a good thing for local biodiversity, and may reduce biodiversity, as the main culprit of ecological damage.



04 Friendly workplace



Chapter. 04

04 Friendly Workplace

Every employee is an important partner of ESMT for the sustainable development, as well as one of the key assets. We value the working environment and work-life balance of employees. Therefore, our systems and strategies aim to create a work-life balance, diversified communication channels, and a friendly workplace, to form the cohesion of employees, enterprise recognition, attract excellent talents, and improve enterprise competitiveness, to build an outstanding team, thereby achieving the goal of sustainable development.

The Company values the rights and interests of employees and is committed to creating a friendly workplace. The specific measures are as follows:

Comply with local labor laws and protect the basic rights of employees

ESMT abides by Labor Standards Act, Occupational Safety and Health Act and other related laws and regulations 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 (including working hours, resting time, wages, and occupational safety and health), implement environmental protection activities, and follow ethics regulations.

The Chairman of ESMT has signed the ESMT Human Rights Policy as a declaration, and ESMT and all suppliers shall abide by it. The execution of the Human Rights Policy is as follows:

(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.

Provide diverse benefits to enhance employees' well-being

The Company provides diverse benefits, including group insurance, meal subsidies, travel subsidies, childcare allowances, wedding and funeral subsidies, among other things, to enhance the well-being of employees.

Create a safe and healthy working environment

The Company regularly organizes occupational safety and health education and training, the employee health checkups superior than regulatory requirements, and provides the safety equipment and facilities to create a safe and healthy working environment.

Respect for multiculture and promote inclusiveness in the workplace

The Company respects the cultural diversity, without discrimination against any employee, and promotes workplace inclusion, so that employees can work in an environment of equality and respect. The Company has also formulated relevant regulations that explicitly prohibit any form of discrimination, including gender, age, race, religion, and disability. Also the regulations are established for preventing workplace violence to protect employees from workplace violence.

Value employees' development and provide career training

The Company values the employee development and provides relevant training courses to assist employees to improve their work skills and career development.

Work-life balance

The Company values the physical and mental health of employees and encourages them to achieve work-life balance.

Diverse communication channels

The Company has established various communication channels, such as labor-management meetings and the opinion box, to allow employees to express their opinions and communicate with the colleagues or officers anytime, anywhere.

Through the above-mentioned measures, ESMT will continuously strive to create a friendly workplace, so that employees can gain a sense of accomplishment and happiness at work and create the common good for the sustainable development of the Company.

4.1 Excellent team

The number of ESMT employees has been edging up year by year. As of 2023, there were 569 employees, and the overseas expats account for 0.7%. Among them, the male employees account for 71.53% and the female employees account for 28.47%. In terms of age distribution, the main ages are 30 - 50 years old, accounting for 68.19% of the total number of employees. As for the education of members in the excellent team, up to 62.04% of them have an master degree or above, and up to 78.91 % 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

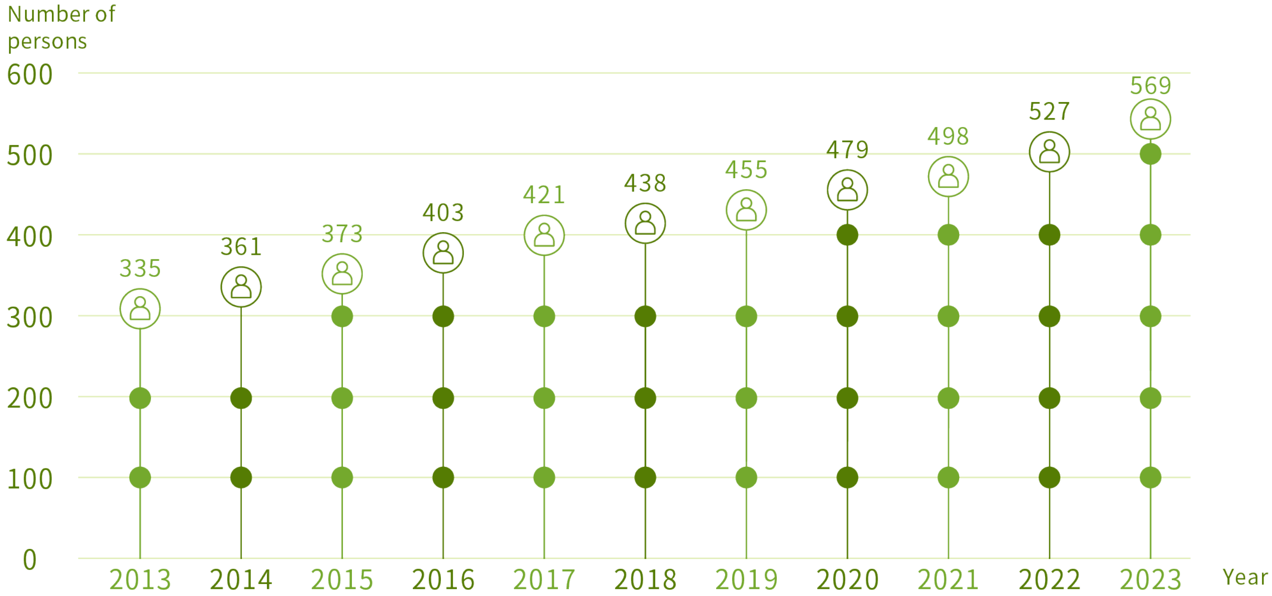


Table of Statistics on manpower composition in 2023

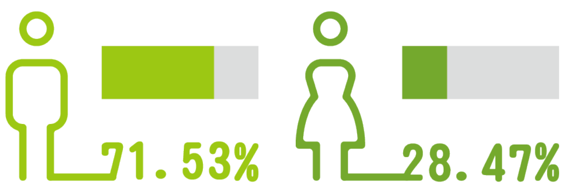
Age			
Group type	Male	Female	Total
30 and under	69	20	89
31-40	121	47	168
41-50	132	65	197
51 and above	85	30	115

Education qualification			
Group type	Male	Female	Total
PhD	8	0	8
Master	286	59	345
Junior college	110	96	206
Others	3	7	10

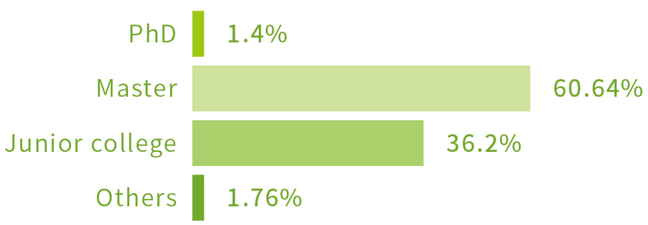
Type of position			
Group type	Male	Female	Total
R&D/engineering	355	94	449
Administration/business/management	35	54	89
Production	17	14	31
Functional and technological supervisor	214	58	272
Functional supervisor	79	29	108

Seniority			
Group type	Male	Female	Total
1 year and under	46	11	57
1-3 years	75	19	94
3-10 years	99	52	151
10-15 years	68	24	92
More than 15 years	119	56	175

Employee sex ratio



Employee education qualification



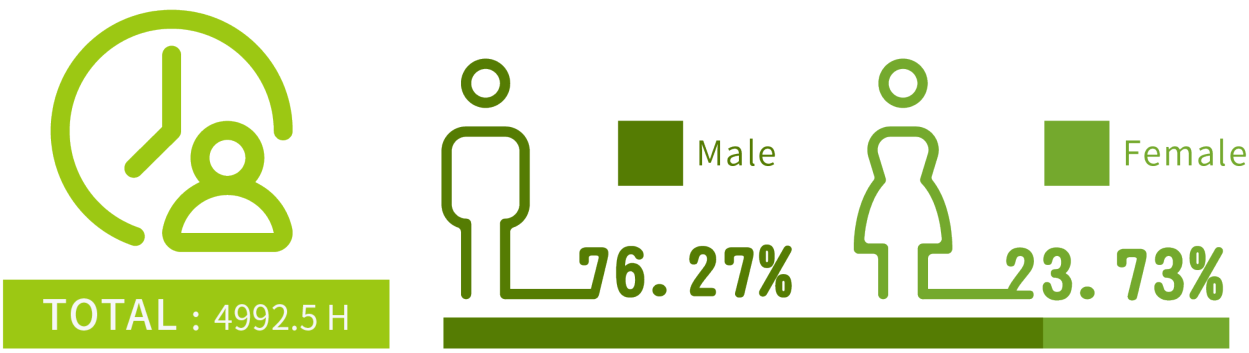
4.2 Talent development

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	Target audience	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 2023 totaled 4992.5 hours, of which men and women accounted for 76.27% and 23.73%, respectively. The percentage distribution of training hours is in line with the Company’ s sex ratio.



Continuing education courses

Circuit Degisn

Fundamental Operation

Debug experience

Long Range IoT Wireless SoC Design

EMI for CMOS

Theme courses

Communication across generations

Mentor instructions and experience pass-on

Work enthusiasm and energy

Consensus camp

Stress relief plants

Problem analyses and solutions

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 2023 the average salary of ESMT’s non-managerial employees was 2,124 (NT$ thousand/person), and the median salary is 1,970(NT$ thousand/person). EMST has been included as a constituent of TWSE RAFI® Taiwan High Compensation 100 Index for ten consecutive years.

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 their children with a group insurance which covers hospitalization, accidents, and major illness. We care for not only the employees per se but also their families.

ESMT has planned a complete business trip insurance for the employees required to take an overseas business trip, so that in any case of inconvenience or unexpected emergency during the trip, the insurance will help the employees to avoid and inconvenience during the overseas 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. In terms of the workplace, to create a flexible working environment, ESMT opened the Taipei Office in 2023 so that the colleagues living in Taipei may choose to work in the Taipei Office, significantly reducing the transportation time and costs for employees to commute to and from work. The carbon emissions reduced from the employees' commute further achieves the environmental sustainability, and the employees also reduce commuting time and thereby improve their quality of life. 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 the off-day hours more premium than those 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 / material disease insurance at the expense of ESMT, and invites professionals to station in the factory offering professional consultation. Travel insurance is also purchased for employees who are required to take an overseas 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 Chinese festivals 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 breastfeeding / milk collection room was set up in the health center in 2011. 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. Since its foundation, the Company's breastfeeding / milk collection rooms have been certified as the excellent breastfeeding / milk collection rooms in Hsinchu City for many times.

In addition to the regular labor physical checkups required by laws, ESMT also provides employees with checkups superior than the law based on their age and health conditions, such as fundus photography, various ultrasound examinations, and electrocardiography. In 2023, to take care of middle-aged and elderly employees, the Company provides them with preventive medical examinations with high subsidies, seeking to meet the physical and mental health and safety needs of employees through the care and health promotion above-mentioned, while helping employees to know and understand their health better.

employee physical checkup

Health center & breastfeeding / milk collection room

The Company has set up the Employee Welfare Committee at the time of foundation; until now, the Employee Welfare Committee regularly organizes domestic and foreign trips, birthday party, and afternoon tea fair every year, 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 relatives and employees to know each other 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.

At the end of May 2023, when the COVID-19 lockdowns were lifted, the

Company held the Family Day of the 25th Anniversary and ESG event at the Second Baoshan Reservoir. Under the leadership of the Chairman and President, the employees and their families learned about the source of water required in the life, the Second Baoshan Reservoir while integrating the ESG concept into various activities, such as knowing the animals and plants around the reservoir, donating tax receipts, and massages by the vision challenged as a charity. So that the employees and their relatives and friends to feel the Company's care and responsibility for their employees, their families, and the environment in a joyful atmosphere of activities.

At the end of 2023, the Company combined the strengths of the Employee Welfare Committee, the Foundation and related units to organize year-end warmth delivery activities and related ESG educational challenge activities. The Foundation also invited disadvantaged organizations to the Company for charity sales activities, so that all employees showed their care and love together.

Work-life balance~Fitness center & Aerobics classroom

Relaxation after work~Basketball court and badminton court

Employee Welfare Commitee - 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 Shifen Happiness Travel Group

Regular afternoon tea & birthday tea party to refresh employees

Regular department group meal to enhance the bond among employees

Regular Department Gatherings

Family Day

Year-end Warmth Delivery

ESMT has set up an employee-only cafeteria to provide employees with a variety of choices such as buffet, noodles, or simple meals. The cafeteria also provides calorie information for employees to not only enjoy delicious food during meal time, but also provides a place for employees to relax, gather and communicate in a comfortable, safe, and hygienic dining environment, with meal subsidies for employees who dine in.

Employee restaurant

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. Starting from 2022, to take care of the employees' families, the Company has added the monthly childcare allowance for employees who have children aged between 0 to 6 years old. In 2023, a total of 18.71% of the employees benefited. There are other regularly held 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.

Employee restaurant

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-site doctors

Subsidies for employees regarding marriage, funeral, illness, childbirth and child rearing, and education

Providing childcare allowance for employees with children aged 0-6.

Assess contracted day care center and kindergarten

Offer health education information on child rearing

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

Providing the subsidies of preventive medical examinations for elderly employees

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.

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 Safety Workplace

ESMT has constructed a safe and healthy working environment with continuous efforts for safe and healthy prevention, hoping that employee safety incident at workplace can be minimized through such continuous improvement. The Company expects to promote ISO 45001 occupational safety and health management system certification in 2024, to connect to the international standards, to ensure a healthy and safe working environment for employees through systematic management.

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 where an operator is in. 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

Work Environment for Employees

ESMT values the safety of its employees' work environment and provides relevant equipment and aids to ensure their health and safety.

(1) All employees are provided with ergonomic chairs, to ensure the comfort and safety of seats in office.

(2) Employees who engage in prolonged screen usage are provided with large monitors or monitor stands to prevent eye fatigue and meet ergonomic standards.

(3) Desks for employees who sit for extended periods are converted to adjustable height desks to avoid chronic injuries caused by incorrect posture.

Labor Safety and Health Committee

To prevent occupational disasters, ESMT has established the Occupational Safety and Health Committee pursuant to the "Regulations of Occupational Safety and Health Management." The Committee convenes quarterly meetings to review the implementation results of occupational safety and health tasks together with labor representatives. The election of new committee members is held once every two years. The election of labor representatives was held in February 2023. There are six labor representatives, accounting for more than one-third of the members of the Safety Committee. They serve as the bridge between the Company and employees to communicate safety and health issues, to continuously maintain and improve the safety and health management.

1	2	3	4	5	6	7 12
1 Person	1 Person	1 Person	1 Person	1 Person	1 Person	6 Person
Management representatives	Relevant representative members of committee from the laboratory	Engineering and technical personnel related to occupational safety and health	Safety and Health Supervisor	Safety and Health Personnel	Labor Health Service Care Takers	Labor Representatives
President	Reliability Laboratory	Product and Application R&D Department	Environmental Safety Department	Environmental Safety Department	Occupational Nurses	Committee Members elected from each unit

Education and trainings of occupational safety and health (OSH)

To establish the new recruits' work attitude of occupational safety, to be able to comply with the relevant safe operation regulations and understand the operational hazards and how to respond, report, and handle emergencies when occurring. At the time of onboard, a series of safety and health education and training (e.g. emergency evacuation drills, fire-fighting and self-defense team training, among other things) are arranged to enable employees to quickly become familiar with the working environment, the Company's safety and health policies, and management regulations, thereby reducing occupational injuries caused by being unfamiliar to the working environments.

Table of implementation status of occupational safety and health education and training

Year	2021	2022	2023
Number of trainees	163	246	347
Education and training man-hour	363.5	554	688

Incident Response Procedures

ESMT is committed to providing employees with a safe working environment. In case of accidents, the person concerned or the personnel around them shall immediately notify the officers and the Administration Division; in addition, the occupational safety personnel and the nurses assist in handling the accident. Internally, the "Employee Care System" and

"Occupational Injury Investigation" are established simultaneously, to grasp and report related accident injuries in a timely manner.

Accident Reporting Process

1 **Report**
Notify the supervisor and the Administration Division immediately by parties involved or the employees around.

2 **Handle**
Occupational safety personnel and nurses assist in handling.

3 **Investigation Report**
Prepare an accident investigation report after handling the accident to facilitate the follow-up improvement and tracking.

Work-related disability statistics

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. In addition, for sporadic traffic accidents, the Occupational Safety and Health Committee meets every quarter to explain the incidents and publicize the cases in the occupational safety and health course of orientations, to prevent similar accidents from happening again.

Statistics on occupational injuries and occupational disease management targets

Short-term goals	Mid- and long-term goals	2023 goal achievement rate
0 occupational disease	Value the physical and mental health of all employees and create a working environment as "healthy workplace"	100%
0 major occupational accidents	Work with contractors/suppliers to promote occupational health and safety jointly.	100%
There were 0 major occupational accident in the whole company, and minor accidents≦ 8.	There were zero major occupational accident in the whole company, and minor accidents≦ 5.	100%

2023 Statistics of Occupational Injuries and Occupational Diseases of ESMT

Male
Total working hours: 761,336
Disabling Injury Frequency Rate(FR):0
Occupational disease rate:0

+

Female
Total working hours: 311,296
Disabling Injury Frequency Rate(FR):0
Occupational disease rate:0

=

Total
Total working hours: 1,072,632
Disabling Injury Frequency Rate(FR):0
Occupational disease rate:0

Chapter. 05

05 Society engagement

05 Society Engagement

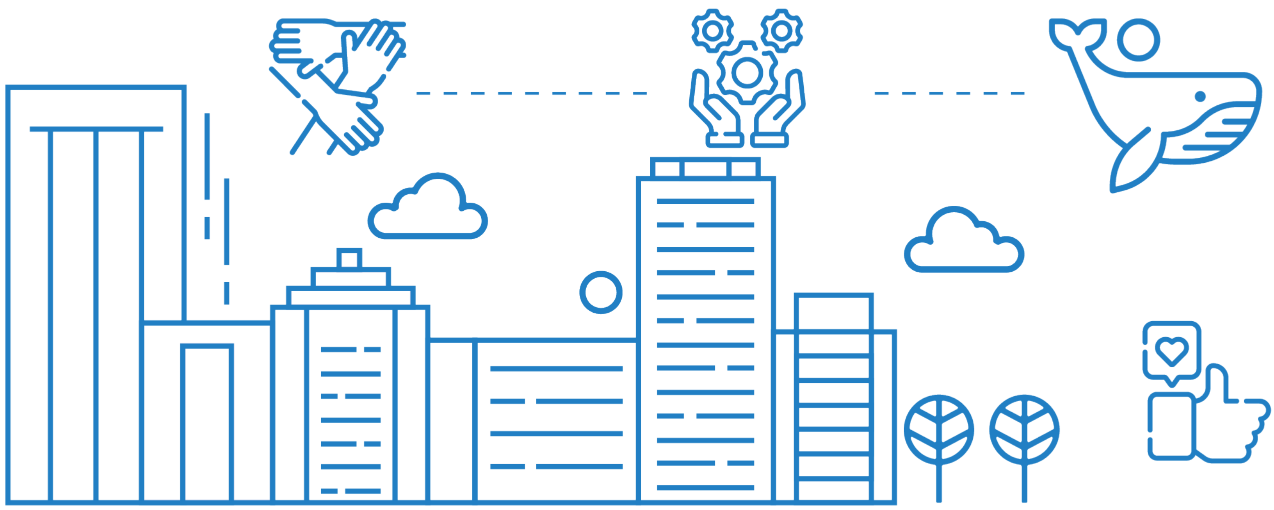
As a member of enterprises and the society, ESMT pursues operational performance and creates economic value while wishing to using its power to “better the society”, a corporate social responsibility goal it has set for itself. ESMT has been caring for the underprivileged groups and engaging in charitable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

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. Except signing an industry-academia collaboration contract with Chang Gung University, ESMT provides scholarships and opportunities of internship, to cultivate talent of its own, thereby aiding industry development. Together with the university, ESMT encourages students to take part in the memory industry, deepens 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. ESMT has joined the Electric Resource Industry-Academia Alliance of National Yang Ming Chiao Tung University to promote research and development collaborations between the company and the university.

The Company also launches its campus campaign at the same time in that it held the similar, namely, “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.

Starting from 2023, ESMT has expanded the headcounts of summer interns during the summer vacation by recruiting eight interns, and arranged them to various department to learn and develop their professional skills. The HR Department even arranged the colleagues from departments related to the IC manufacturing process every week, to explain the role and focus of the IC design industry, so that interns from various schools can learn the professional knowledge and skills, and train them to become future professionals, while helping them plan their careers.



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.

On December 28, 2023, the Board of Directors of ESMT approved a donation of NT$1 million in cash to sponsor the public welfare projects of the "ESMT Education Foundation." In the future, continuous donations will be made if necessary, to achieve the sustainable operation and fulfill the corporate social responsibility .

In addition, for a long time, ESMT also cooperates and supports 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.

In 2022, the ESMT Educational Foundation officially became a national legal entity under the Ministry of Education. The scope of sponsorship has expanded to various locations nationwide, focusing on diverse learning programs to assist remote schools, school dropouts, individuals with disabilities, and children in need of special care to participate in various learning activities.

Stated below is the 2023 execution plan of ESMT Educational Foundation:

(1) Sponsorship for the 2024 Youth Invention Exhibition by the Taiwan Creative Development Association.
(2) Sponsorship of the Chengzhi Education Foundation.
(3) Sponsorship of the Taiwan Vox Nativa Association.
(4) Sponsorship for improvement of equipment, clubs, and curriculum in remote schools.
(5) Sponsorship for the subsidy of science education promotion and fellowships to college, graduate school and doctoral students
(6) Sponsorship for Wheelchair Dream Park: (I). Badminton practice program for physically and mentally challenged; (II) life education for sports park of physically and mentally challenged:
(7) Sponsorship for the Hsinchu Boxing Association.
(8) Sponsorship for HsinChu Municipal Wind Orchestra - Music Residency Program
(9) Sponsorship for handicraft courses of lifelong learning program by the Hsinchu City Saint Joseph Social Welfare Foundation.
(10) ESMT’s train for learning and growth- subsidiy for programming education promotion to junior high schools and elementary schools.
(11) ESMT’s train for learning and growth- subsidy of special education by emotional support dogs to junior high schools and elementary schools.
(12) Sponsored the learning course programs offered by the Dexin Girls’ Home.

Description of the 2023 execution plan of ESMT Educational Foundation

I. Sponsorship for the expenses for execution of the 2024 Youth Invention Exhibition by the Taiwan Creative Development Association.

Funding Amounts: NT$1,000,000

Implementation methods and descriptions:

The International Youth Invention Exhibition is hosted by Taiwan in 2024. It is expected 20 countries to participate with 300 inventions submitted. The target participants are students currently enrolled in elementary, junior high, and high school and vocational schools, and aged 6-19. The event kicked off in 2023. In addition to the various administrative tasks and arrangements for the international exhibition, it was also necessary to go through the preliminary review and secondary review for the students from elementary, junior high, high school and vocational schools in Taiwan to select the team of Taiwanese representative to participate in the international invention exhibition.

Implementation benefits:

1. Provide an R&D exchange and exchange platform for international teenagers, to cultivate and encourage the spirit of invention and innovation of teenagers from various countries.
2. The youths in member states are offered with opportunities to demonstrate their creativity, and exchange ideas with other countries to develop an international perspective.
3. Number of beneficiaries: about more than 1,000 people.

II. Sponsored Chengzhi Education Foundation's nationwide project for empowering interdisciplinary teachers in public and private schools in social and natural sciences.

Funding Amounts: NT$1,000,000

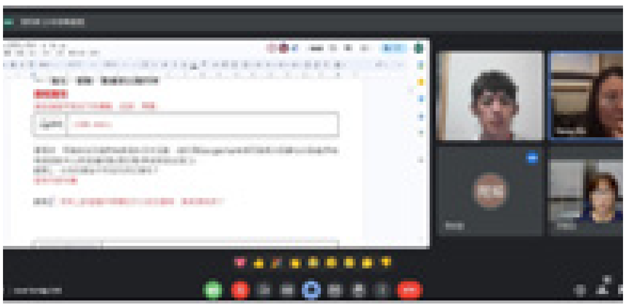
Implementation methods and descriptions:

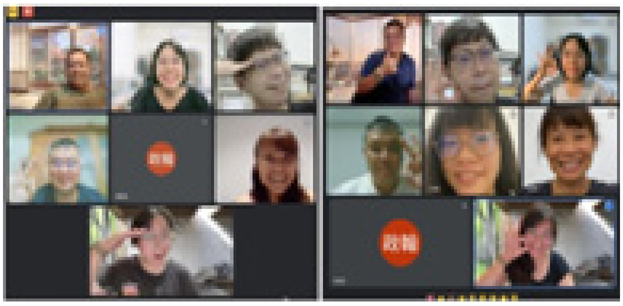
This is a three-year plan (second year) for fields of social and nature curriculums in junior high schools, aiming to jointly develop KIST x Sharestart lecture notes and digital teaching materials, and provide them to students and teachers in schools of remote townships, for the continuous development of overall support system of KISt and the teacher training required for the introduction of teaching materials. The project is implemented in 9 PPP schools across the country under the Foundation.

This year, we continued to prepare Sharestart lecture notes and supplementary videos for social and nature subjects, upload them to the teaching resource sharing platform, to be used for training workshops, and provide them for school teachers to download free-of-charge.

Implementation benefits:

1. By combining multiple positive forces, we not only increase the teaching expertise and reduce the burden of lesson preparation for teachers in remote townships, but also enhance students' learning motivation and effectiveness. We work together to provide students with a diverse and high-quality education, and create a fair stage for students to develop their talents.
2. This year, we continue to prepare and optimize teaching materials, upload them to the sharing platform for download and use by teachers from nine schools in the KIST Alliance and other schools free-of-charge.
3. Number of beneficiaries: More than 800 teachers and students benefited.





III. Sponsorship for Taiwan Vox Nativa Association

Funding Amounts: NT$400,000

Implementation methods and descriptions:

Expenses are provided for homework guidance to indigenous children and youth, music teaching and performances of choir and percussion bands, and school guidance.

Implementation benefits:

1. The practice and performance of the choir will expand the students' vision and enhance their self-confidence. Through academic support and extracurricular teaching, students are able to maintain their progress in regular curriculum while pursuing chorus.
2. Number of beneficiaries: about 200 students; about 1,000 people in the touring performances.

IV. Expenses for execution of improving equipment in rural schools and club activities:

Funding Amounts: NT$1,116,800

Implementation methods and descriptions:

The sponsorships are evaluated in the form of school proposals, to assist rural schools in improving the campus environment, learning equipment, or provide subsidies for club courses, to create a good learning environment for students.

Schools sponsored this year include: Changbin Elementary School in Taitung County; Chashan Elementary School in Chiayi County; Niaoyu Elementary School in Penghu County; Peking Waldorf Experimental School in Hsinchu County; Tiannan Elementary School in Liuqiu Township; Sanming Elementary School in Hualien County; Dongguang Elementary School in Hsinchu County; Pinglin Junior High School in New Taipei City, Zhicheng Elementary

School in Nantou County, Chaohai Waldorf Experimental Education Institution in Hsinchu County, Klapay Ethnic Elementary School (Hsinchu Jianshi Elementary School) in Hsinchu County, and Lijia Campus of Tabang Elementary School in Chiayi County. All of them are in remote townships/non-mountains or non-cities, for a total of 12 schools.

Implementation benefits:

1. Enhance the learning environment and teaching quality through the improvement of teaching equipment and club courses. The diversified club learning courses bring resources to the rural schools, broaden the visions of students, and enhance their abilities, talents, and self-confidence.
2. Number of beneficiaries: 12 elementary and junior high schools in total, with a total of about 2260 beneficiaries.






V. Expenses for assistive execution of science education promotion and fellowships to college, graduate school and doctoral students

Funding Amounts: NT$400,000

Implementation methods and descriptions:

Support the fellowships to the doctoral students of the Institute of Physics, National Tsing Hua University.

Implementation benefits:

1. Inspire students' interest in science, provide independent research resources to students with potential, and thereby promote the cutting-edge technology, improve the quality of science education, and lay the foundation for future science and technology talents.
2. Reduce the financial burden of students for them to focus on long-term study and research, and encourage outstanding college/ graduate school students to study for doctoral programs.
3. Number of beneficiaries: about 60 people.

VI. Sponsorship for Wheelchair Dream Park: 1. Badminton practice program for physically and mentally challenged; 2. expenses for execution of life education for sports park of physically and mentally challenged

Funding Amounts: NT$500,000

Implementation methods and descriptions:

1. Subsidies for promoting sports of physically and mentally challenged, and supporting physically and mentally challenged athletes.
2. Hold international wheelchair badminton games, to promote the international exchanges.
3. Conducted the life education in Gongliao Junior High School, Jialin Junior High School, and Tucheng Junior High School in New Taipei City, to introduced various sports for the physically

and mentally challenged, demonstrated by the physically challenged, and experienced the same by students.

Implementation benefits:

1. Through the promotion of sports for physically and mentally challenged, diverse forms of sports are created, and the opportunities for physically and mentally challenged to participate in sports are expanded. Holding international games is to strengthen the athletes' experience and goal of existence.
2. Introduce sports of physically and mentally challenged into life education of campus, so that students can see how physically and mentally challenged engage in various sports, and have the student to experience the courage to actively overcome difficulties in the face of setbacks through practical operations.
3. Number of beneficiaries: about 3,750 people.

VII. Sponsorship for Hsinchu Boxing Association

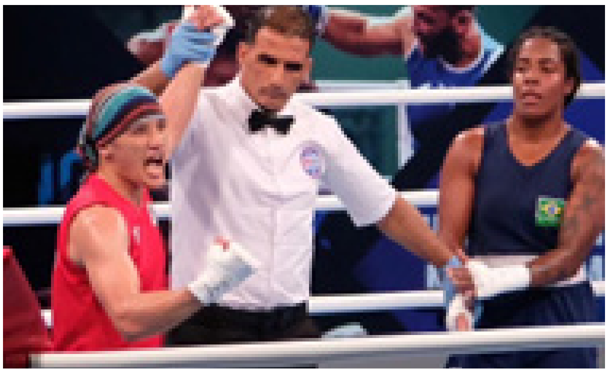
Funding Amounts: NT$400,000

Implementation methods and descriptions:

Provide expense supports to assist the teachers of the association to arrange studies, academic guidance, and participation in various competitions for the students.

Implementation benefits:

1. Tutored students so that they can pursue further education with what they have learned. Continue to cultivate the new generation athletes of boxers in the national team and seed boxing teachers.
2. In the 2023 National High School Sports Games, they won five golds, two silvers, and one bronze, the first place in the senior high school female team and rhw second place in the senior high school male team. In the 2023 National College Sports Games, they won three golds, three silvers, and three bronzes, fourth place in the senior high school female team and the third place in the senior high school male team. In the 2023 National Sports Games, they won three golds and four bronzes. In the IBA Morocco Gold Belt Series, Chen, Nian-Qin won the first place, and Huang Yu-Ting won the third place. In the Hangzhou Asian Games, Chen, Nian-Qin won the third place; In the World Men's Boxing Championships, Du, Bo-Wei won the fifth place.
3. Number of beneficiaries: About 30 students from Wufeng Junior High School, Chengde senior High School and Chien Hua Junior High School.



VIII. Sponsored the execution expenses of HsinChu Municipal Wind Orchestra - 2022 Music Residency Program

Funding Amounts: NT$400,000

Implementation methods and descriptions:

1. Support the orchestra to continuously organize mid and large-scale music performances in various regions, and to tour the campuses of rural elementary and junior high schools. In 2023, the orchestra organized a charity tour at Qiaotou Elementary School, Zhendong Elementary School, and Huwei Elementary School in Yunlin County; and organized music and drama summer camps at Jianshan Elementary School in Miaoli County.
2. For schools lacking of music resources, and young people needs more care, such as the saxophone orchestra of Cheng-Ching Middle School, we introduced the musical instrument courses by providing teachers and instruments, helped them to form music clubs, and provided performance opportunities.

Implementation benefits:

1. By staging music performance in public, HsinChu Municipal Wind Orchestra brought people and students 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.
3. Number of beneficiaries: Around 100 students participated in campus tours and instrument courses; around 5,000 people participated in large-scale music performances.

IX. Sponsorship for the expenses of handicraft courses under the lifelong learning program by the Hsinchu City Catholic Saint Joseph Social Welfare Foundation.

Funding Amounts: NT$300,000

Implementation methods and descriptions:

Providing handicraft, baking, and gardening courses for individuals with physical and mental disabilities to learn continuously, allowing them to acquire skills and a sense of accomplishment through learning. Arrange more than 20 hours of operation and learning per week to build students' capabilities.

Implementation benefits:

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.
4. Number of beneficiaries: about 20 people

X. ESMT’s train for learning and growth: expenses for assistive execution of programming education promotion to junior high

Funding Amounts: NT$400,000

Implementation methods and descriptions:

Cooperated with the Coding for Taiwan Association to provide teachers to Wumei Elementary School, Fengshu Elementary School, Sanwan Elementary School, Jushing Elementary School, and Chenggong Elementary School, mainly the schools in Miaoli, to give education on programming. Allow students to learn the operation of the latest version of the Scratch program, aligning with the world without charge.

Implementation benefits:

1. Cultivate students' innovative thinking and self-learning ability; discover students with programming and creative expression talents and an interest in learning programming; enrich and develop programming teachers in schools.
2. Number of beneficiaries: 360 students from Wumei Elementary School; 264 students from Wumei Elementary School at Fengshu Campus; 336 students from Chenggong Elementary School; 324 students from Sanwan Elementary School; and 384 students from Jushing Elementary School.

XI. ESMT’s train for learning and growth: expenses for assistive execution of special education by emotional support dogs to junior high schools and elementary schools

Funding Amounts: NT$400,000

Implementation methods and descriptions:

Sponsored by ESMT Educational Foundation, this program provides emotional support dog therapy and interpersonal growth courses for students of special education/resource classes in Jiaoxi Elementary School and Yuanshan Elementary School. A professional team with emotional support dogs collaborates with school teachers to facilitate positive interactions and foster companionship and friendship among students with special education needs. This program aims to relieve negative emotions and stress, enhance self-awareness and understanding of others' needs, improve expression methods, and rebuild positive interpersonal relationships.

Implementation benefits:

1. Enhanced emotional understanding and awareness among students with special education needs, providing a safe environment for emotional expression and promoting integration into the school community. This program facilitates communication and mutual support among peers and teachers, fostering trust in the environment and improving interpersonal skills.
2. Through their involvement and efforts with the emotional support dogs, students with special education needs gain self-affirmation. They learn through practical experiences and participation in planning and execution, gaining a deeper understanding of the true meaning of service and self-discovery through helping others.
3. Number of beneficiaries: total 216 people from Jiaoxi Elementary School and Yuanshan Elementary School.

XII. Sponsored the expenses for the learning courses in the Dexin Girls' Home

Funding Amounts: NT$250,000

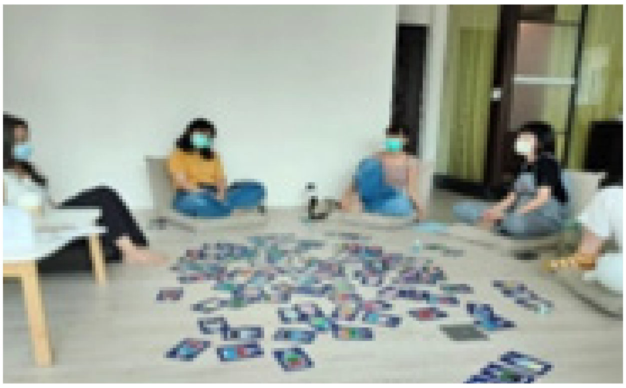
Implementation methods and descriptions:

Assist the relevant personnel in the following courses:

1. Girls in the garden: courses related to helping newcomer adapt to life and courses exploring gender awareness.
2. Counselors:
   Become a more complete self - self-care training;
   Resilience x right orientation x independent living training course education and training on self-reliance;
   Seeing needs behind problems - case study and discussion;
   Sexual self-exploration and integration - sexuality education and training course.

Implementation benefits:

1. Group courses on independence and self-healing are used to help newcomers to adapt to life, while through the gender awareness courses to strengthen the exploration of the body for the girls in the garden.
2. The education and training for counselors enables them to innovate and develop counseling methods more suitable for abused girls, and to recharge themselves, to adjust their emotional states at the same time.
3. Number of beneficiaries: about 90 people in the course of girls in the garden; about 150 people in the counselor's course.



Activities initiated by the Company's employees in 2023

I. ESMT’ s employees bought mooncake gift box from "Chiayi County Friends of Mental Health Association"

Before the Mid-autumn Festival, ESMT’ s employees of voluntarily bought the mooncake gift box sold by the Chiayi County Friends of Mental Health Association for charity. Meanwhile, ESMT employees donated the purchased mooncake gift boxes to the shelter for dependent girls, underprivileged families, and living-alone elders, so that everyone can celebrate the joyful Mid-autumn festival.

II. ESMT employees participated in the purchase of "Saint Joseph Social Welfare Foundation" printed "2024 Heartful Joy Annual Calendar Notebook" for charity and donated them to multiple underprivileged groups.

Saint Joseph Social Welfare Foundation published the “2024 Heartful Joy Annual Calendar Notebook” to raise funds 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 families, reproducing one serving of love into two servings of warmth to benefit more groups, so that the warmth of writing can be widely shared.


III. Employees of ESMT purchased the goods from the "Hsinchu Branch Association of Victims Support (AVS)".

Elite Semiconductor Microelectronics Tech Inc specifically invited the Newborns from Hsinchu Taiwan Branch of Association of Victims Support to join in the Christmas market and set up stalls. The association mainly assists the direct victims or their bereaved families from others' crimes (e.g. murder, abuse, sexual abuse), to solve their plight, heal their injuries and pain, and rebuild their lives. These victims and their families are known as the "Newborns." They have experienced great pain. When they are helpless, they learn skills and regain the courage to face the future with the association's company and assistance.

The employees actively purchased many small Christmas items, leather accessories, and snacks on site to give the Newborns the most direct warmth, support and encouragement.

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. 06

06 Appendix

GRI Standards Content Index

Use of GRI 1: Basics 2021

Applicable GRI Industry Standards: Not applicable

GRI 2: General Disclosures 2021

No. of Disclosure Item	Title of Disclosure Item	Report content or description	Page
Organization and Reporting Practices			
2-1	Organization Details	About this report	6
2-2	Entities included in the organization's sustainability reports		
2-3	Reporting period, frequency, and contacts		
2-4	Restatements of information		
2-5	External assurance		
Events and Workers			
2-6	Activities, value chain, and other business relationships	2.2 Supplier Management and Evaluation	53~57
2-7	Employee	4.1 Excellent team	82~83
2-8	Workers who are not employees		
Governance			
2-9	Governance structure and composition	1.1 Management	24~27
2-10	Nomination and selection of the highest governance body		
2-11	Chairperson of the highest governance body		
2-12	The role of the highest governance body in overseeing the impact management	Please refer to the Corporate Governance (Board of Directors and Committees) Operations in the Annual Report	7~36
2-13	Person in charge of impact management		
2-14	The role of the highest governance body in sustainability reporting	About this report	6
2-15	Conflicts of interest	Please refer to the Corporate Governance (Board of Directors and Committees) Operations in the Annual Report	7~36
2-16	Communicating key material events	Materiality analysis and stakeholder engagement	17
2-17	The group intelligence of the highest governance body	1.1 Management	24~27
2-18	The performance evaluation of the highest governance body	Please refer to the information in the annual report (Performance Evaluation of Directors and Managerial Officers and Distribution of Remunerations)	7~36
2-19	Remuneration policy	4.3 Salary and welfare	86~93
2-20	Remuneration decision process	4.3 Salary and welfare	86~93
2-21	Ratio to the total annual remuneration	Please refer to the information in the annual report (Performance Evaluation of Directors and Managerial Officers and Distribution of Remunerations)	7~36

GRI 2: General Disclosures 2021

No. of Disclosure Item	Title of Disclosure Item	Report content or description	Page
Strategies, policies and practices			
2-22	Statement of sustainable development strategy	1.4 Risk and management	35~36
2-23	Policy commitments	1.3 Ethics and legal compliance	34~35
2-24	Incorporation of policy commitments	Please refer to the appendix	125~127
2-25	Procedures for remediating negative impacts	Please refer to the Company's official website: Regulations for reporting of unethical conduct or misconduct https://www.esmt.com.tw/zh-tw/Investor/Corporate-Governance	
2-26	Mechanisms for seeking advice and raising concerns		
2-27	Legal Compliance	1.3 Ethics and legal compliance	34~35
2-28	Membership of associations	Association Membership	14
Stakeholder engagement			
2-29	Guidance of stakeholder engagement	Materiality analysis and stakeholder engagement	17
2-30	Collective bargaining agreements	The Company did not have a union.	

GRI 3: Material Topics 2021

No. of Disclosure Item	Title of Disclosure Item	Report content or description	Page
3-1	Process to determine material topics	Materiality analysis and stakeholder engagement	17
3-2	List of material topics		
3-3	Management of material topics		

No. of Disclosure Item	Title of Disclosure Item	Report content or description	Page
GRI 201 Economic Performance			
201-1	Organization Details	1.2 Operational performance (Dividend distribution in recent years)	27~33
201-2	Financial implications and other risks and opportunities due to climate change	3.2 Response to climate change	65~68
201-3	Defined benefit plan obligations and other retirement plans	4.3 Salary and welfare	86~93
GRI 204 Procurement Practices			
204-1	Proportion of spending on local suppliers	2.2 Supplier Management and Evaluation	53~57
GRI 205 Anti-Corruption			
205-2	Communication and training about anti-corruption policies and procedures	1.3 Ethics and legal compliance	34~35
GRI 305 Emissions			
305-1	Direct (Scope 1) GHG emissions	3.4 GHG Inventory Management	70~72
305-2	Energy indirect (Scope 2) GHG emissions	3.4 GHG Inventory Management	70~72
305-4	Intensity of GHG emissions	3.4 GHG Inventory Management	70~72
305-5	Reduction of GHG emissions	3.4 GHG Inventory Management	70~72
GRI 308 Supplier Environmental Assessment			
308-1	New suppliers that were screened using environmental criteria	2.2 Supplier Management and Evaluation	53~57
308-2	Negative impacts from the supply chain on the environment and actions taken	2.2 Supplier Management and Evaluation	53~57
GRI 401 Employment Relation			
401-2	Benefits provided to full-time employees (excluding the temporary or part-time employees)	4.3 Salary and welfare	86~93
GRI 403 Occupational Health and Safety			
403-1	Occupational Safety and Health management system	4.3 Salary and welfare	86~93
403-2	Hazard identification, risk assessment, and incident investigation	4.3 Salary and welfare	86~93
403-3	Occupational health services	4.3 Salary and welfare	86~93

GRI 3: Material Topics 2021

No. of Disclosure Item	Title of Disclosure Item	Report content or description	Page
GRI 403 Occupational Health and Safety			
403-4	Worker participation, consultation, and communication on occupational health and safety	4.3 Salary and welfare	86~93
403-5	Worker training on occupational health and safety	4.5 Safety Workplace	94~97
403-6	Promotion of worker health	4.3 Salary and welfare	86~93
GRI 412 Human Rights Assessment			
412-1	The organization's commitment to human rights	4. Friendly workplace	80~97
412-3	The organization's human rights performance	1.3 Ethics and legal compliance	34~35
GRI 414 Supplier Social Assessment			
414-1	New suppliers are screened by using social criteria	2.2 Supplier Management and Evaluation	53~57
414-2	Negative social impacts in the supply chain and actions taken	2.2 Supplier Management and Evaluation	53~57

Sustainability Accounting Standards Board (SASB) Index (SEMICONDUCTORS)

Theme/Code	Disclosure Indicator	Nature/Unit	Summary of Content	Referenced Chapter/ Page Number
Greenhouse Gas Emissions				
TC-SC-110a.1	Scope 1 Greenhouse Gas Emissions	Quantitative/ (t) CO_2-e	Total greenhouse gas emissions in 2022: 3636.05 metric tons CO2e	3.4 GHG Inventory Management P70~72
			Scope 1 direct greenhouse gas emissions: 44.53 metric tons CO2e	
	Perfluorinated Compounds (PFCs) Usage		Perfluorinated greenhouse gas emissions: 0 metric tons CO2e	
TC-SC-110a.2	Scope 1 Greenhouse Gas Emissions, Reduction Targets, and Short-term/Long-term Strategies or Management Plans	Qualitative Explanation/ -	Scope 1 emissions are mainly generated from refrigerant leakage (refill) and the use of government vehicles. To reduce these emissions, regular maintenance of refrigerant equipment and government vehicles is conducted to ensure their high operational efficiency. Additionally, efforts are made to procure machinery and equipment with improved energy efficiency. Measures such as carpooling for government vehicles are implemented.	3.1 Environmental protection policy 3.4 GHG Inventory Management P64~65,p70~72
Energy Management in Manufacturing				
TC-SC-130a.1	Total Energy Consumption	Quantitative/ (GJ, %)	Total Energy Consumption: 25,439 GJ	3.3 Energy Management P69~70
			Energy Consumption from Electricity: 25,402 GJ	
	Percentage of Purchased Electricity		Percentage of Purchased Electricity: 99.9%	
	Percentage of Renewable Energy		Percentage of Renewable Energy: 0%	
Water management				
TC-SC-140a.1	Total Water Intake	Quantitative/ (m3, %)	Total Water Intake: 17,820 cubic meters, none of which are classified as areas of high water risk.	3.5 Water Resource Management P73~74
	Total Water Consumption			
	Stressed/High Water Stress Areas		Percentage of Purchased Electricity: 99.9%	

Sustainability Accounting Standards Board (SASB) Index (SEMICONDUCTORS)

Theme/Code	Disclosure Indicator	Nature/Unit	Summary of Content	Referenced Chapter/ Page Number
Waste management				
TC-SC-150a.1	Total Quantity of Hazardous Process Waste and its Recycling Percentage	Quantitative/(%)	As an IC design company, ESMT is not involved in the manufacturing process. We are primarily responsible for IC design and sales, while the production is outsourced to professional wafer foundries and assembly testing providers. Therefore, this indicator is not applicable.	3.6 Waste Management P74~75
Workforce Health and Safety				
TC-SC-320a.1	Description of Health Risk Assessment, Monitoring Plans, and Exposure Assessment Measures for Employees	Qualitative Explanation/-	Regular annual monitoring of the workplace environment Periodic inspections for occupational health and safety	4.5 Safety Workplace P94~97
TC-SC-320a.2	Loss Amount from Violations of Employee Health and Safety Related Laws	Quantitative/NTD (New Taiwan Dollars)	0	4.5 Safety Workplace 1.9 Litigation and Compensation P94~97,P47
Recruting & Managing a Global & Skilled Workforce				
TC-SC-330a.1	Percentage of Foreign Employees Percentage of Overseas Employees	Quantitative/(%)	0% Percentage of Overseas Assigned Employees0.9%	4.1 Excellent Team P82~83
Product Lifecycle Management				
TC-SC-410a.1	Revenue Share of Entities Subject to IEC 62474 Standard Declaration	Quantitative/(%)	Not applicable	
TC-SC-410a.2	Processor's Overall System Stage Energy Efficiency, including (1) Servers (2) Desktop Computers (3) Laptop Computers	Quantitative/(per category)	Not applicable	
Materials Sourcing				
TC-SC-440a.1	Description of Risk Management of Critical Raw Material Usage	Qualitative Explanation/-	ESMT strives to fulfill its corporate social responsibility by committing to meet the requirements of RoHS and SONY GP, ensuring that its products do not contain minerals extracted from illegal smelters in conflict mineral high-risk areas.	2.4 Risk Management of Critical Raw Material Usage P59~61
Intellectual Property Protection and Competitive Behaviour				
TC-SC-520a.1	Loss Amount from Lawsuits Related to Anticompetitive Practices	Quantitative/NTD (New Taiwan Dollars)	In 2022, there were no litigation events and no situations that resulted in any litigation compensation.	1.9 Litigation and Compensation P47

Sustainability Accounting Standards Board (SASB) Index (SEMICONDUCTORS)

Intellectual Property Protection and Competition Practices				
TC-SC-000.A	Total Production Volume	Quantitative/(As per company's definition)	ESMT's products are manufactured by wafer foundries through outsourcing for the production, packaging, and testing processes. There are no production capacity constraints. The specific value for this item is disclosed in ESMT's annual report.	1.9 Litigation and Compensation P47
TC-SC-000.B	Percentage of Products Produced with Own Equipment	Quantitative/(%)	Not applicable ESMT's production is outsourced to wafer foundries and packaging testing facilities for packaging and testing operations. We do not have our own production capacity.	

Sustainability Disclosure Indicators - Semiconductor Industry

No	Indicators	Type of indicators	Status of annual disclosure	Unit
I	Total energy consumption, percentage of purchased power, and utilization rate of renewable energy	Quantification	Referring to SASB Indicator Comparison Table TC-SC-130a.1	Gigajoules (GJ), percentage (%)
II	Total water intake and total water consumption	Quantification	Referring to SASB Indicator Comparison Table TC-SC-140a.1	Thousand cubic meters (m3)
III	Weight of hazardous waste generated and percentage of the recycled	Quantification	Referring to SASB Indicator Comparison Table TC-SC-150a.1	Ton (t), percentage (%)
IV	Describe the type, number of people, and ratio of occupational accidents	Quantification	Referring to Section 4.5 Safe Workplace	Percentage (%), quantity
V	Disclosure of product life cycle management: including the weight of scrapped products and electronic waste, and the percentage of the recycled thereof	Quantification	Referring to Section 3.6 Waste Management	Ton (t), percentage (%)
VI	Description of risk management related to the use of critical materials	Qualitative description	Referring to SASB Indicator Comparison Table TC-SC-440a.1	Not applicable
VII	Total monetary losses resulting from legal proceedings related to the anticompetitive practices ordinance	Quantification	Referring to SASB Indicator Comparison Table TC-SC-520a.1	Reporting currency
VIII	Description of production volume of major products by product category	Quantification	Referring to SASB Indicator Comparison Table TC-SC-000.A	Thousand pieces

Note 1: VIII. The major product in terms of output volume by product category is chips

Task Force in Climate-Related Financial Disclosures (TCFD) Disclosure Index

Aspect	TCFD Recommended Disclosure Item	Corresponding Sections in this Report	Page
Governance	- How the Board of Directors oversees climate-related issues. - How the management evaluates and manages climate-related issues.	- The Corporate Sustainability Committee and organizational structure.	P14~15
		- 1.4 Risk and Management	P35~36
		- 3.2 Response to Climate Change	P65~68

Aspect	TCFD Recommended Disclosure Item	Corresponding Sections in this Report	Page
Strategy	- Short, medium, and long-term risks and opportunities identified by the company. - The impact of climate-related issues on the company's business model, strategy, and financial planning. - Scenario analysis, including scenarios based on a 2°C or more stringent climate scenario.	- 1.4 Risk and Management	P35~36
		- 3.2 Response to Climate Change	P65~68
Risk Management	- The process of identifying and assessing climate-related risks. - The process of managing climate-related risks. - Explanation of how the above-mentioned processes for identifying and managing risks are integrated into the company's overall risk management system.	- Sustainability Vision and Commitment	P16~17
		- 1.4 Risk and Management	P35~36
		- 3.2 Response to Climate Change	P65~68
Indicators and Goals	- Assess whether the indicators are aligned with the company's strategy and risk management. - Disclose greenhouse gas emissions and related risks in Scope 1, Scope 2, and Scope 3 (if applicable). - Management objectives and related performance.	- 3.1 Environmental protection policy	P64~65
		- 3.4 GHG Inventory Management	P70~72

Information security policy

晶豪科技股份有限公司

資訊安全政策

- 晶豪科技持續強化資訊安全以保障客戶、股東、員工及供應商之權益。
- 晶豪科技為確保資訊安全之機密性、完整性及可用性，並持續加強防禦能力以降低資料外洩及不當使用之風險。
- 晶豪科技持續對同仁宣導及教育訓練資訊安全之相關知識，以期達到「資訊安全、人人有責」之觀念。

董事長 陳興海

ESMT 晶豪科技

Human rights policy

晶豪科技股份有限公司

人 權 政 策

晶豪科技將遵循國家之《勞動基準法》及《國際勞工組織－工作基本原則與權利宣言》、《聯合國全球盟約十項原則》與《責任商業聯盟行為準則》等國際公認之人權公約標準，確保員工皆受到尊重、有安全的工作環境、落實環境保護與遵守道德規範。

晶豪科技制訂下列執行方針，並同時要求晶豪科技的供應商共同遵守以實踐晶豪科技的人權政策。

執行方針：

1. 重視員工權益及人權，包含不脅迫、不強制員工從事非自願性的勞動行為與杜絕任何歧視。
2. 持續提升員工之健康及安全的工作環境，營造友善職場，使員工達到工作與生活之平衡。
3. 排除生產過程中對環境和自然資源之不利影響，保護公眾健康與安全。
4. 要求所有員工及供應商以高規格之誠信標準，嚴守從業道德之規範。
5. 遵守母性保護規定與禁用童工。

董事長 陳興海

ESMT 晶豪科技

Environmental policy

Environment Policy

晶豪科技為提供設計與研發半導體產品之IC設計公司，本公司秉持對環境保護的理念，追求企業永續經營，為達成此目標，本公司承諾：

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

- **遵守環保法規要求，善盡社會責任。**
  Comply with all environmental regulations and corporate social responsibility .
- **致力綠色產品設計，減少環境衝擊。**
  Devote to green product design to reduce the impact on environment .
- **持續減廢加強節能，強化污染預防。**
  Continue to minimize waste and conserve energy as well as make efforts to prevent pollution.
- **定期審查環保績效，確保持續改善。**
  Review the performance on environmental protection regularly to ensure continual improvement.
- **落實環保教育訓練，提昇員工認知。**
  Practice environmental protection education to raise employees awareness.
- **與供應商持續溝通，推展環保理念。**
  Communicate with subcontractors continuously to promote our concept of environmental protection.

以上政策對全體員工及社會大眾公開，共同保護環境。

We openly announce the above policy of environmental protection for attention of our employees and the public.

陳興海

董事長

ESMT 晶豪科技

Safety and Health Policy

晶豪科技安全衛生政策
ESMT Safety and Health Policy

本公司關注安全衛生議題，遵循國內外安全衛生相關法規與標準，並執行安全衛生管控措施.

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

建構一個安全衛生的工作環境，促進員工與承攬商的安全及身心健康，共同追求永續未來。

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

董事長/CEO： 陳興海

ESMT ESMT Confidential

Page 1

Conflict minerals policy

晶豪科技股份有限公司

衝 突 礦 產 政 策

在剛果民主共和國及其周圍國家和地區境內的錫石、黑鎢、鈳鉭鐵礦和黃金等稀有金屬開採已造成嚴重的人權與環境問題。
為因應國際人權發展，善盡企業社會責任，晶豪科技承諾：

1. 參照責任商業聯盟行為準則 (Responsible Business Alliance Code of Conduct，RBA CoC)，承諾致力於支持負責任採購衝突礦產（金(Au)，錫(Sn)，鉭(Ta)，鎢(W)，鈷(Co)），不使用來自剛果民主共和國地區和其他受衝突影響或高風險地區的非法冶煉廠所提煉之上述金屬。

2. 依據責任商業聯盟(RBA)行為準則調查衝突金屬，要求外包商及供應商提供產品中所含金(Au)，錫(Sn)，鉭(Ta)，鎢(W)，鈷(Co) 的來源，並揭露其冶煉廠資訊。同時須確認外包商及供應商資料的正確性。

3. 清楚傳達給外包商及供應商應遵循此負責任採購礦物之要求，以滿足負責礦產保證流程 (Responsible Minerals Assurance Process, RMAP)的目標。

董事長 陳興海

ESMT 晶豪科技