

Securities code 3016

# **Episil-Precision Inc.**

## **2023 Sustainability Report**



# Contents

## -EPi 2023 Sustainability Report-

3

About this Report

5

Message from  
Executives

6

Chapter 1  
Sustainable Management

33

Chapter 2  
Corporate Governance

70

Chapter 3  
Environmental  
Sustainability

95

Chapter 4  
Product Innovation  
and Information Security  
Management

107

Chapter 5  
Social Care

133

Appendix

134

GRI Standards Index

## About this Report

This report is prepared by Episil-Precision Inc. (stock code 3016, hereinafter referred to as "EPi" and "the Company"), Comply with the reporting standards issued by the Global Reporting Initiative (GRI) and the "Operation Methods for the Preparation and Submission of Sustainability Reports of Listed Companies" issued by the Taiwan Stock Exchange. Feeling that its sustainable responsibilities and missions to shareholders, employees and related stakeholders are increasing day by day, EPi has always adhered to the principles of sincerity, transparency and openness, and sustainable development to achieve sustainable development of the economy, environment and society in 2023, the overall situation is explained to various stakeholders through this report.

This report will disclose in detail the efforts we have made in terms of company profile, sustainable governance, environmental sustainability, product innovation and supply chain management, employee care and social welfare, etc., to implement our commitment to sustainable development.

For information such as financial analysis and operating overview, please refer to the 2023 annual report. All financial information refers to financial reports that have been verified and certified by accountants. You can go to the "Investment Relations" of EPi's website to query relevant information.

## Report period

This report discloses economic, environmental and social performance data for 2023 (January 1 to December 31, 2023). For the completeness and comparability of the information, some performance data are traced back to December 31, 2021, date and earlier.

## Scope and Boundaries of the Report

The boundary of this report is Episil-Precision Inc., and its operating areas are Taiwan EM1, EM2, and EM3. The disclosure scope accounts for 99.16% of EPi's consolidated net income.

## Compilation principles

Follow the 2021 version of the GRI Sustainability Reporting Standards issued by the Global Reporting Initiatives (GRI) and the "Operation Methods for the Preparation and Submission of Sustainability Reports by Listed Companies" issued by the Taiwan Stock Exchange, the disclosure report EPi's operating strategy, investment and performance in sustainable development.

## Information Computing Basics

All information and statistical data in this report come from the results of statistical surveys and compilations conducted by relevant responsible departments. Some financial figures in the operating performance chapter are quoted from financial statements certified by accountants. All financial figures in the report are expressed in New Taiwan dollars. The collection, measurement and calculation methods of data information are mainly based on compliance with international regulations or local regulations. If there are no special provisions in regulations, international standards shall prevail, such as If no international standards are applicable, refer to industry standards or industry practices.

## Report management method

The heads of each unit will review the content and information accuracy of each chapter, and it will be released after approval by the chairman of the ESG Steering committee.

Publish information	Follow standards	Certification/Certification agency
financial data	annual financial report	Zicheng United Accounting Firm (PwC Taiwan)
Greenhouse gas emissions data	ISO 14064-1 and Current regulations of the Ministry of Environment on greenhouse gases	BSI Group Singapore Pte. Ltd. Taiwan Branch.

## Issued

Sustainability reports are issued regularly every year and are available for browsing and downloading on the EPI website.

Release date: August 2024

Next release date: August 2025

## Contact unit for this report

If you have any questions about this report, please contact us through the following methods.

Address: No. 10, Duxing 1st Road, Hsinchu Science Park

Tel: (03) 563-2255

Fax: (03) 563-7017

E-mail: [epi.esg@epi.episil.com](mailto:epi.esg@epi.episil.com)

Company website: <https://www.epi.episil.com/>

## Message from Executives

Over the past year, despite the impact of global inflation and geopolitical conflicts, market demand continued to be weak. In spite of these rapidly changing times, Episil-Precision Inc. (EPi) continued to invest and dedicate to business operation.

In 2023, EPi achieved a revenue of NT\$4.2 billion and a earning before taxes of NT\$210 million, with a return on equity of 3%. We actively fulfill sustainable development in the course of business operations, and conduct risk assessments of Environmental, Social and Governance (ESG) issues pertaining to company operations and establish the relevant risk management policy or strategy.

EPi has established relevant regulations such as the "Sustainable Development Best Practice Principles", "Corporate Governance Best Practice Principles", and "Ethical Corporation Management Best Practice Principles". The company promote sustainable development and corporate governance, while strictly adhering to legal regulations. These efforts aim to provide employees with a good working environment, reasonable compensation, and benefits. Additionally, EPi encourages employees to participate in social welfare activities, ensuring that everyone fulfills their social responsibilities.

In 2023, EPi participated in the CDP (Carbon Disclosure Project) and achieving a B rating in the climate change assessment. In the future, EPi will keep progress to adopt standards or guidelines to enforce greenhouse gas inventory and to make disclosures thereof. Meanwhile, in order to enhance information security management framework, EPi dispatches the President and the Director of the Information Department to be the dedicated supervisor and executive officer, respectively. The Director of the Information Department should report regularly to the President about security issues. This approach further improves information security protection and management mechanisms, and ensures comprehensive protection on information security of the company and customers.

EPi adopt our operational management guidelines and performance target in accordance with sustainable performance target. We actively nurture talent, and establish systematic thinking and corporate culture on sustainable business. We actively fulfill sustainable development, setting up short-, medium-, and long-term ESG target regularly, to enhance competitive edges built on sustainable development. Additionally, EPi will enhance corporate sustainable development, respond to stakeholder demands, emphasize corporate responsibilities and participation in social welfare, and focus on fulfilling commitments and practices for future corporate sustainability, thereby achieving genuine sustainable development effectively.

Episil-Precision Inc.

Chairman JH Shyu



President CT Sune



# Chapter 1 Sustainable Management

## 1.1 About EPi

### Company Profile

<b>Company Name</b>	Episil-Precision Inc.
<b>Chairman</b>	JH Shyu
<b>Date of establishment</b>	January 9 , 1998
<b>Number of employees</b>	703 people
<b>Capital amount</b>	NT \$ 2,885,393,690 (as of December 31, 2023 )
<b>stronghold</b>	Hsinchu, Taiwan
<b>Main business and services</b>	R&D, manufacture and sell of Silicon/SiC/GaN epitaxial materials

EPi was established in Hsinchu Science Park in 1998 as a reinvestment company of Episil Technology Co. Ltd. EPi is a world-renowned professional epitaxial process supplier, dedicated to the R&D and manufacturing of silicon epitaxial and compound semiconductor epitaxial ("wide bandgap semiconductors", WBG). The epitaxial products, creating unique operating niches in the industry, are used in various discrete components and Power semiconductors. EPi provides various specifications and sizes of silicon epitaxial products, silicon carbide epitaxial and silicon-based gallium nitride epitaxial. Compound epitaxy is one of the important technologies for energy-saving products. The specifications from the substrate to the epitaxial layer can be designed and produced according to the customer's requirements. Based on different characteristics and needs, suitable production methods and process conditions can be selected and designed. EPi will continue to develop and promote GaN and SiC epitaxial materials to meet the requirements of power saving and energy conversion efficiency improvement in the electronic power market, which are necessary for the semiconductor industry in the global demands such as 5G, electric vehicles, Internet of Things, and green energy.

## Milestones and Prospects of EPi

<b>1998</b>	<ul style="list-style-type: none"> <li>● Precision Silicon Corp. established in Hsinchu Science Park, Taiwan</li> <li>● Capital of NTD 370,000,000</li> </ul>
<b>1999</b>	<ul style="list-style-type: none"> <li>● Lising fab opened, Epi production started</li> <li>● Cash injection raised capital to NTD 500,000,000</li> </ul>
<b>2000</b>	<ul style="list-style-type: none"> <li>● Merit Certificate for ISO 9002</li> <li>● Cash injection raised capital to NTD 600,000,000</li> </ul>
<b>2001</b>	<ul style="list-style-type: none"> <li>● Registered trademark “PRECISION” (Intellectual Property Office, Ministry of Economic Affairs, R.O.C.)</li> <li>● Merit Certificate for ISO 14001</li> </ul>
<b>2002</b>	<ul style="list-style-type: none"> <li>● Precision Silicon Japan Co, Ltd established</li> <li>● Initial public stock offering in Taiwan stock Exchange, stock symbol 3016</li> </ul>
<b>2003</b>	<ul style="list-style-type: none"> <li>● Merit Certificate for ISO 9001</li> <li>● Merit Certificate for QS 9000</li> </ul>
<b>2006</b>	<ul style="list-style-type: none"> <li>● Dusing fab opened</li> </ul>
<b>2007</b>	<ul style="list-style-type: none"> <li>● "Taiwan 99 Potential Enterprises" by ET Today News</li> </ul>
<b>2008</b>	<ul style="list-style-type: none"> <li>● Merit Certificate for TS 16949</li> <li>● Received Green Procurement Awarded (Environmental Protection Administration, Executive Yuan, R.O.C.)</li> </ul>
<b>2009</b>	<ul style="list-style-type: none"> <li>● The private placement and employee stock option transfer increased cash of capital to NTD 896,269,390</li> </ul>
<b>2014</b>	<ul style="list-style-type: none"> <li>● The employee stock option transfer increased cash of capital to NTD 940,518,420</li> </ul>
<b>2016</b>	<ul style="list-style-type: none"> <li>● Precision Silicon completed merger with Episil Semiconductor Wafer Inc.</li> </ul>
<b>2019</b>	<ul style="list-style-type: none"> <li>● Merit Certificate for ISO 45001</li> </ul>
<b>2020</b>	<ul style="list-style-type: none"> <li>● Merit Certificate for “Healthy Workplace”</li> <li>● Merit Certificate for ” Safe Workplace“</li> </ul>
<b>2022</b>	<ul style="list-style-type: none"> <li>● The conversion of corporate bonds and the cash increase increased the paid-up capital to \$2,885,393,690</li> </ul>
<b>Prospects</b>	<ul style="list-style-type: none"> <li>● Develop high-growth field like new energy vehicles, renewable energy, servers, to meet the demands for higher efficiency in energy conversion market.</li> </ul>

## Epi Manufacturing Sites

### Headquarters / Epi Mill 3

4"/5"/6"/8" Silicon Epi  
4"/6"/8" GaN-on-Silicon Epi



### Epi Mill 1

4"/5"/6"/8" Silicon Epi  
4"/6" SiC Epi

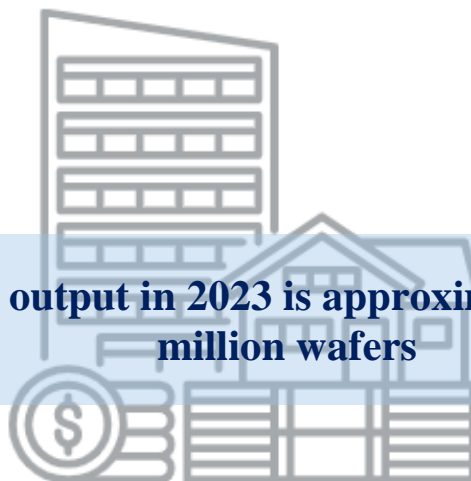


### Epi Mill 2

4"/5"/6"/8" Silicon Epi  
6" GaN-on-Silicon Epi



Total output in 2023 is approximately 2.58  
million wafers

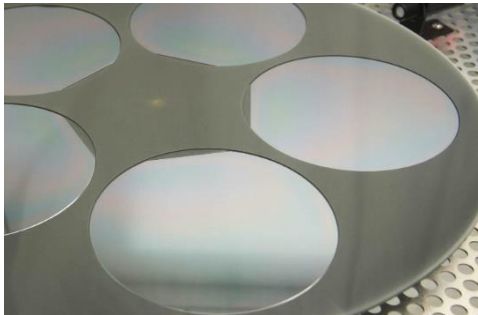




## Product and Service

The major products of EPI are Silicon Epitaxial Wafer, Buried Layer Epitaxial Wafer, Multi-Layer Epitaxial Wafer, GaN Epitaxial Wafer and SiC Epitaxial Wafer, those are important materials for Power Semiconductors, such as Power MOSFET, Diodes, Insulated Gate Bipolar Transistor (IGBT), and Power Management IC (PMIC). There are many applications of its downstream products, such as consumer electronics, automotive electronics, industrial control, telecommunications, computers, etc.

**Silicone epitaxy**



**SiC epitaxy**



**GaN-on-Silicon epitaxy**



**GaN-on-SiC epitaxy**







Product	Features	Function
<b>Silicone epitaxy</b>	<p>Silicon epitaxy involves growing crystal films on silicon wafers, giving the material higher purity, specific crystal structure, and more precise thickness control, helping to improve the performance and reliability of power device.</p> <p>Note: Including Buried Layer Epitaxial Wafers and Multi-Layer Epitaxial Wafers.</p>	Applied to consumer electronics, automotive electronics, industrial control, telecom and computers, etc.
<b>SiC epitaxy</b>	<p>SiC is a wide band gap material with about triple band gap than silicon. Known for its stable structure, low losses, and high power capabilities, SiC is ideal for high-voltage and high-current applications.</p> <p>SiC epitaxy involves "homoepitaxy" technology to grow high lattice matching SiC crystals on a SiC substrate, optimizing substrate quality and enabling the production of high-performance SiC power devices.</p>	<p>Applied to HV power device for EV inverters, OBC (on-board chargers), charging stations and PV inverters, etc.</p> <p>It has the advantages of improving energy conversion efficiency and reducing volume and weight.</p>
<b>GaN-on-Silicon epitaxy</b>	<p>GaN is a wide bandgap material with higher electron mobility, used in high-voltage (Power) and high-frequency (RF) devices.</p> <p>Growing GaN epitaxy on substrates like SiC or silicon is known as "heteroepitaxy," which poses significant challenges. EPI is a leading company in successful develop and stable production.</p>	Used in high/medium voltage power devices such as fast chargers for mobile phones, consumer electronics power adapters (SMPS), DC-DC converters, and data center power supplies, to enhance energy conversion efficiency and reduce size and weight.
<b>GaN-on-SiC epitaxy</b>		Used in RF (radio frequency) applications such as 5G, satellite communications, aerospace, and radar systems for high-frequency, high-power amplifiers.

## Patents

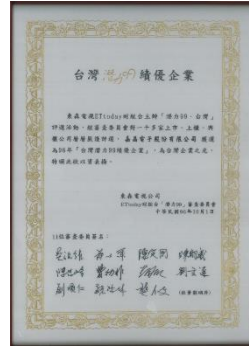
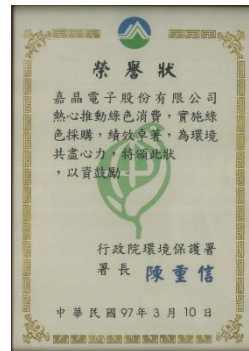


Year	Type	Project
002	invention	Front-Side Adsorption Wafer Handling Arm / TW / I283036
2002	invention	Cluster-Type Wafer Transport Apparatus and Method / TW / I283037
2003	invention	Wafer Eccentricity Correction Cassette/TW/I223372
2003	invention	Front-Side Adsorption Wafer Handling Arm with Air Blowing Device / TW / I238486
2007	invention	High-Speed Switching Device /JP/5435189
2010	utility mode	Device for eliminating static electricity on wafers /TW/M393793
2014	invention	Nitride Semiconductor Structure /TW/I550921
2014	invention	Nitride Semiconductor Structure /CN/2951502
2015	invention	Nitride Semiconductor Structure / US / US9,419,160
2015	invention	Nitride Semiconductor Structure /TW/I566430/ Valid
2015	invention	Nitride Semiconductor Structure /CN/2960339/ Valid
2016	invention	Nitride Semiconductor Structure /US/US9,691,940/ Valid

## Participation of public associations and external organizations

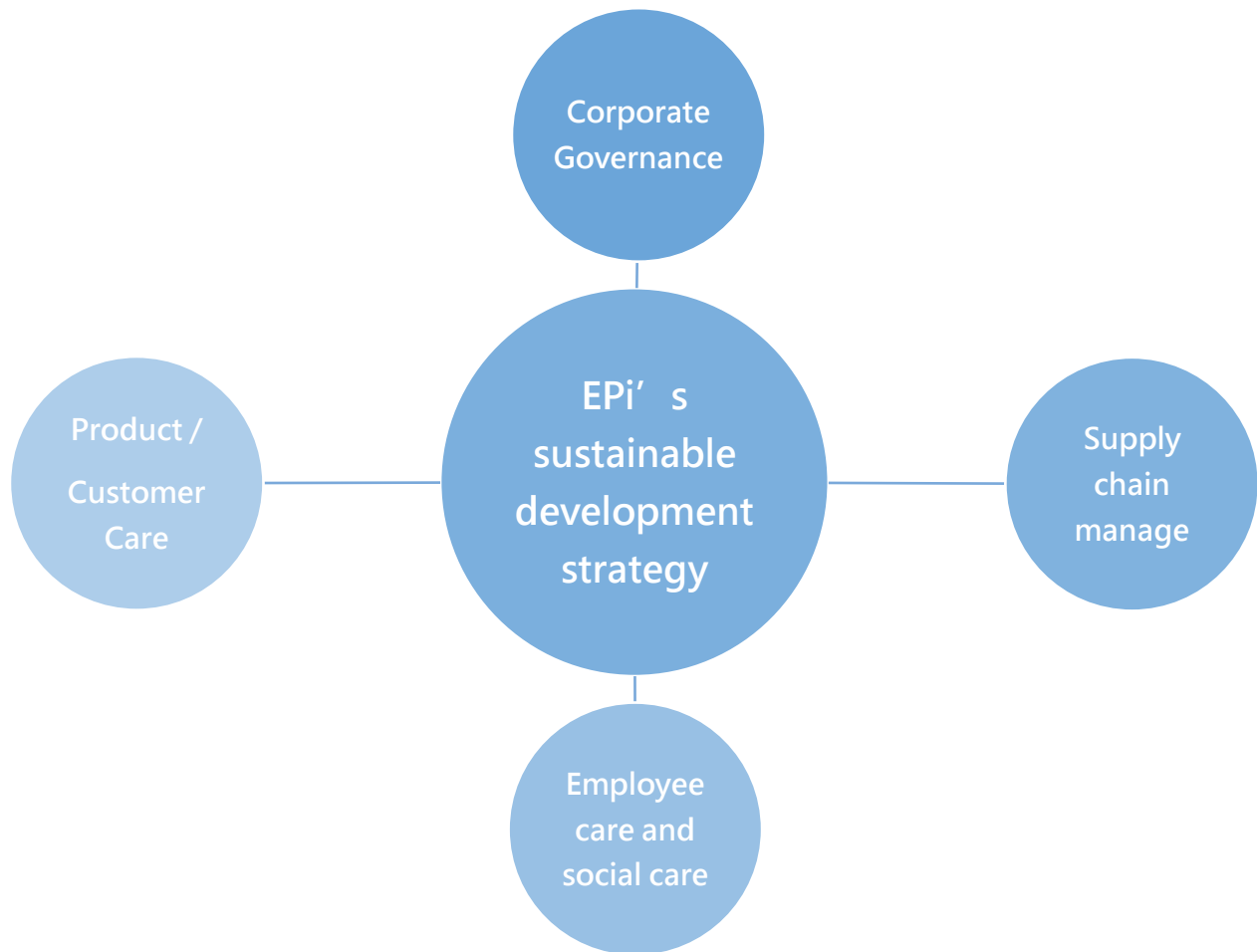
EPI actively participates in relevant industry associations, fully communicates and learns with peers, and hopes to exert its influence in response to changes in the international situation and industry changes. In 2023, the associations that EPI participates in are as follows:

Association	Region	Role identity
<b>Taiwan Semiconductor Industry Association (TSIA)</b>  台灣半導體產業協會 Taiwan Semiconductor Industry Association	Taiwan	member
<b>The Allied Association for Science Park Industries</b>  台灣科學工業園區科學工業同業公會 THE ALLIED ASSOCIATION FOR SCIENCE PARK INDUSTRIES	Taiwan	member
<b>SEMI</b> 	USA	member
<b>China Corporate Governance Association</b>  社團法人 中華公司治理協會 TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Taiwan	member

## Glory and Affirmation

Year	Award-winning projects	
2007	ET Today Financial Channel "Taiwan's Potential 99 Outstanding Enterprises"	
2008	Received the "Green Procurement Certificate of Honor" from the Environmental Protection Agency of the Executive Yuan	
2015	Participated in the "Corporate Human Resources Improvement Program" of the Workforce Development Administration of the Ministry of Labor and won the bronze medal in the corporate version	
2020	Participated in Hsinchu City's "109 Air Pollution Emergency Response Equipment Provider Site" and was awarded the Outstanding Performance Award for Air Pollution Response Equipment Support Equipment Provider Site	

## 1.2 Sustainable Practice



### 1.2.1 Sustainable development strategy

As a member of the global semiconductor supply chain, EPI adhering to the principle of sustainable development of the enterprise to improve productivity and profitability. It also continues to practice corporate social responsibility through three aspects: governance, environment and society, and formulates sustainable development Strategies and communication of sustainable management concepts with stakeholders.

- **Product innovation and services**

Becoming a "trustworthy partner" to customers is EPI's core value. Through continuous technological innovation and research and development, we serve customers to establish loyal and trustworthy partnerships, and become an epitaxial key material manufacturer in the global green energy industry.

- **Corporate governance**

Integrity management is the code of conduct for all employees of the company, and business activities are conducted based on the principles of fairness, honesty, trustworthiness and transparency, so as to become an enterprise that provides positive guidance to society.

- **Environmental sustainability**

Committed to development and production of low energy consumption products, and expanding the provision of energy-saving products to reduce greenhouse gas emissions. Sustainable commitment to energy conservation and carbon reduction and implementation of specific actions.

- **Social care**

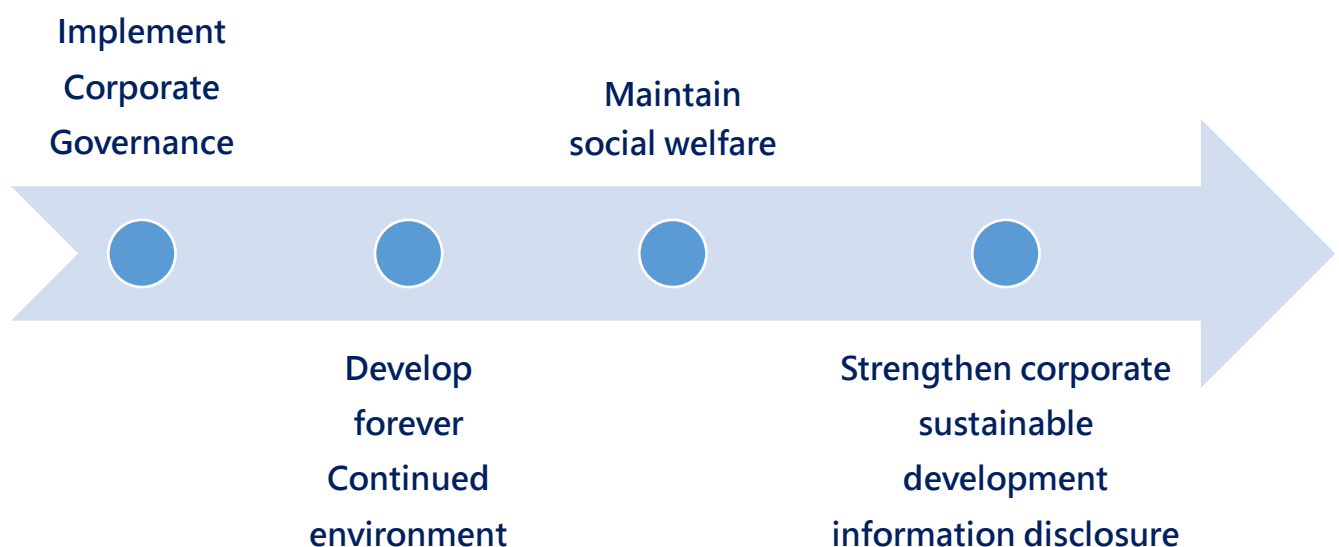
Pay attention to the health and well-being of employees and cultivate and develop all-round talents. All employees fulfill their social responsibilities.






EPI has formulated the "Code of Practice for Sustainable Development" as a guideline to respond to the world's current sustainable development trend - the United Nations Sustainable Development Goals (SDGs), and uses the ESG Steering Committee as the basis for sustainable development. Promote core units, integrate various units within the company, and implement sustainable management in a systematic manner.

### **1.2.2 Implementation of sustainable development goals**


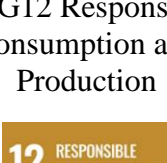

EPI is committed to corporate innovation and development, focusing on promoting corporate governance and developing a sustainable environment, and looks forward to using the power of the company to safeguard social welfare. EPI also actively responds to the promotion of the United Nations Sustainable Development Goals (SDGs) and incorporates them into the company's goal setting. In addition to strengthening the development of its core business, it also hopes to help solve global problems and create better glorious future.



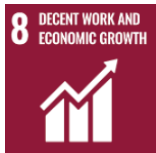

#### **EPI's sustainable development practice principles**



Category	Practice of the United Nations Sustainable Development Goals	Company actions and annual results
Governance/Economy	<p>SDG 12 Responsible Consumption and Production</p>  <p>SDG17 Partnerships for the Goals</p> 	<ul style="list-style-type: none"> <li>100% functional committee attendance in 2023 °</li> <li>In 2022, the "ESG Steering Committee" and "ESG Implementation Committee" of the dedicated unit for sustainable development will be established °</li> <li>Goal achieved 85%, the 44 of the 52 key suppliers have signed the code of business ethics.</li> <li>Through the audit mechanism, the 11 suppliers, and total of 34 production-and-quality issues were improved, to actively improve and maintain the supply steadily quality.</li> <li>Through the continuously safety education and training, strengthen supply chain awareness of the environmental safety-and-health and capabilities of the loss-prevention, to achieve Zero-industrial-safety-incident.</li> </ul>
	<p>SDG3 Good Health and Well-Being</p>  <p>SDG6 Clean Water and Sanitation</p>  <p>SDG7 Affordable and Clean Energy</p> 	<ul style="list-style-type: none"> <li>No violations of environmental regulations in 2023.</li> <li>According to the identification results of the WRI (World Resources Institute) assessment tool Aqueduct Water Risk Atlas the water stress is low-mediums.</li> <li>In the past three years, the control of water pollution has complied with the laws and regulations.</li> <li>In 2023, 14 energy-saving actions have been completed to achieve annual power saving rate of 1.9% , beyond the target of 2023(<math>\geq 1\%</math>).The saving is equivalent to 1.759 million KW-hr.</li> <li>The greenhouse gas emissions, Scope 1, Scope2 and Scope3, are verified by a third-party verification agency of ISO 14064-1.</li> <li>Epi actively invested in R&amp;D of energy-saving product. AS the end of 2023, Epi has obtained a lot of 12 patents, including 6 related to compound semiconductors.</li> </ul>



Category	Practice of the United Nations Sustainable Development Goals	Company actions and annual results
	SDG 11 Sustainable Cities and Communities	<ul style="list-style-type: none"> <li>• The products are 100% compliant with RoHS and EU REACH.</li> <li>• No penalties for violating health and safety regulations.</li> <li>• Waste recycling and reusing rate of 2023 are accounted for 50.4% of total waste, 4.7% increase from 2022, and meet the target of 2023(<math>\geq 50\%</math>).</li> <li>• In 2023, 931 of waste paper boxes and 5,495 of dummy wafers are recycled and reused.</li> <li>• Obtain B grade on climate change in CDP.</li> <li>• In the past three years, air pollutant emissions are lower than the requirements of the respective laws.</li> </ul>
		
	SDG12 Responsible Consumption and Production	
		
	SDG13 Climate Action	
		

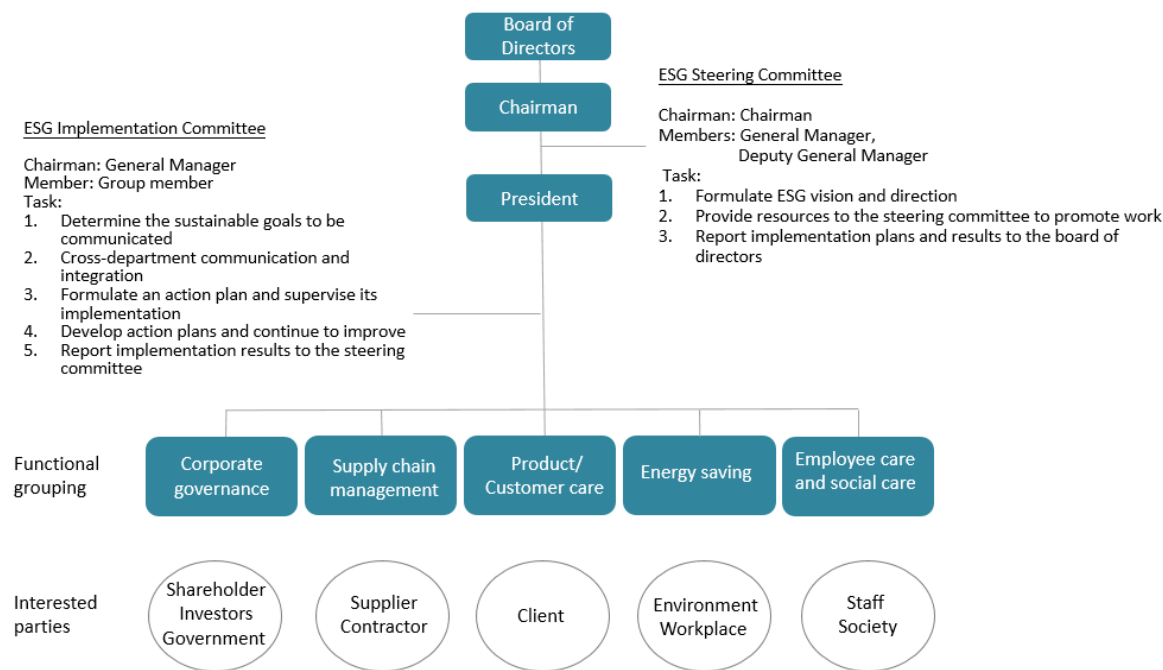
Category	Practice of the United Nations Sustainable Development Goals	Company actions and annual results
Society/Staff	SDG3 Good Health and Well-Being 	<ul style="list-style-type: none"> <li>• Provide free annual health checkup for our employee, including abdominal ultrasonography and cancer antigen test.</li> <li>• In 2023, the health inspection rate for particularly hazardous operations reaches 100%.</li> <li>• 222 external training courses are performed in 2023.</li> <li>• The annual achievement rate of training plan is 99.2% in 2023.</li> <li>• Based on the principles of international human rights conventions, we have established our "Human Rights Policy" and "Labor and morality Management Regulations", and promote human rights protection by providing training courses such as "Best Friendly Workplace" and "Promotion on Responsible Business Alliance (RBA) Code of Conduct".</li> <li>• A total of more than NT\$1 million in donations and material donations have been carried out, spreading love to every corner of society in need of help.</li> </ul>
	SDG4 Quality Education 	
	SDG8 Decent Work and Economic Growth 	
	SDG17 Partnerships for the Goals 	

### 1.2.3 Sustainable Development Promotion Committee and its operation methods

EPI established a dedicated sustainable development unit "ESG Steering Committee" and "ESG Implementation Committee" in 2022. Following the vision and mission of the company's ESG policy, the "ESG Steering Committee" is the highest-level ESG decision-making center. It combines multiple departmental expertise and is chaired by the chairman, formulate mid- to long-term sustainable development plans, analyze sustainability issues such as governance, environment and society, and hold regular meetings to report the sustainable development execution plans and results to the board of directors. The board of directors also plays the role of supervision and guidance, keeping abreast of Development Pulse.

"ESG Steering Committee" has an "ESG Implementation Committee" under its jurisdiction, with the president as the executive director. Through vertical integration and horizontal connection, it creates a cross-department communication platform, holds regular meetings, formulates corresponding strategies and work guidelines, and provides guidance when necessary. Urging the operating team to make adjustments.

Through meetings and functional groups based on ESG issues, we are responsible for identifying sustainability issues related to company operations and stakeholder concerns, preparing relevant budgets required for strategies, planning and executing annual plans, and tracking implementation results to ensure sustainability. The development strategy is fully implemented in the company's daily operations.



Code of Practice for Sustainable Development

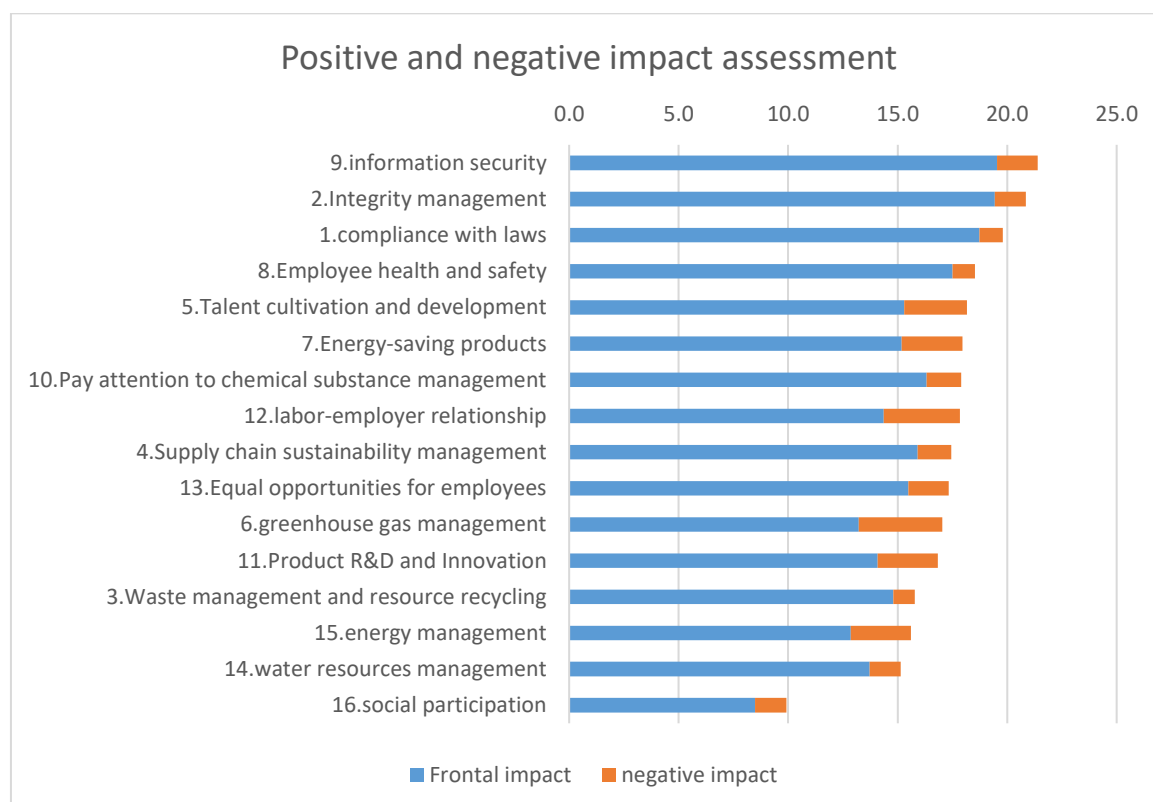
In order to practice corporate social responsibility and promote the balance and sustainable development of the economy, society and environment, EPI has formulated a corporate social responsibility code, which was revised into a sustainable development practice code in 2023 to help integrate corporate social responsibility into the company's business practice process.

## 1.3 Materiality analysis







### 1.3.1 Identification of major themes

In 2022, EPi released its first sustainability report, which follows the sustainability reporting guidelines published by the Global Reporting Initiative (GRI). With reference to corporate sustainability trends and important regulatory developments, we collect issues of concern to the industry for identification, adopt the materiality principle, identify major stakeholders and major sustainability topics in a systematic manner, manage them and set goals, and serve as the basis for preparing sustainability reports and responding to stakeholders. We first identify the major stakeholders, and then conduct a survey on the major stakeholders. Based on the results, the internal ESG Implementation Committee evaluates the impact and likelihood of the theme to identify the major sustainability themes in 2022. In accordance with the AA1000 SES stakeholder engagement standard (AA1000 Stakeholder Engagement Standard), EPi identifies stakeholders and discloses specific topics to accurately grasp the major environmental, social and corporate governance-related issues that stakeholders are concerned about, and Develop corresponding management policies and actions to respond to the demands and expectations of stakeholders.

EPi has set the frequency of materiality analysis to be once every three years and conducts comprehensive investigation and analysis to identify major sustainability themes. During this period, EPi continued to respond to feedback and suggestions from stakeholders and implement ESG strategies and commitments. In 2023, the results of the 2022 material survey will be integrated, and the internal ESG Implementation Committee will conduct an assessment of the impact and likelihood of the topic. The results are as follows.



ESG Implementation Committee summarizes the results of positive and negative impact assessments, discusses and adjusts them through internal meetings, considers the overall sustainable development promotion strategy, and formulates the following six major themes.

Category		Major themes
 Environment	Environment	Energy and Greenhouse Gas Management
 Society/Staff	Society/Staff	Talent cultivation and development
 Governance/Economy	Governance/Economy	Supply chain sustainable management
 Governance/Economy	Governance/Economy	Compliance with laws
 Environment	Environment	Waste management and resource recycling
 Governance/Economy	Governance/Economy	Integrity management

### 1.3.2 Respond to sustainability themes

Following the 2021 definition of the Global Sustainability Reporting Initiative (GRI), EPi analyzed 6 sustainability themes from the perspective of positive and negative impacts, considering the external economy, environment, society and EPi's internal suggestions. , the following describes the potential impacts we face under each major theme policy, and the response strategies.

Category	2023 years major themes	Comply with GRI guidelines	Significance to the company and response strategies	Economic, environmental and social impact boundaries					Corresponding chapter
				EPi	Direct relationship			Indirect relationship	
					supplier	Shareholders / Investors	client	society	
environment	Energy and Greenhouse Gas Management	GRI 302-1 GRI 302-3 GRI 302-4 GRI 305-1 GRI 305-2 GRI 305-4 GRI 305-5 GRI 305-6 GRI 305-7	Through research, development, manufacturing and sales of Silicon/SiC/GaN epitaxial materials, EPi not only reduces greenhouse gas emissions by reducing production energy consumption and develops and produces low-energy products, but also provides lower -carbon products to the public. Customers can contribute to energy conservation and carbon reduction.	✓	✓	✓	✓	✓	3.2 Energy and Greenhouse Gas Management

Category	2023 years major themes	Comply with GRI guidelines	Significance to the company and response strategies	Economic, environmental and social impact boundaries					Corresponding chapter
				EPi	Direct relationship			Indirect relationship	
					supplier	Shareholders / Investors	client	society	
Society/ Staff	Talent cultivation and development	GRI 404-1 GRI 404-2 GRI 404-3	EPi regards employees as important assets. We provide high-quality learning resources and environment, establish diversified training channels, focus on the company's operating goals, strengthen employees' professional functions, and enable employees to realize talent development and value display, so as to enhance the overall competitiveness and operation of the organization. Benefits, accumulating key energy for sustainable operations.	✓	✓		✓	✓	5.3 Talent cultivation and development
Governance /Economy	Supply chain sustainability management	GRI2-6 GRI 204-1 GRI 308-1 GRI 308-2 GRI 414-1 GRI 414-2	EPi's procurement items include seven categories: raw materials, equipment, spare parts, factory affairs, IT, General affairs, and Environment safety. Suppliers are important partners for EPi's sustainable development, affecting production, services and operations. EPi's suppliers must not only take into account the products' quality, service, delivery, and price, but the environmental protection, corporate integrity, and social responsibility must also be included.	✓	✓	✓	✓		2.7 Supply chain sustainability management

Category	2023 years major themes	Comply with GRI guidelines	Significance to the company and response strategies	Economic, environmental and social impact boundaries					Corresponding chapter
				EPi	Direct relationship			Indirect relationship	
					supplier	Shareholders / Investors	client	society	
			Through above factors, comprehensively judge the suppliers' operational performance and risks. Besides, building a resilient supply chain in the semiconductor industry, we will increase the proportion of local procurement and help local suppliers to improve the technology and quality.						
Governance / Economy	compliance with laws	GRI2-27	EPi attaches great importance to compliance with laws and regulations in various fields. Each unit conducts regular regulatory reviews in accordance with its responsibilities to ensure compliance with relevant laws and regulations. It also pays attention to regulatory trends at any time and responds to the impact of changes in advance. We also ensure that business execution complies with relevant requirements through auditing measures. We will investigate and identify the parts of the audit that do not comply with regulations, understand their causes, and take measures	✓	✓	✓	✓	✓	2.5 Legal compliance






Category	2023 years major themes	Comply with GRI guidelines	Significance to the company and response strategies	Economic, environmental and social impact boundaries					Corresponding chapter
				EPi	Direct relationship			Indirect relationship	
					supplier	Shareholders / Investors	client	society	
			to control and correct them to reduce negative impacts and avoid their recurrence.						
Environment	Waste management and resource recycling	GRI 306-1 GRI 306-2 GRI 306-3 GRI306-4 GRI 306-5	Proper management of waste can not only reduce waste generation and related costs, but also create revenue value and reduce the impact of operations on the environment. If the waste disposal manufacturer fails to dispose in accordance with the licensing requirements, the company may be required by the competent authorities to take joint responsibility for cleanup and environmental improvement, which will affect the company's reputation.	✓	✓	✓	✓	✓	3. 5 Waste and resource recycling


Category	2023 years major themes	Comply with GRI guidelines	Significance to the company and response strategies	Economic, environmental and social impact boundaries					Corresponding chapter
				EPI	Direct relationship			Indirect relationship	
					supplier	Shareholders / Investors	client	society	
Governance / Economy	Integrity management	GRI 205-1 GRI 205-2 GRI 205-3 GRI 206-1	Integrity management is the most important core value of EPI in corporate governance, and it is also the highest principle for the implementation of all codes of conduct. The company has established the "Code of Integrity Management" and "Employee Code of Ethics" and other relevant measures, and requires directors, senior management and employees to abide by the integrity management policy. All employees must be honest, fair and abide by government laws and regulations when performing business. Board members and management must also operate the company with integrity. If business contacts or supplier partners are found to have acted dishonestly, we will immediately stop business dealings with them and list them as objects of rejection to implement the company's integrity management policy.	✓	✓	✓	✓	✓	2.2 Integrity management




## **1.4 Stakeholder discussion**

EPI products have a wide range of applications and will have a significant impact on both the upstream and downstream of the value chain during the production and operation process. To this end, we combine the analysis of major sustainability themes to evaluate the impact of each major sustainability theme on stakeholders in the value chain in the process of providing products and services. We adopt different communication forms to actively absorb diverse opinions and suggestions, engage in real-time dialogue and respond. EPI attaches great importance to and listens carefully to the voices of all stakeholders. The company's stakeholders include employees, investors, customers, suppliers, government authorities, community/non-profit organizations and schools, etc. We pursue sustainable operations and profitability under the principle of integrity, and pay attention to various issues such as environment, society and corporate governance. Through appropriate communication with stakeholders, we understand the reasonable expectations, needs and concerns of stakeholders. Issues and incorporate them into the reference basis for formulating the company's future management policies and operating activities. The official website has a stakeholder area, which serves as a channel for communication with stakeholders. Each stakeholder's opinion has a dedicated person responsible for responding to it. Suggestions from all parties are welcome. In the future, we will continue to use multiple channels to communicate fully and effectively with stakeholders. We will discuss cooperation together and specifically respond to the outside world's expectations of us to lay a solid foundation for EPI's sustainable development. A detailed summary of issues of concern to various stakeholders and the contents of communication channels.

Interested parties	Issues of concern	Communication form and frequency	Actual implementation status and communication results of each negotiation channel in 2023
<b>Client</b> 	<ul style="list-style-type: none"> <li>• Customer relationship management</li> <li>• Corporate Governance</li> <li>• Code of conduct</li> <li>• Compliance</li> <li>• Grievance mechanism</li> <li>• Innovation and development</li> </ul>	<ol style="list-style-type: none"> <li>1. Sustainability report (annual).</li> <li>2. Review meetings with customers: including technology, products, after-sales service, banned substances, conflict minerals, environment, etc. (irregular, QBR/HBR/ABR).</li> <li>3. Customer satisfaction survey (annual).</li> <li>4. Corporate website (from time to time).</li> <li>5. Supplier meetings held by customers (irregularly).</li> </ol>	<ol style="list-style-type: none"> <li>1. 2023 sustainability report will be provided on the company's official website in 2024.</li> <li>2. Complete annual customer satisfaction survey.</li> <li>3. Reveal the latest product technologies on the corporate website.</li> <li>4. Participate in client-related information security, ESG and other promotional meetings.</li> <li>5. Cooperate with customers' product, environmental, responsibility and other requirements and inspections, and collaborate on prevention and continuous improvement.</li> </ol>
<b>Investors</b> 	<ul style="list-style-type: none"> <li>• Integrity management</li> <li>• Organizational strategic vision</li> <li>• Risk Management</li> <li>• Compliance with laws</li> <li>• Shareholder Rights Protection</li> <li>• Information Transparency</li> <li>• Economic performance</li> </ul>	<ol style="list-style-type: none"> <li>1. Shareholders meeting (annual).</li> <li>2. Corporate briefing session (annual).</li> <li>3. Publish operating income (monthly).</li> <li>4. Public information observatory (updated in real time).</li> <li>5. Company website (updated in real time).</li> </ol>	<ol style="list-style-type: none"> <li>1. Annual shareholders' meeting is held once.</li> <li>2. One corporate briefing session will be held in 2023.</li> <li>3. Regularly disclose company financial and business information on public information observatories and company websites.</li> <li>4. We have spokespersons and acting spokespersons to respond to investor concerns immediately.</li> </ol>

Interested parties	Issues of concern	Communication form and frequency	Actual implementation status and communication results of each negotiation channel in 2023
<b>Supplier</b> 	<ul style="list-style-type: none"> <li>• Supply chain management</li> <li>• Supplier Rating</li> <li>• Business ethics</li> <li>• Conflict-free minerals</li> <li>• Suppliers' ESG Policy and Management</li> </ul>	<ol style="list-style-type: none"> <li>1. Supplier audit (irregularly).</li> <li>2. Key suppliers and outsourcers ratings (annual).</li> <li>3. Supplier Code of Conduct Requirements (Annual).</li> <li>4. Non-conflict mineral declaration requirements (irregularly).</li> <li>5. Conflict questionnaire survey and review of the interested parties.</li> </ol>	<ol style="list-style-type: none"> <li>1. 11 key suppliers were audited throughout the year.</li> <li>2. The key suppliers' evaluation and ratings are completed in or before December every year.</li> <li>3. There are 44 key suppliers that comply with the Code of Business Ethics.</li> <li>4. All key suppliers have signed the declaration of non-use of conflict minerals (100%).</li> <li>5. Key suppliers self-assess their operation risks by using the "Self-evaluation of Sustainable Management Questionnaire" (once every two years).</li> </ol>

Interested parties	Issues of concern	Communication form and frequency	Actual implementation status and communication results of each negotiation channel in 2023
<p><b>Staff</b></p> 	<ul style="list-style-type: none"> <li>• Human rights protection</li> <li>• Talent attraction and retention</li> <li>• Talent cultivation and development</li> <li>• Salary and benefits</li> <li>• Workplace Safety and Health</li> <li>• Staff care and concern</li> </ul>	<ol style="list-style-type: none"> <li>1. Labor-management meetings (quarterly).</li> <li>2. Employee Welfare Committee meetings (quarterly).</li> <li>3. Education and training (irregular).</li> <li>4. Department communication and work meetings (irregular).</li> <li>5. Internal information announcement (irregularly).</li> <li>6. Employee grievance hotline (timely).</li> <li>7. Occupational Safety and Health Committee meetings (quarterly).</li> </ol>	<ol style="list-style-type: none"> <li>1. A total of 4 labor-management meetings are held every quarter.</li> <li>2. A total of 4 regular employee welfare committee meetings are held every quarter.</li> <li>3. Conduct training for new employees and help them understand the company. Internal and external training resources are provided, and each employee receives an average of 20.4 hours of training, effectively achieving talent cultivation and development.</li> <li>4. Publicity and training courses on corporate information security, insider trading, integrity management, Responsible Business Alliance Code of Conduct (RBA), employee ethics code, etc., to improve employees' legal literacy.</li> <li>5. Supervisor meetings are held every week to help each unit supervisor understand the company's operations and improve communication effectiveness.</li> <li>6. Conduct annual budget briefings and strategic consensus camps for middle/senior managers to help managers understand the company's future operating strategies and product development directions.</li> <li>7. Company information announcements are released from time to time to help all employee understand company-related information in real time.</li> <li>8. Employee complaint phone number: 0 times.</li> <li>9. A total of 4 Occupational Safety and Health Committee meetings are held every quarter.</li> </ol>

Interested parties	Issues of concern	Communication form and frequency	Actual implementation status and communication results of each negotiation channel in 2023
<b>Government units and authorities</b> 	<ul style="list-style-type: none"> <li>Integrity management</li> <li>Risk Management</li> <li>Compliance with laws</li> </ul>	<ol style="list-style-type: none"> <li>Respond to requests from government agencies with official documents (immediately).</li> <li>Update company website and public information observatory information (monthly, quarterly, yearly).</li> <li>Questionnaires and interviews (irregular).</li> <li>Receive evaluation from government agencies (annually).</li> <li>Participate in government agency-related activities (from time to time).</li> </ol>	<ol style="list-style-type: none"> <li>Provide relevant reports or responses on a regular basis in accordance with government regulations.</li> <li>Complete the 2023 corporate governance evaluation.</li> <li>5 directors participated in the securities regulatory authority's publicity and briefing session, which lasted a total of 15 hours.</li> </ol>
<b>Nonprofit groups and communities</b> 	<ul style="list-style-type: none"> <li>Social care</li> <li>Community Involvement</li> <li>Charitable activities</li> </ul>	<ol style="list-style-type: none"> <li>Talent recruitment platform and activities (daily).</li> <li>The company's external website (daily).</li> <li>Charitable donations (irregular).</li> </ol>	<ol style="list-style-type: none"> <li>The recruitment platform provides employment opportunities and participates in about 1 local recruitment activity. Participate in the government's stable employment incentive program: Stable Employment Program. In 2023, a total of 7 new employee will meet the program conditions and receive a total of 14,000 yuan in labor employment incentives.</li> <li>Purchasing public welfare products; donating materials to public welfare groups.</li> <li>Completed charity donations to 5 companies.</li> </ol>
<b>School</b> 	<ul style="list-style-type: none"> <li>Integrity management</li> <li>Compliance with laws</li> <li>Talent attraction and retention</li> </ul>	<ol style="list-style-type: none"> <li>Industry-university cooperation negotiations (annual).</li> <li>Participate in conferences related to industry-university cooperation (every year).</li> <li>Participate in campus recruitment</li> </ol>	<ol style="list-style-type: none"> <li>9 companies have completed industry-university cooperation.</li> <li>Participate in promotion meetings related to industry-university cooperation, where the latest national policies and international trends are discussed.</li> <li>Participated in a total of about 7 school recruitment</li> </ol>



Interested parties	Issues of concern	Communication form and frequency	Actual implementation status and communication results of each negotiation channel in 2023
	• Talent cultivation and development	activities (annual).	activities to provide employment opportunities, and held campus symposiums on company and industry trends to increase employment aspirations.

#### Stakeholder Area

In order to strengthen communication with stakeholders, EPI has marked various business contact windows and contact information on the company website to serve as a platform for stakeholders (such as employees, customers, suppliers, investors, etc.) to lodge complaints and complaints when their rights are infringed upon. In addition to communication channels, we also regularly visit major customers to understand product issues and future needs, issue revenue press releases every month, and announce revenue and other relevant financial information on the public information observatory and the company website for the reference of the investing public.



## Chapter 2 Corporate Governance

Corresponding UN SDG			Actions and Achievements
SDG12		Responsible Consumption and Production	<ul style="list-style-type: none"> <li>• 100% functional committee attendance in 2023.</li> <li>• In 2022, "ESG Steering Committee" and "ESG Implementation Committee" were established for sustainable development</li> <li>• Goal achieved 85%, the 44 of the 52 key suppliers have signed the code of business ethics.</li> </ul>
SDG17		Partnerships for the Goals	<ul style="list-style-type: none"> <li>• Through the audit mechanism, the 11 suppliers, and total of 34 production-and-quality issues were improved, to actively improve and maintain the supply steadily quality.</li> </ul>

## Management policy of material topics

Material Topic	Integrity management			
GRI Standards	GRI 205-1 、 GRI 205-2 、 GRI 205-3 、 GRI 206-1			
Impact description	Integrity management is EPI's most important core value in corporate governance and the highest principle for implementing all codes of conduct. Board members and management operate the company based on integrity principles, while all employees and business partners maintain ethical standards and professional conduct, positively impacting overall corporate operations and social development.			
Policies/Commitments	EPI has established relevant regulations such as the "Code of Integrity Business" and "Employee Code of Ethics" to ensure that EPI operates with integrity and prohibits the transfer of illegal or improper benefits. EPI is committed to the integrity of corporate governance and the implementation of integrity management policies, and engages in business activities based on the principles of fairness, honesty, trustworthiness and transparency.			
Target	<ul style="list-style-type: none"> <li>Annual employee ethics education training coverage and completion rate reaching 100%</li> <li>No major legal violations annually (fines exceeding NT\$1 million)</li> </ul>			
Responsibility	Company Directors and Management Team			
Resource	Continuously promote the code of integrity internally through education and training on a regular basis			
Grievance mechanism	<ul style="list-style-type: none"> <li>Phone : 03-5632255 extension 2226</li> <li>Email : 2226@epi.episil.com</li> </ul>			
Action plan	Positive Impact management . Promoting "Employee Code of Ethics" and "Code of Integrity Business" internally. Popular education and training - regular promotion through relevant education and training.			
	Securities and Exchange Act Insider Trading Course	Propaganda of Code of Integrity Business	Propaganda of Employee Code of Ethics	Propaganda of Information security code
	Training for employees : 696 people, 348 hours Directors and Managers : 14 people, 7 hours Training completion rate: 100%	Training for employees : 703 people, 351.5 hours Training completion rate: 100%	Training for employees : 703 people, 703 hours Training completion rate: 100%	Training for employees : 703 people, 351.5 hours Training completion rate: 100%

Material Topic	Integrity management
	<p>Negative impact management</p> <p>Revised internal control procedures—internal material information handling and insider trading prevention management, stipulating that company directors and insiders cannot trade stocks during blackout periods 30 days before annual financial report announcements and 15 days before quarterly financial report announcements. Designated personnel notify directors and management team of dates when trading is prohibited before financial report announcements, complying with ethical management regulations.</p> <p>Encourage employees and others to report violations of ethical standards through complaint hotlines. Human Resources handles related cases, immediately investigates and records incidents, and submits them to the grievance committee. Investigation must be completed within seven days, and case resolution must be completed within one month of investigation, protecting complainants from retaliation.</p>
<p><b>Evaluations and results</b></p>	<ul style="list-style-type: none"> <li>· Through annual internal control self-assessment, requiring all operating units and departments to self-examine their operations and adjust internal control system design and implementation based on self-assessment results to implement self-monitoring mechanisms.</li> <li>· Audit Office conducts relevant audits according to legal requirements and risk considerations, regularly reporting audit results and improvement tracking to the Audit Committee and Board of Directors.</li> <li>· In 2023, employee ethics education training coverage and completion rate reached 100%, with no major legal violations, achieving annual targets</li> </ul>

## Management policy of material topics

Material topics	Compliance with laws
GRI Standards	GRI 2-27
Impact description	EPI values regulations across all fields, regularly reviewing regulations through various units according to their responsibilities to ensure compliance with relevant laws and regulations, while constantly monitoring regulatory trends to prepare early for their potential impacts. Additionally, through audit measures to ensure business execution meets relevant requirements, investigating non-compliant areas immediately, understanding causes, and implementing control and corrective measures.
Policies/ Commitments	EPI closely monitors any policy and regulatory changes that might affect company operations, business, finance, environment, and labor human rights to immediately discuss impact levels and adjust operations to comply with regulations. The company also arranges for employees to participate in regulatory compliance training courses to enhance their familiarity with laws and regulations, comply with regulatory requirements, and avoid violations. Furthermore, legal service windows are established to provide legal assistance and consultation to various departments.
Target	<ul style="list-style-type: none"> <li>•Timely revision of regulations, completion of internal control self-assessment</li> <li>•Annual insider trading regulation promotion coverage and completion rate reaching 100%</li> <li>•No major legal violations annually ( single fine exceeding NT \$ 1 million )</li> </ul>
Responsibility	Legal affairs and relevant regulatory corresponding departments (such as environmental safety, accounting, auditing, corporate governance, human resources, etc.)
Resource	<p>Legal service window: Providing legal consultation and assistance to various departments</p> <p>Regulatory compliance training courses: Arranging educational training courses to strengthen employee regulatory compliance awareness</p>
Grievance mechanism	<ul style="list-style-type: none"> <li>· Phone : 03-5632255 extension 2226</li> <li>· Email : 2226@epi.episil.com</li> </ul>
Action plan	<p>Positive Impact management</p> <ul style="list-style-type: none"> <li>· Regular legal education training</li> <li>· Implementation of ISO 14001 and ISO 45001 management systems within the company.</li> </ul> <p>Negative impact management</p> <ul style="list-style-type: none"> <li>· Timely grasp of illegal behaviors through multiple channels to prevent violations</li> <li>· Each department identifies and regularly reviews relevant regulations and responds to changes</li> <li>· Internal audit department regularly conducts self-inspection audits</li> </ul>

Material topics	Compliance with laws
<b>Evaluations and results</b>	<ul style="list-style-type: none"> <li>· Annual confirmation of completion of relevant regulatory education and promotion based on business attributes, such as information security, insider trading regulations, and labor rights regulations</li> <li>· Annual confirmation of no major legal violations with single fines exceeding NT\$1 million</li> <li>· In 2023, insider trading regulation promotion coverage and completion rate reached 100%, with no major legal violations, achieving annual targets</li> </ul>

## Management policy of material topics

Major themes	Supply chain sustainable management			
GRI STANDARDS	GRI2-6, GRI 204-1 , GRI 308-1, GRI 308-2, GRI 414-1, GRI 414-2			
Impact description	Suppliers are closely related to the company's operations. Regarding suppliers as long-term partners, EPI requiring suppliers not only to take into account product quality, price, delivery, service and safety, but also make an assessment of ESG implement, to comprehensively judge the suppliers' operating performance and risks.			
Policy/ promise	<p>EPI continues to maintain cooperative relationships with its suppliers in the areas of quality improvement, process technology development, environmental protection, safety and health, business ethics and codes of conduct, and information security, to building a management model of sustainable supply chain.</p> <p>EPI urges suppliers to improve the labor rights, safety and health, environmental protection, business ethics and management system performance. EPI coaches suppliers in the continual improvement plan (CIP) to reduce the risk of operational interruption, to build the values supply chain for sustainable development.</p>			
Target	Schedule Target	short term 【2023- 2024】	medium term 【2025- 2026】	long 【2027- 2029】
	1. Local purchasing ratio (by number of suppliers)	93%	93.5%	94%
	2. Local purchasing ratio (by transaction amount )	69%	72%	75%
	2. "Sustainable Management Self-Assessment Questionnaire" self-assessment (once every two years for key suppliers)	100 %	100%	100%
	4. Supplier's Code of Ethics Signature	85% first level	100% first level	100% first level 50% Second level
	5. Supplier audit: Key suppliers should be audited at least every two years			
	<p>Note 1: Local procurement are meant the suppliers provide products or services, and the transaction method is local payment in Taiwan. The display mode of the Local procurement will added the ratio of transaction amount from the local suppliers.</p> <p>Note 2: The first level refers to key suppliers; the second level refers to all suppliers.</p> <p>Note 3: Definition of key suppliers: suppliers of direct materials for production, such as wafers, gases, chemicals, etc. (accounting for more than 80% of the total transaction amount)</p>			

Major themes	Supply chain sustainable management
<b>Responsibility</b>	Procurement Division
<b>Resource</b>	<ul style="list-style-type: none"> <li>· Quality engineering, Procurement, Material control, and safety &amp; Health division: Responsible for the selection and management of the suppliers.</li> <li>· Supply chain management (SCM) system.</li> </ul>
<b>Grievance mechanism</b>	<ul style="list-style-type: none"> <li>· Complaint hotline: 03-5632255 extension 2226</li> <li>· Complaint email: 2226@epi.episil.com</li> </ul>
<b>Action plan</b>	<p>Positive impact management</p> <ul style="list-style-type: none"> <li>· Increase local procurement ratio: Set procurement target and continually promote or at least maintain the current local procurement ratio.</li> <li>· Optimize the Supply Chain Management (SCM) system: Strengthen the communication channels with the suppliers to improve the work flow in the shipping and Just-in-time (JIT).</li> </ul> <p>Negative impact management</p> <ul style="list-style-type: none"> <li>· For supplier selection, key suppliers are firstly required to sign an NDA (non-disclosure agreement), "Code of Business Ethics", and promise Non-use conflict mineral raw materials.</li> <li>· Key suppliers are required to obtain international certification, such as ISO 9001 or IATF 16949. If not, they are also required to set a relevant timetable to obtain international certification.</li> <li>· Key suppliers' performance evaluation is based on five aspects: Quality, price, delivery, service, and safety. High-risk suppliers will be subject to relevant coaching and audit measures; for unqualified or non-improved suppliers, will be decreasing transaction, or disqualified and stop procurement if necessary.</li> <li>· Audit Mechanism : Key supplier are audited and coached at least once every two years, and required to propose improvement plans for the relevant deficient findings.</li> </ul>
<b>Evaluation /results</b>	<ul style="list-style-type: none"> <li>· Local procurement ratio (based on the number of suppliers) : 93% in 2023, achieve the annual target.</li> <li>· Supplier selection and evaluation : 100% in 2023, achieve the annual target.</li> <li>· Signing of the Code of Ethics: 85% of Key Suppliers have signed the Code of Ethics in 2023, reaching the annual target.</li> </ul>

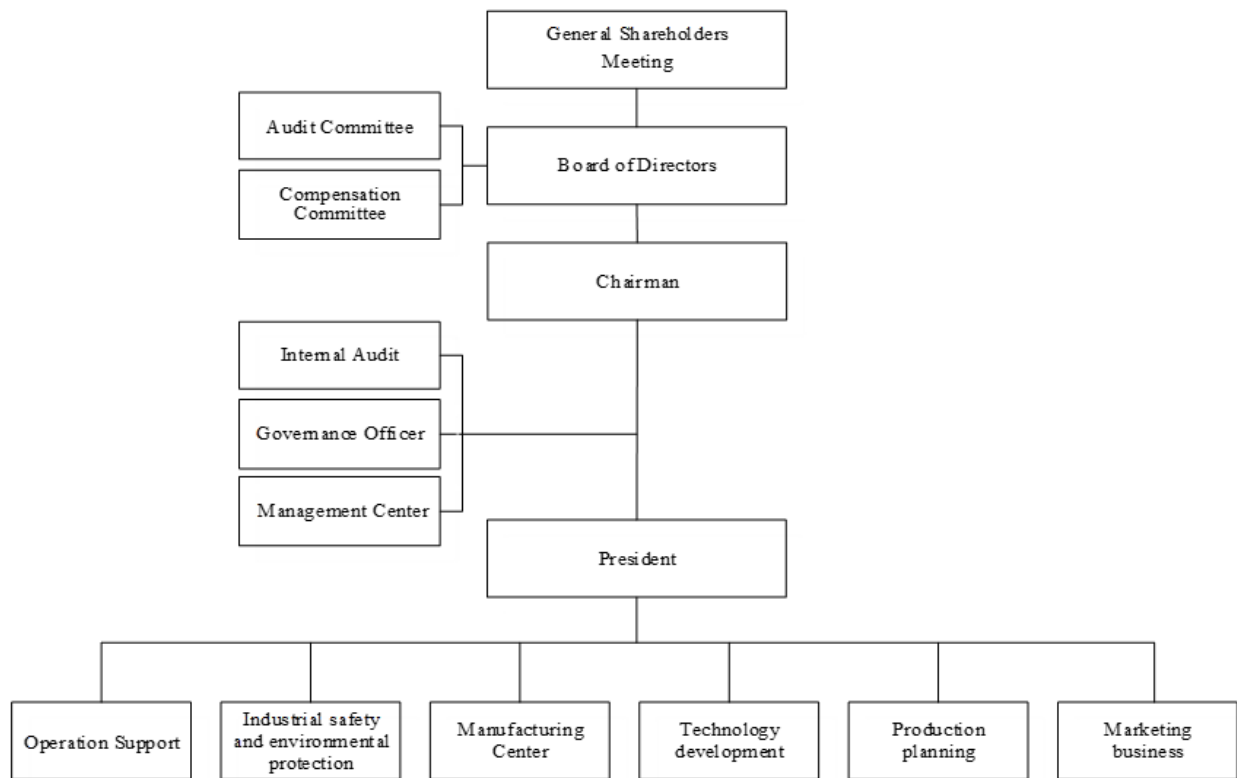
## 2.1 Corporate governance

Creating a good corporate governance and ethical management environment effectively protects stakeholders' interests and better demonstrates corporate value. EPI strengthens its corporate governance structure through rigorous management and supervision mechanisms, consolidating a solid foundation for sustainable strategies. EPI consistently maintains information transparency, regularly discloses significant financial information, and takes a zero-tolerance approach to any behavior that creates negative corporate image, implementing corporate sustainability responsibilities.

### 2.1.1 Corporate governance structure

EPI's highest governance is the Board of Directors. To implement corporate governance and strengthen board management, the audit committee and remuneration committee are established under the board to assist in fulfilling supervisory responsibilities.

The Internal Audit Department is an independent department directly reporting to the Board of Directors, appointed and dismissed by board resolution, submitting monthly audit reports and deficiency improvement tracking reports to independent directors. Internal Audit is responsible for examining and evaluating internal controls, promoting operational performance, and implementing corporate governance. To avoid policy blind spots, EPI has also established a "Corporate Governance Officer" to provide appropriate feasible opinions on company policy proposals, responsible for corporate governance-related affairs, making the overall governance organization more comprehensive.





## **2.1.2 Board of Directors**

EPI's board of directors consists of 9 directors, including 3 independent directors. The main responsibilities include guiding company strategy, supervising management, and being accountable to the company and shareholders, exercising authority according to laws, company articles, various operations and regulations, and shareholders' meeting resolutions, safeguarding stakeholder interests.

To realize the ESG vision, the Board of Directors serves in a supervisory and guidance role, considering the company's economic, social, and environmental aspects along with overall operational conditions, providing directional strategies, and striving to maximize stakeholder interests.

The nomination and announcement procedures for director candidates are handled according to the Company Act and Securities and Exchange Act regulations. At the June 2022 Annual Shareholders' Meeting, 9 directors were elected, including 3 independent directors, representing 33% of the board.

### **Diversity of board members**

Board member nomination and selection follow company articles, adopting a candidate nomination system and complying with "Director Election Guidelines" and "Corporate Governance Principles," considering board member diversity from multiple aspects to ensure member diversity and independence. The company has 9 directors, including 3 independent directors (33%), with 1 female director. Board members' professional backgrounds cover management, science and technology, and financial analysis, including technology industry operators, possessing semiconductor industry knowledge, operational judgment ability, international market perspective, leadership, and decision-making capabilities required by the company, providing professional opinions from different angles to enhance company operational performance and management effectiveness.

### **Board meeting situation**

The Board meets at least quarterly, with 5 meetings held in 2023, achieving a 95.56% attendance rate for all directors. EPI's directors actively supervise company operations, discuss important internal and external strategies, and fully support corporate sustainability. Important board resolutions are disclosed on the company website and Market Observation Post System as required, meeting information disclosure transparency requirements.

### **Conflict of Interest Management**

To avoid conflicts of interest and maintain self-discipline, directors' recusal system is clearly stipulated in the "Board Meeting Rules." Directors must not participate in discussion and voting on matters potentially harmful to company interests. No conflicts of interest occurred in 2023.

## List of board members

Job title	Name	Gender	Diversified professional and industrial experience
Chairman	JH Shyu	Male	Chairman of Episil Group Chairman and President of Wellknown Holdings Ltd. Chairman and President of Taiwan Hi -Tech Corporation. Independent director of Ultra Chip, Inc. Independent director of Upi Semiconductor Corp. Senior Vice President of UMC President/Chairman of HJTC
Director	David Chen	Male	Director of Episil Technology Co., Ltd. Director of High Power Optoelectronics, Inc. Director of Energic Technologies Corporation. Director of Advanced Ion Beam Technology, Inc. Senior Vice President Asia Pacific / President Taiwan of SEZ Group
Director	CT Sune	Male	Chairman of Precision Silicon Japan Co., Ltd. Director of Taiwan Hi-Tech Corporation President of Episil Semiconductor Co., Ltd. Vice President of ESMT. Vice President of Episil Technology Co., Ltd.
Director	Amy Fan	Female	Vice President of Episil Technology Co., Ltd. Director of Episil Technology Co., Ltd. Chairman of Hi-Tech Semiconductor (Changshu) Co., Ltd.
Director	Eric Lo	Male	Vice President of Nan Ya Photonics Incorporation President of Nanya Optoelectronics (Kunshan) Trading Co., Ltd. President of NY PHOTONICS INC. USA Director of Leadray Energy Co., Ltd. Director of Light Space Corporation Associate Vice President of Formosa Plastics Group
Director	Wunguei Ye	Male	President of Jiakai Investment Co., Ltd. Director of Trend Lighting Corp. Associate Engineer of NCSIST
Independent director	T.P. Chen	Male	Senior consultant of Epistar Corporation Director of LYNK LABS ,USA Chairman of Huga Optotech Inc.
Independent director	William Shen	Male	Independent director of ENNOSTAR Inc. Independent director of Advanced Lithium Electrochemistry Co., Ltd. Professor at the Department of Finance and Taxation, National Taichung University of Science and Technology. Independent director of Upi Semiconductor Corp.

Job title	Name	Gender	Diversified professional and industrial experience
Independent director	Eric Hu	Male	Partnership accountant of C.J.S. CPAS & CO. Director of Kye Systems Corp. Chairman of Algoltek, Inc. Director of Sciencetech Corporation. Director of GoDEX International Co., Ltd. Director of Jianrui Venture Capital Co. Ltd. Director of Accom Technologies Co., Ltd. Director of Basecom Telecommunication Co., Ltd. Independent Director of Promate Electronics Co., Ltd. Supervisor of Orient Pharma Co., Ltd.

### Diversity of board members

Diversified core projects  Name	Basic Composition							Possible Ability							
	Nationality	Gender	Employee	Age		Term of office of independent directors (Year)		Operation judgment	Accounting and financial analysis	Operation management	Crisis management	Industrial knowledge	International market view	Leadership	Decision making skills
				51 ~ 60	61 ~ 70	0 ~ 3	6 ~ 9								
JH Shyu	R.O.C	Male	V		V			V	V	V	V	V	V	V	V
David Chen	R.O.C	Male			V			V	V	V	V	V	V	V	V
CT Sune	R.O.C	Male	V		V			V	V	V	V	V	V	V	V
Any Fan	R.O.C	female		V				V	V	V	V	V	V	V	V
Eric Lo	R.O.C	Male			V			V		V	V	V	V	V	V
Wunguei Ye	R.O.C	Male			V			V	V		V			V	V
T.P. Chen	R.O.C	Male			V		V	V	V	V	V	V	V	V	V
William Shen	R.O.C	Male			V		V		V		V			V	V
Eric Hu	R.O.C	Male		V		V		V	V	V	V			V	V

## Board performance evaluation

In order to implement corporate governance and improve the functions of the Company's Board of Directors, and establish performance targets to enhance the operational efficiency of the Board of Directors, the Company has formulated the "Board of Directors Performance Evaluation Methods". The Board of Directors, individual board members and functional committees perform performance evaluations once a year, and the board members themselves evaluation, internal self-evaluation of the board of directors, and internal self-evaluation of functional committees. The results of the 2023 performance evaluation have been submitted to the board of directors as a reference for the company's continual improvements in the future.

The overall performance evaluation results of the 2023 board of directors, individual board members and functional committees are all above excellent, and the overall operation is in good condition.

Individual board performance evaluation items	Overall board performance evaluation items	Performance of each functional committee evaluation items
<ul style="list-style-type: none"><li>● Mastery of company goals and tasks</li><li>● Awareness of Directors' Responsibilities</li><li>● Degree of involvement in company operations</li><li>● Internal relationship management and communication</li><li>● Professional and continuing education for directors</li><li>● Internal Control</li></ul>	<ul style="list-style-type: none"><li>● Degree of involvement in company operations</li><li>● Improve the quality of board decision-making</li><li>● Board composition and structure</li><li>● Selection and continuing education of directors</li><li>● Internal Control</li></ul>	<ul style="list-style-type: none"><li>● Degree of involvement in company operations</li><li>● Functional Committee Responsibilities Awareness</li><li>● Improve decision-making quality of functional committees</li><li>● Functional committee composition and member selection</li><li>● Internal Control</li></ul>

## Further education status of board members

EPI attaches great importance to the professionalism of directors. In order to enable the company's directors to grasp the latest trends in corporate governance and sustainable development and cultivate their corporate governance experience, the company provides directors with recent regulatory updates and professional knowledge training courses from time to time. Directors all follow "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" are conducted every year. In 2023, directors actively participate in external education training courses and seminars on sustainable development trends, corporate governance and digital trends in the economic environment, with a total of 66 hours of training.

### **2.1.3 Audit Committee**

EPI has all independent directors serve as members of the audit committee to replace the powers of the original supervisor. The purpose of the Audit Committee is to assist the Board of Directors in supervising the quality and integrity of the company in implementing relevant accounting, auditing, financial reporting processes and financial controls, strengthen the functions of the Board of Directors and the company's internal control mechanism, and assist the Board of Directors in supervising the company's effective execution. The audit committee meeting is held once per quarter at least. In each quarter audit committee meeting, reports are made to the independent directors on the review or audit results of the company's financial statements for the current quarter, internal control audits, the impact of the revision and release of IFRSs bulletins on the company, and other relevant legal requirements. During the meeting, the audit committee will directly contact the accountants as necessary to keep communication channels open. A total of 5 audit committee meetings were held in 2023, with an attendance rate of 100%.

### **2.1.4 Remuneration Committee**

EPI has established a remuneration committee in 2011. The committee regularly reviews the policies, systems, standards and structures of performance evaluation and salary remuneration for directors and managers. It also regularly evaluates and reviews the content and amount of remuneration for directors and managers, and submits Board Resolution. A total of 2 remuneration committee meetings were held in 2023, with an attendance rate of 100%.

### **Remuneration policy**

The company's articles of association stipulate: "The company shall allocate no less than 5% as employee remuneration and no more than 2% as directors' remuneration based on the profits of the current year." Directors' remuneration is determined based on the directors' evaluation of the directors' remuneration. The extent and contribution of the company's operational participation, as well as the performance evaluation results of its directors, shall be determined in accordance with the company's articles of association. The remuneration received by the manager is based on the company's articles of association and the operating performance amount of the annual budget approved by the board of directors each year, and is determined by taking into account the positions held, responsibilities assumed, and contributions to the company, and with reference to industry standards. It shall be handled in accordance with the procedures of "Measures for Manager Incentives and Performance Bonuses".

## **The correlation between compensation, operating performance, and future risks**

The remuneration payment of the company's directors and managers has fully taken into account performance evaluation, participation in the company's operations (including directors' attendance, frequency of communication, suggestions provided..., etc.), personal performance contribution (including financial indicators such as revenue and Profit achievement rate, together with non-financial indicators such as legal and internal control compliance, or special achievements, etc.) and the general standards of peers, comprehensively consider the amount of remuneration, payment methods and risks faced by the company in the future, etc., as the basis for payment, and with The company's operational responsibilities and overall performance are highly correlated.

<b>Maximum salary to median annual salary ratio</b>	<b>The annual total salary increase rate of the highest paid individual and the median annual total salary increase rate</b>
<b>12.26</b>	<b>(10.25)</b>

## 2.2 Integrity management

### 2.2.1 Professional ethics

EPI has established good business conduct and ethics to ensure that the company operates with integrity and prohibits the transfer of illegal or improper benefits. It has clearly formulated the "Integrity Business Code" and "Employee Code of Ethics" and requires the company's board of directors and senior managers to, group employees and cooperative suppliers follow it to establish a corporate culture of honest management.

In order to prevent unethical behavior in the industry, in addition to conducting training courses for all employees to promote the "Employee Code of Ethics", EPI also requires key suppliers to sign the code of ethics, swear to abide by the company's integrity and discipline requirements, and establish a solid Have a good long-term business relationship and become each other's important business partners.

The "Insider Equity Promotion Handbook" was send by e-mail on the day when directors and managers are newly appointed. In addition to informing the new managers that insiders should comply with relevant laws and regulations, the stock agency will also be notified on the same day. Declare relevant information of new insiders on your behalf. In addition, the company has also established an internal management system to prevent insider trading and ensure equal treatment of shareholders. In addition EPI has also developed an internal management system to prevent insider trading and implement equal treatment of shareholders. In addition to setting up a coordinating unit for integrity management to promote and supervise the company's integrity management policies and prevent dishonest behaviors, EPI also has an audit unit to supervise and check the implementation of integrity in each department to comply with the internal control system.

In order to ensure that employees perform business in compliance with ethical standards, in addition to conducting education and training on the "Employee Code of Ethics " for all employees, the company also conducts " Insider Trading Prevention Courses, propaganda of Code of Integrity Business, propaganda of Information Security Code " for all employees every year to education and training takes the corporate cultural values of "telling the truth", "doing practical things", "being able to take responsibility" and "dare to innovate" as standards, and lists moral character and ethics as one of the annual employee performance appraisal items, hoping to use the company's internal strength , strengthen employees' awareness of anti-corruption and business ethics.

Proportion of students passing anti-corruption courses in 2023				
Employee Category	Completed training	Total people	Total course hours	Training completion percentage
Governance unit (Note 1)	9	9	4.5	100%
Employees	703	703	351.5	100%

Note 1: Governance unit such as board of directors, management committee, or unincorporated organization unit.

### **2.2.2 Anti-corruption assessment process**

Through the annual internal control self-assessment exercise, the company requires all factories and departments to conduct self-examination of their operating projects, including understanding of compliance with laws and regulations and professional ethics and possible risk assessment, and adjusting the design and implementation of the internal control system to implement the self-monitoring mechanism.

Regarding dishonest behaviors such as moral integrity, avoidance of conflicts of interest, business entertainment and corruption, the company has established a company-wide risk assessment mechanism to identify major risks and relevant risk departments, and regularly conducts internal investigations and audits on conflicts of interest. In addition to internal self-evaluation, the audit office also formulates annual audit plans and conducts relevant inspections in accordance with legal requirements and risk considerations, regularly reports inspection results and tracks improvements to the audit committee and the board of directors. In 2023, EPI was not fined due to anti-corruption matters or anti-competition-related behaviors.

### **2.2.3 Complaint Hotline for Violations of the Code of Ethics**

For violations of the Code of Ethics, both internal and external personnel can report through the complaint hotline announced on the company's official website. We always take a serious approach to handling violations of professional ethics. The handling process of the case will absolutely protect the parties involved in the complaint, protect the whistleblower from unfair treatment or retaliation due to the whistleblowing, and take necessary disciplinary measures for violators. Through the promotion of the above policies, corruption incidents can be avoided. No violation cases were received during the year.



## 2.3 Business performance

Operating performance is the item most concerned by investors and can reflect the results of company operation management. EPI operating performance comes from the unremitting efforts of every colleague, bringing continuous growth power to the company. With the gradual growth of electric vehicle, 5G, and green energy application markets, semiconductor demand related to various products has also relatively increased. Under the major trend of energy saving and carbon reduction, the related silicon epitaxy/compound semiconductor market will continue to grow. EPI upholds the core values of "Fast, Precise, New," providing customers with more efficient services, more precise quality, and more innovative processes and products, actively expanding capacity, hoping to create more profits to give back to stakeholders.

Project	Unit: Thousands of New Taiwan Dollars		
	2021	2022	2023
<b>Direct Economic Value Generated (A)</b>			
Operating income (Note 1)	5,093,801	5,990,676	4,291,069
<b>Direct Economic Value Distributed (B)</b>			
Operating costs (Note 2)	3,913,534	4,172,979	3,300,109
Employee welfare expenses (Note 3)	683,976	938,648	750,238
Payment to investors (Note 4)	82,674	362,475	608,999
Payment to the government (Note 5)	101,029	174,887	51,913
Community Investment (Note 6)	129	150	100
<b>Retained economic value (A-B)</b>	<b>312,459</b>	<b>341,537</b>	<b>(420,290)</b>

Note 1: Includes EPI's consolidated net operating income and non-operating income in each year.

Note 2: Includes EPI's consolidated operating costs, operating expenses and non-operating expenses for each year, and excludes employee welfare expenses, stamp duties, other taxes and community investments.

Note 3: Including bonuses, pensions, labor and health insurance and other employment expenses.

Note 4: Including cash dividends distributed during the year and financial costs.

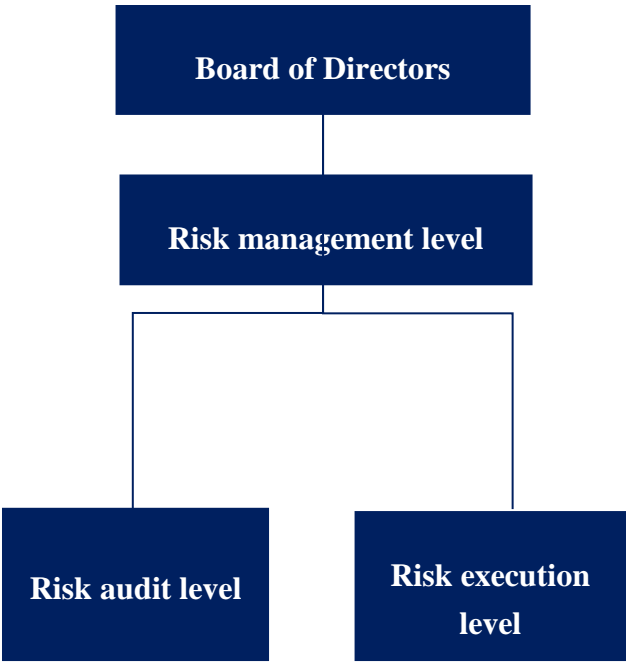
Note 5: Including profit-making enterprise income tax, stamp duty and other taxes.

Note 6: It is a donation to government agencies, public welfare organizations and other public welfare expenditures.

## 2.4 Risk management

In order to practice the concept of sustainable development, EPI always keeps abreast of global risk trends to effectively reduce and control corporate operational risks. We identifies risks that may affect the company's operations and integrates risk management and control into daily operations, which is regarded as an important reference for operational management.

### 2.4.1 Risk management organizational structure and management mechanism



- <1>Board of Directors: It is the highest supervision unit of risk management and ensures the effective implementation of the risk management system.
- <2>Risk management level: Responsible for the company's senior management level, determine the group's major risks, formulate specific implementation strategies and report to the board of directors.
- <3>Risk execution level: Responsible for the company's front-line management, undertaking risk management objectives, implementing risk management measures, and reporting execution results to the risk management unit.
- <4> Risk audit level: It is the company's audit unit, evaluates the effectiveness of the operation of the risk management system, and regularly submits audit work reports to the audit committee and the board of directors.

Matters related to major operational policies, investment projects, acquisition or disposal of assets, etc. must be assessed and risk analyzed by the relevant responsible departments and submitted to the board of directors for resolution before implementation. The audit office formulates an annual audit plan based on the risk assessment results and implements it, In order to practice Risk control and other supervisory mechanisms.

## 2.4.2 Risk issue management process

EPI actively implements risk prevention and loss control, and integrates risk management measures into daily internal control operations. Each unit is required to conduct regular self-examination and participate in education and training, and then senior managers evaluate the effectiveness so that risks can be effectively controlled within an acceptable range. Collect various business information by establishing risk indicators and risk event reporting mechanisms, integrate possible risks and identify major risks, and regularly report risk monitoring status to the risk management supervisor.

### 2.4.2.1 Risk issue identification results

After the risk execution unit collects and classifies data on its business scope, the risk management level identifies, measures and evaluates the company's future operating plans based on past industry experience and legal revision directions. The main impact risk items faced by the company in 2023 are: overall economic instability, geopolitical risks and climate change risks.

Significant risk	Risk Statement	Corresponding management strategies
General economic instability	<ol style="list-style-type: none"><li>1. Due to the persistence of global inflation, high interest rates from central banks in Europe and the United States will continue for a period of time, which may inhibit corporate investment capabilities and household consumption willingness in Europe and the United States.</li><li>2. China's post-epidemic recovery has not performed as expected. Rising local debt and debt defaults by large real estate developers have triggered concerns about China's economic and financial risks. China's economic outlook is weak and deflationary pressure is lurking, which may impact global economic growth. Although China's central bank has successively announced macroeconomic control policies to boost economic prosperity, its effectiveness remains to be seen.</li></ol>	<ol style="list-style-type: none"><li>1. Diversified layout: adjust or expand target markets, provide more diverse, high value-added products and services, in order to attract high-quality customers to respond to changes in the economy. Due to expand the market and layout the supply chain across borders, it is necessary to consider industrial clusters, adjacent market entry strategies, local regulations and tax systems, and pay attention to the legal and administrative procedures of different countries, so as to quickly establish a foothold in the local area.</li><li>2. Continuous transformation: Enterprises will face more intense challenges in the future. Only through continuous transformation and innovation can enterprises find new niches and business opportunities. The main strategies are:<ol style="list-style-type: none"><li>a. Investment in automated processes and systems: Use</li></ol></li></ol>

Significant risk	Risk Statement	Corresponding management strategies
		<p>AI and various application software to quickly provide effective prediction models and prediction results to improve decision support efficiency.</p> <p>b. Cultivation of corporate talents: In addition to investing in digital tools, EPi also invests in the digital skills of employees and creates an organizational culture that is fault-tolerant and inclusive to stimulate talent creativity. Faced with the challenge of talent shortage, EPi helps employees improve their market value and self-realization, while meeting their long- and short-term learning needs, and casting like-minded talents for EPi in conjunction with the corporate vision.</p>
Geopolitical risks	<ol style="list-style-type: none"> <li>1. The war between Russia and Ukraine has increased the risk of conflict between Russia and NATO, leading to long-term political, economic and military confrontation between the two sides, which is detrimental to economic development.</li> <li>2. The U.S.-China trade war has been going on for many years, and the United States continues to expand export controls on China. As the U.S. presidential election approaches, there is great uncertainty in the competition between the two sides.</li> <li>3. The outbreak of the Israel-</li> </ol>	<ol style="list-style-type: none"> <li>1. Cost control: The geopolitical crisis has pushed up business operating costs, so reorganizing supply chains, improving the effectiveness of cross-border operating models and improving energy efficiency are necessary strategies.</li> <li>2. Supply chain strengthening: Examine the potential risks of supply chain partners, consider sustainable development and geopolitical dynamics, and use strategies such as nearshoring, onshore subcontracting, or friendly shore cooperation to restructure and strengthen the supply chain's mid- to long-term</li> </ol>

Significant risk	Risk Statement	Corresponding management strategies
	Kazakhstan war and the escalating crisis in the Red Sea have disrupted energy production and trade. If the waterway blockade continues, it will affect the stability of the supply chain in which shipping is the main mode of transportation.	<p>growth and recovery capabilities.</p> <p>3. Market fragmentation: Accelerate the transformation of product structure, and actively deploy emerging markets through government alliance networks and trade agreement partners to find new growth and profit opportunities.</p> <p>4. Regular analysis: <b>Due to</b> geopolitical development is highly uncertain. Regular analysis of geopolitical scenarios can help strategically position the company and turn crises into opportunities.</p>

Significant risk	Risk Statement	Corresponding management strategies
Climate change risks	<ol style="list-style-type: none"> <li>1. Global warming has led to climate anomalies, and the frequency of extreme weather such as heavy rains and droughts has increased, which has increased the company's operating costs, including extended raw material preparation cycles, increased transportation costs and other factory production costs.</li> <li>2. Net-zero carbon emissions have become a global trend, semiconductors are a high-carbon emissions industry, which will significantly increase production costs. <ol style="list-style-type: none"> <li>a. The EU Carbon Border Adjustment Mechanism (CBAM) was trialed in October 2023.</li> <li>b. The US Clean Competition Act (CCA) is planned to be launched in 2024.</li> <li>c. Taiwan proposed a draft carbon fee charging method in 2023. Starting from 2024, Taiwan will enter an era of pricing carbon emissions.</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. Actively promote various energy conservation and carbon reduction programs to strengthen the company's ability to cope with extreme climate: <ol style="list-style-type: none"> <li>a. Completed 14 energy-saving actions, achieving an annual electricity saving rate of 1.9%, equivalent to saving 1.759 million kilowatt hours of electricity.</li> <li>b. An energy-saving project management team was established to continuously carry out energy-saving optimization measures for equipment and facilities.</li> <li>c. A greenhouse gas inventory management review committee was established to establish greenhouse gas inventory procedures, and introduce management systems such as ISO14001 and ISO14064-1. Conduct greenhouse gas inventories every year, and verify it by third-party agencies.</li> </ol> </li> <li>2. R&amp;D and production of low energy consumption products to provide customers with lower carbon products: Actively develop and mass-produce new energy-saving products (compound semiconductors GaN and SiC) to provide customers with more advanced product choices.</li> </ol>

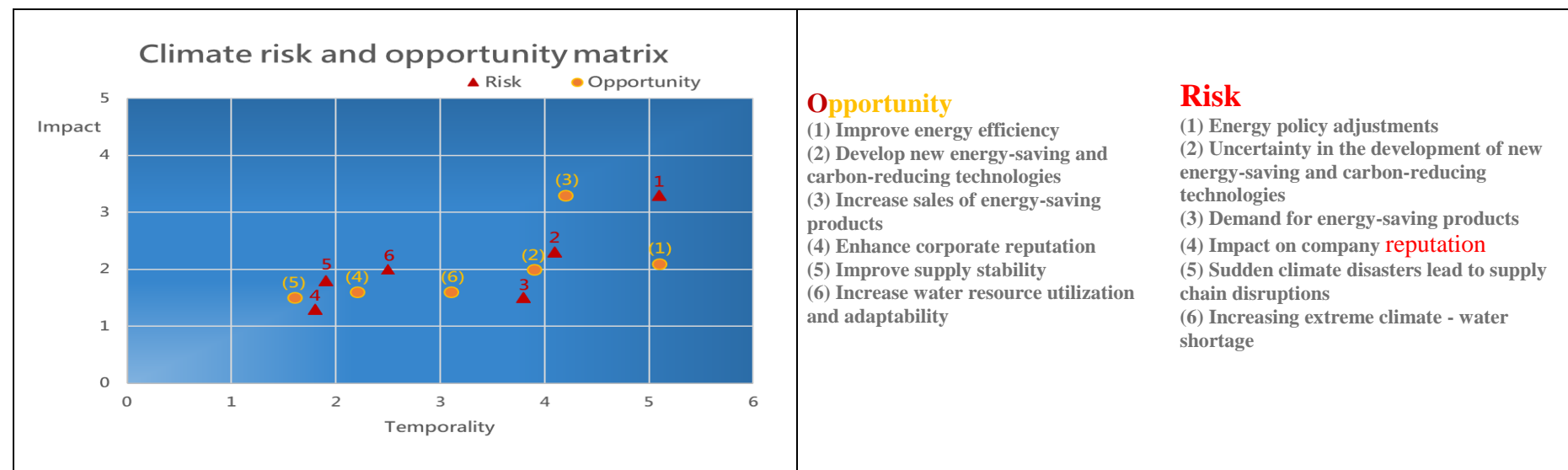
## 2.4. 3 Climate change governance and response

### 2.4.3.1 Governance

Climate change management is one of the most critical environmental issues for all countries around the world. EPI discloses climate-related information in accordance with related regulations. In EPI, the Board is responsible for overseeing climate change governance and the management framework, which regularly reviews and oversees climate change risks and opportunities to ensure effective implementation of risk management system. In 2022, EPI established the "ESG Steering Committee", which is top organization in climate change management, chaired by chairman of EPI. The chairman leads the management team to review climate change strategies and goals and provide countermeasures, which report progress and performance to the board. Based on the company's climate change strategy and goals, the management team is responsible to prepare budgets for climate change management strategies for executing annual plans, and regularly confirming the progress and reporting performance to the board of chairman.

### 2.4.3.2 Climate change management strategies and action

Various departments of the company discussed and identified short-term, medium-term and long-term climate risks and opportunities, and a total of 6 key risks and opportunities were identified. A scenario analysis was conducted and goals and strategies were set for the potential operational and financial impacts of these six key risks and opportunities.

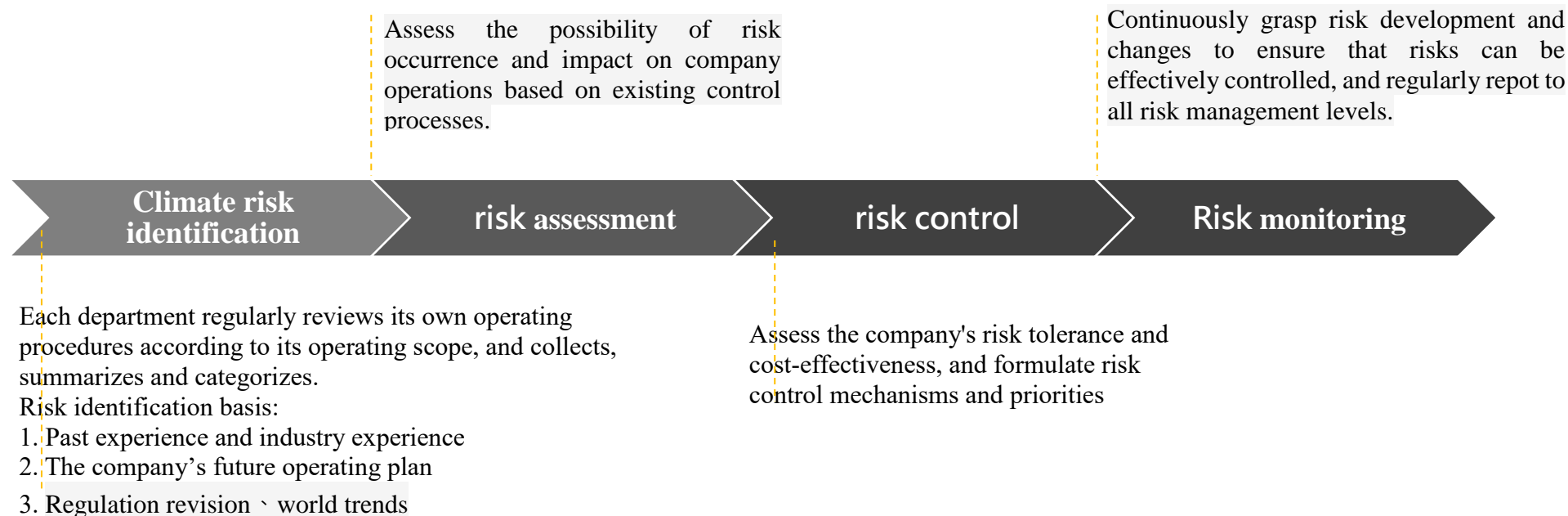


Type		Climate risk	Situation description	Potential financial impact	Derivative opportunities and response strategies
Transition	Policies and Regulations	Energy policy adjustments	In response to the rise in international energy prices and the trend of carbon reduction, the electricity price will be increased	Increased operating costs	◆Improve energy efficiency: An energy-saving management task force was established to be responsible for equipment energy-saving optimization.
Transition	Technology	Uncertainty in the development of new energy-saving and carbon-reducing technologies	Various equipment and corresponding green energy technologies lead to increased costs	Increased technology development costs	◆Develop new energy-saving and carbon-reducing technologies: Evaluate new energy-saving and carbon-reducing technologies, and promote energy-saving and carbon-reducing plans.
Transition	market	Demand for energy-saving products	Increased preference and attention for energy-saving products	Increased investment in factory expansion	◆Increase sales of energy-saving products: Develop and mass-produce new energy-saving products (compound semiconductors GaN and SiC) to provide customers with more advanced product choices.
Transition	Reputation	Impact on company reputation	Failure to meet the expectations of stakeholders affects reputation	Decreased revenue	◆Improve corporate reputation: Introduce management systems such as ISO14001 and ISO14064-1. Conduct greenhouse gas inventories every year, and verify it by third-party agencies.
Physical	Immediately	Sudden climate disasters disrupt supply chains	Sudden climate disasters disrupt supply chains	Delays in product shipments and increased operating expenses	◆Improve supply stability: Establish backup suppliers, multi-source transportation lines, and increase local supplier warehousing capacity
Physical	Long-term	Extreme climate intensification – water shortage	Water shortage affects production	Operational disruptions lead to increased operating costs	◆ Improve water resource utilization and ability to respond to emergencies: Establish a water regime monitoring mechanism and a water shortage response mechanism, and sign contracts with water trucks to supply water.



### 2.4.3.3 Climate risk management process

Members of the ESG Steering Committee identify and assess climate-related risks in accordance with the TCFD framework, and continue to track the climate risks and opportunities they face each year. After identifying key risks, set relevant indicators and goals, track goal progress, and adjust management measures.



#### 2.4.3.4 Indicators and goals setting

In response to the risks and opportunities of climate change, EPI actively promotes various energy-saving and carbon-reduction plans, which are disclosed in the table below, to strengthen the company's ability to cope with extreme climate.

Category	EPI's execution status in 2023
Governance	<ul style="list-style-type: none"> <li>◆ Members of the ESG Steering Committee have developed a climate and energy development strategy and have declared net-zero emissions by 2050.</li> <li>◆ Members of the ESG Steering Committee have regularly reported sustainable development strategies and results to the board and have received support from the board.</li> </ul>
Strategy	<ul style="list-style-type: none"> <li>◆ The board of directors approved the capital budget implementation plan to install facilities for energy conservation, carbon reduction, water conservation and other environmental protection.</li> <li>◆ Develop and mass-produce new energy-saving products (compound semiconductors GaN and SiC) to provide customers with more advanced product choices.</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>◆ Various departments of the company discussed and identified short-term, medium-term and long-term climate risks and opportunities, and a total of 6 key risks and opportunities were identified (4 transition risks and 2 physical risks respectively).</li> </ul>
Indicators and goals setting	<p>Short-term goals (2023~2024):</p> <ul style="list-style-type: none"> <li>● In compliance with government policies, the annual electricity saving rate reaches 1%.</li> <li>● Conduct greenhouse gas inventories every year, and verify it by third-party agencies.</li> <li>● Screen out low-energy-efficiency electrical facilities, formulate energy-saving plans, and replace inefficient machines and equipment.</li> </ul> <p>Medium-term goals (2025~2026):</p> <ul style="list-style-type: none"> <li>● The annual electricity saving rate is greater than 1.2%.</li> <li>● Formulate and implement energy-saving plans, continue to screen out inefficient electrical equipment, and carry out replacement plans.</li> <li>● Evaluate green energy measures and energy storage cabinet equipment, and ensure their compatibility with the power system.</li> </ul> <p>Long-term goals (2027~2029):</p> <ul style="list-style-type: none"> <li>● The annual electricity saving rate is greater than 1.2%.</li> <li>● Implement energy-saving plans, continue to screen out inefficient electrical equipment, and carry out replacement plans.</li> </ul>

Category	EPI's execution status in 2023
	<ul style="list-style-type: none"> <li>● Assessment and implementation of green energy measures.</li> </ul> <p>Performance measures achieved in 2023:</p> <ul style="list-style-type: none"> <li>◆ Completed 14 energy-saving actions, achieving an annual electricity saving rate of 1.9%, equivalent to saving 1.759 million kilowatt hours of electricity.</li> <li>◆ An energy-saving project management team was established to continuously carry out energy-saving optimization measures for equipment and facilities.</li> <li>◆ A greenhouse gas inventory management review committee was established to establish greenhouse gas inventory procedures, and introduce management systems such as ISO14001 and ISO14064-1. Conduct greenhouse gas inventories every year, and verify it by third-party agencies.</li> </ul>

## 2.5 Legal compliance

All company personnel comply with regulatory policies, cooperating between departments, regularly participating in relevant education training such as friendly workplace and information security, needing to comply with regulations while improving business performance, constantly monitoring regulatory development affecting the company. Internally implementing ISO 14001 and ISO 45001 management systems, providing safe and healthy work environment to protect worker health and safety, and reduce environmental negative impacts. Colleagues maintain integrity and conduct as basic requirements. Actively reducing use of environmentally related substances to comply with product environmental regulations, continuously reducing environmental impact. To ensure company and employee business execution can comply with various national regulations, EPi has established legal service windows for departmental legal consultation and assistance. In 2023, EPi had no major fines or non-monetary sanctions in environmental, labor, and economic aspects.

### Regulation-related education and training

Course Title	Course hours	Total number of training sessions
Best Friendly Workplace	1	703
2023 Information Security Code Promotion	0.5	703
Insider trading guide	0.5	703
2023 Integrity Business Code Promotion	0.5	703
Responsible Business Alliance Code of Conduct (RBA) Promotion	1	703
Employee Code of Ethics	1	703

## 2.6 Tax governance

EPi follows national laws for tax payment, implements tax governance, with major tax decisions all submitted to Board of Directors for resolution. To enhance information transparency, transactions with related enterprises all follow OECD published internationally recognized transfer pricing guidelines, issuing transfer pricing reports, not transferring profits to low-tax countries. Additionally, maintaining honest and professional attitude, disclosing tax information transparently in financial reports for external stakeholders' reference. The Finance and Accounting unit is responsible for various company tax matters, with important decisions all considering tax impact. Tax-related risk responsibility is borne by the CFO, with accounting supervisors executing, Audit Office formulating and implementing annual audit plans based on risk assessment results, audit reports regularly submitted to independent directors for review, implementing tax risk control supervision mechanisms.

## **2.7 Supply chain sustainable management**

Suppliers are closely related to the company's operations. Regards suppliers as long-term partners, EPi requiring suppliers not only to take into account product quality, price, delivery, service and safety but also fulfill their ESG responsibilities to comprehensively evaluate the supplier's operational performance and risks.

EPi continues to maintain cooperative relationships with the suppliers in the areas of production quality improvement, technology development, work safety-and-health, and information security. Additionally, EPi urges suppliers to improve labor rights, environmental protection, business ethics, and localized supply chains.

Through SCM and audit mechanisms, EPi coaches suppliers in the continual improvement plan (CIP) to reduce the risk of operational interruption, to build the values supply chain for sustainable development.

### **Supply chain**

Epitaxy production belongs to the upstream wafer-related industry of semiconductors. The purchased items in EPi include seven categories: raw materials, equipment, components, factory affairs, information, general affairs and industrial safety, includes about 500 global vendors in EPi existing supply chain. Among them, there are approximate 52 key suppliers supplying primary materials such as wafers, gases and chemicals, etc.

EPi devoted to promoting local procurement and assisting local suppliers to improve technology and quality in order to establish a highly efficient and competitive supply chain in semiconductor. Only some production machines, parts, and materials are purchased from specific manufacturers in Europe, the United States, and Japan.

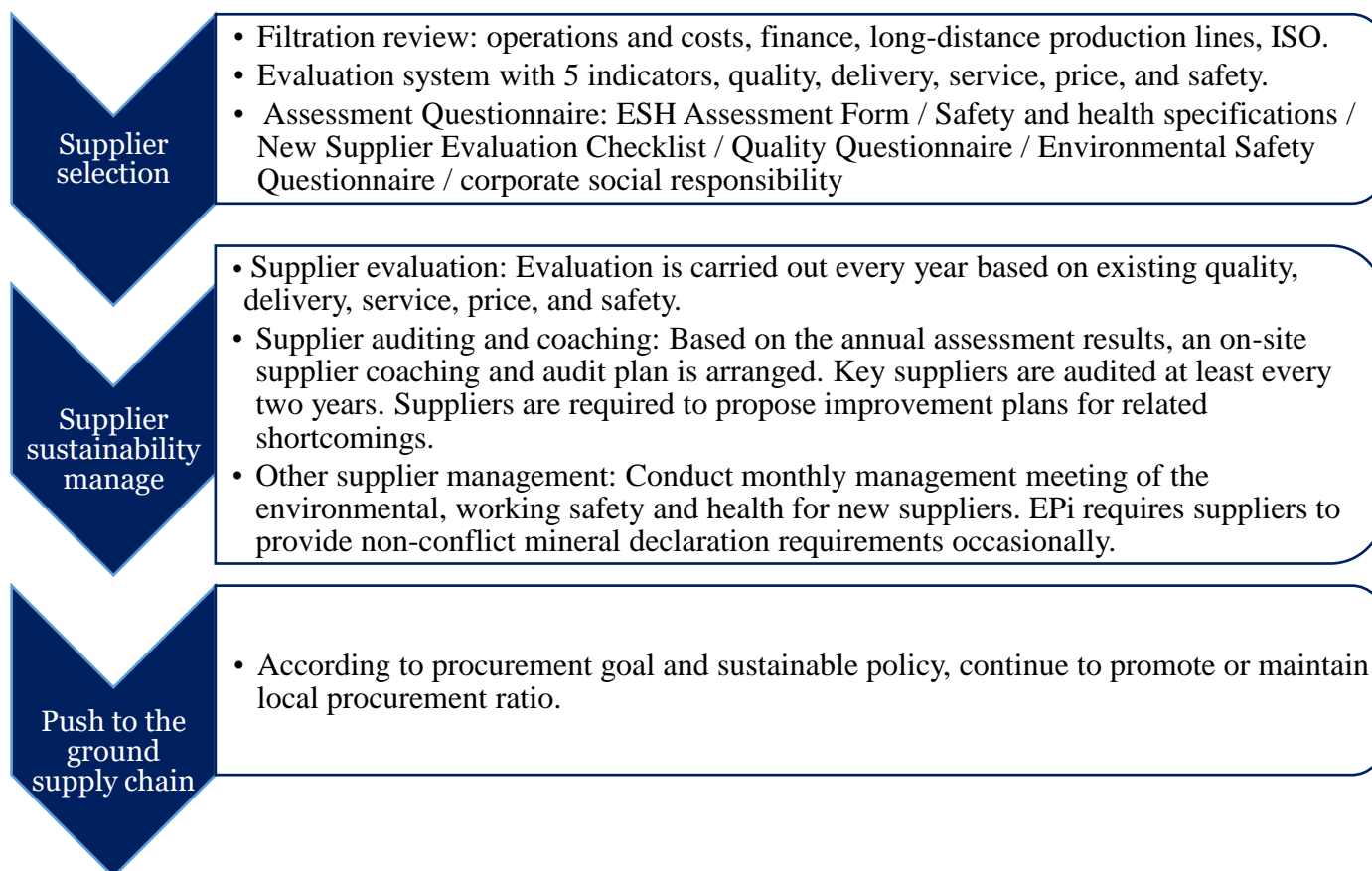
EPi implements SCM (supply chain management system) to provide all suppliers with convenience for order, delivery, accounting, and other inquiries. We continually strengthen communication channels with suppliers to optimize the JIT (Just-in-time) delivery procedure.

## 2.7.1 Supply chain management

### 2.7.1.1 Supplier management mechanism

EPI has three aspects of the supplier management process: "supplier filtration", "supplier sustainable management", and "promoting local supply chain" to set up the sustainable supply chain.

Firstly, key suppliers, as EPI primary target, not only should meet EPI's requirements of the quality, delivery, service, price, and safety, but also committed to corporate integrity and social responsibility. The management mechanism for suppliers are shown in the figure below:



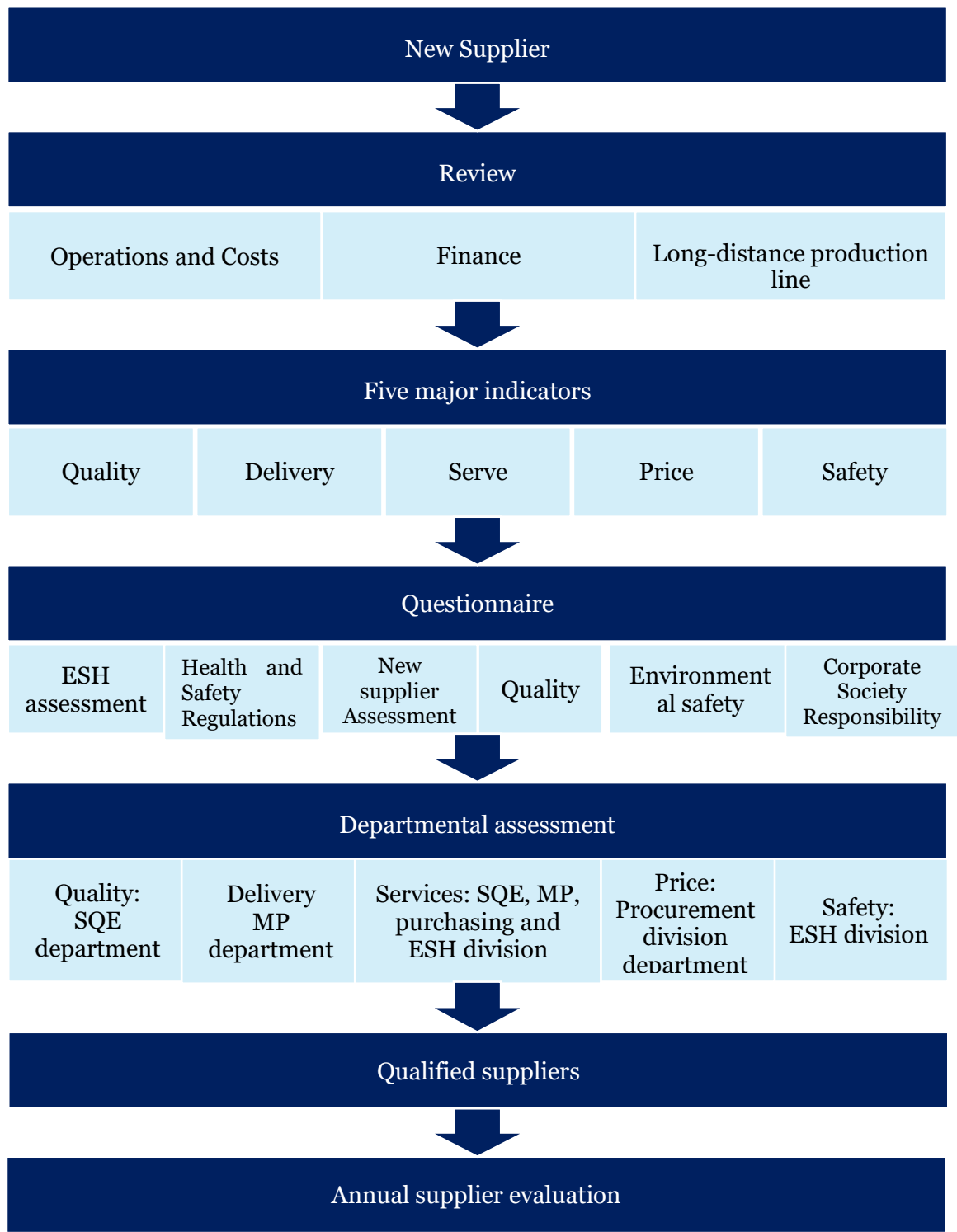
### 2.7.1.2 Supplier selection

Base on long-term partnership and good business practices, urges suppliers to abide by confidentiality principles, professional ethics and ESH (Environment, Safety, and Health) regulations, and need to sign confidentiality and business ethics agreement. Suppliers should operate with integrity, illegal or improper transfer of benefits is prohibited, thereby preventing occurrence of the unethical behavior. Additionally, the chemical substances of the raw materials need to comply with legal regulations, such as requiring suppliers not to use metal ore sources from conflict areas.

EPI assists suppliers in risk assessment, improvement and management through rigorous SCM (Supply Chain Management) system. In the selection, key suppliers are firstly required to pass the review of operations and costs, finance, and long-distance production lines, and ISO, then complete ESH assessment (safety and health specifications, new supplier assessment, and environmental-safety and corporate-social-responsibility questionnaires). The five major indicators (quality, delivery, service, price, and safety) will be surveyed by the relevant audit

departments, such as SQE (quality control), MP (Material Planning), procurement, ESH division) will jointly evaluate the suppliers supply risks to ensure stable supply. If necessary, a supplier audit plan will be carried out. Once you pass the selection, you will become a qualified supplier of EPI, and you will be reviewed by the annual supplier evaluation. However, the verification procedures for new suppliers are subject to flow as follows.

**Filtration of new suppliers**



EPI added total of 29 new suppliers in 2023, the number ratio followed filtration of new suppliers is 100% to screen new suppliers.

Year	2021	2022	2023
Statistics on the number of new suppliers	26	16	29
Number of companies using filtration of new suppliers	26	16	29
Percentage of new suppliers screened using filtration flow	100%	100%	100%

### Number of key suppliers

Currently, EPI has 44 key suppliers that have signed the code of ethics; 52 NDAs; 52 companies that have pledged not to use conflict mineral raw materials; The audit results of key suppliers show that 48 vendors are identified as low-level suppliers. , and only 4 vendors are identified as medium to high risk. EPI has provided improvement guidance to the above 4 suppliers. Both EPI and suppliers cowork together to enhance the competitiveness of the industrial supply chain.

Year	2021	2022	2023
Number of key suppliers (note)	51	53	52
"Code of Business Ethics" requires signature, number of signatories	20	42	44
"NDA" requires signature, number of signatories	51	53	52
Number of companies that agreed to "No use of conflict mineral raw materials"	51	53	52

(Note) Definition of key suppliers: suppliers of major production materials, such as wafers, gases, chemicals, etc. (accounting for more than 80% of the total purchase amount)



### 2.7.1.3 Supplier sustainable management

#### (1) Supplier evaluation rules

EPI evaluates suppliers' compliance with management projects regularly.

Facets	Appraisal items	Requirements for evaluation
Economic governance	Quality	Quality stability of incoming material. Production process control Implementation of quality management system.
	Price	Competitive supply chain value (cost-effectiveness).
	Delivery	On-time delivery-delivery accuracy.
	Serve	Capability to develop new technologies/new products. Quick respond for special needs. Provision of production quality information. Sharing of production process information.
Environment/society	Safety	Social Responsibility - Management of toxic and hazardous substances, no use of conflict minerals from conflict zones. Compliance with Supplier Code of Conduct. Compliance with environmental protection, occupational safety and health regulations Management System - ISO 14001, ISO45001

#### (2) Supplier evaluation

Suppliers are graded on five major items including quality, delivery, service, price and safety based on their actual transactions in the past year. Raw material suppliers of different levels will be classified based on the evaluation scores. Suppliers with low performance are asked to propose improvement plans. Based on the annual assessment results, we arrange on-site supplier coaching and audit plans. Meanwhile, key suppliers should be audited at least every two years.

Rating on key raw material suppliers:

The ratings of suppliers/outsourcers is A~D based on the evaluation results, which A is the best, B~D are required to improve deficiencies and conduct on-site audits if needs. Suppliers that have failed to meet the standards for two consecutive years will evaluate whether they need to suspend or reduce supply or stop trading.

In 2023, 52 suppliers<sup>7</sup> were evaluated. The evaluation results: A grade of raw material suppliers accounted for 100% of the total, B grade 0%, C grade 0% and D grade 0%.

Overall supplier/outsourcer rating results (unit: number of suppliers)						
Grade	2021	%	2022	%	2023	%
A	49	96.1%	49	92.5%	52	100.0%
B	2	3.9%	4	7.5%	0	0.0%
C	0	0.0%	0	0.0%	0	0.0%
D	0	0.0%	0	0.0%	0	0.0%
total	51	100.0%	53	100.0%	52	100.0%

### (3) Supplier audit management

The supplier audit management mechanism discover the shortcomings and require to make timely improvements.

#### (3.1) Self-evaluation and promotion of supplier sustainability management in 2023

An ESG questionnaire is issued every three years to key suppliers to identify the level of attention and impact of sustainability topics. Through supplier feedback and reference to industry trends and industry situations, we can understand each supplier's enthusiasm for sustainable management and the importance they attach to various issues.

#### (3.2) Supplier quality audit

Key raw material (Wafer, Gas, Susceptor, and Chemical) suppliers should be audited at least once every two years. The audits can not only understand the implementation status of the supplier's quality management system, but also urge suppliers to improve their internal controls. . If a supplier has a major abnormality in the previous year, EPi will immediately require the real cause to be eliminated and effective improvements made, and the supplier will be prioritized for assessment for the current year's audit to ensure that the suppliers' continued stable-quality supply.

In 2023, 11 on-site audits of key suppliers are performed. The audit completion rate was 100%. A total of 243 deficiencies/suggested improvement projects are identified in this 11 audits. Suppliers propose improvement measures for the deficiencies/suggested improvement projects, and the on-schedule completion rate to 100%.

2023 Supplier Audit				
Materials	Audit sessions	Audit completion rate	Number of missing/suggested improvement items	Improve on-schedule completion rates
key suppliers	11	100%	243	100%

Note: In 2023, 121 on-site and document supplier quality audits have been carried out.

#### 2.7.1.4 Continuous improvement plan (CIP) of supplier quality:

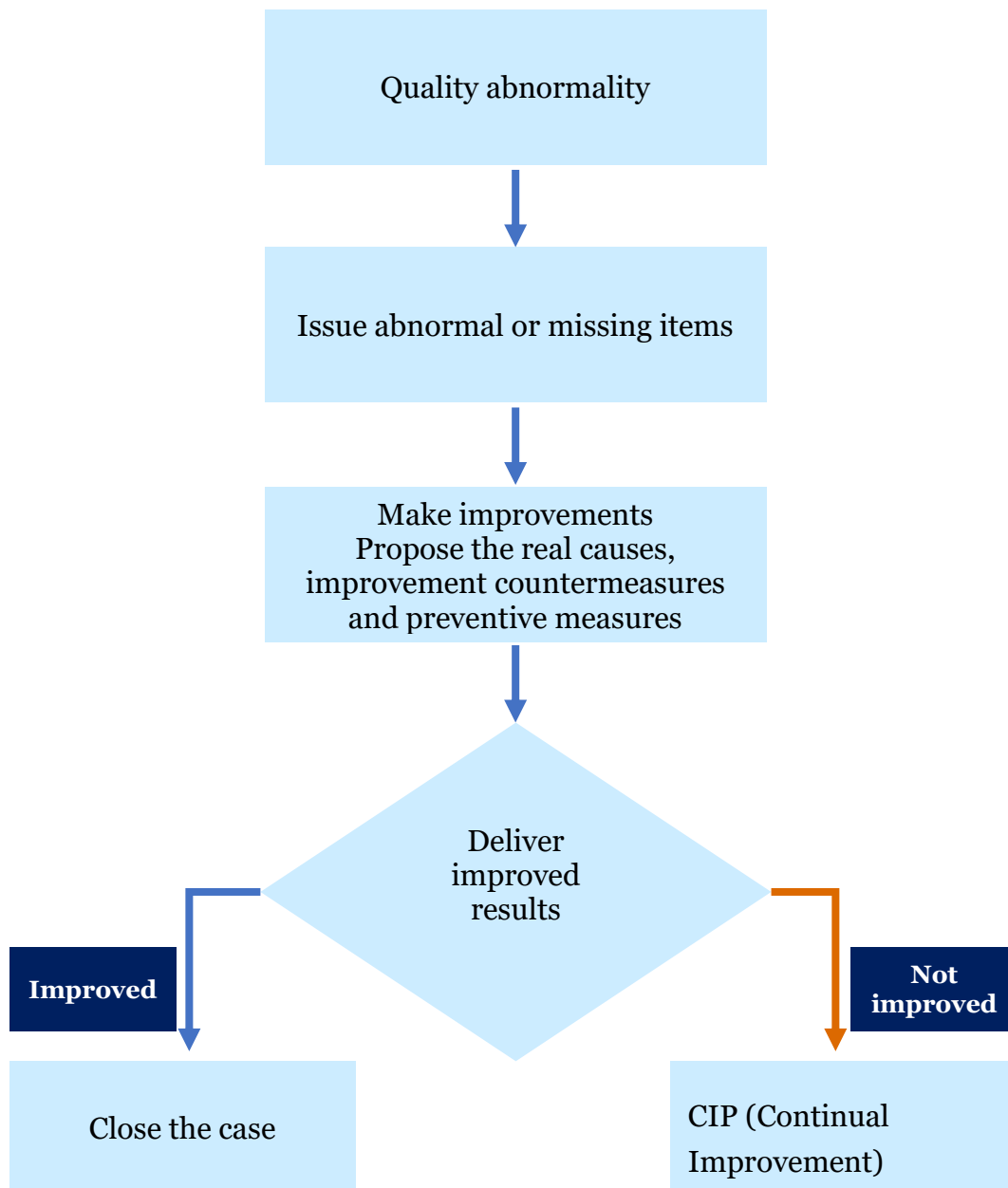
Continual improvement plan (CIP) is a very important concept of the quality management system. To offer the good quality products for the customers, EPI work with the suppliers on the material control, so continual improvement on the supplier side is also an indispensable part. Through continual improvement and PDCA (Plan-Do-Check-Action) technique, encourage suppliers to improve their technical level and product quality to achieve high customer satisfaction and enhance market competitiveness.

In 2023, a total of 79 improvements are required, and 100% of the suppliers completed the improvements timely; the quality capabilities of suppliers have been improved so that the rate of recurrence of non-abnormalities are achieved 100% in 2023.

Materials	Continuous improvement of quality and Number of improvements		Improvements completed on schedule	No abnormal recurrence rate
key suppliers		79	100%	100%

#### Supplier continual improvement management

EPI will inform the suppliers/outsourcers of the evaluation results. If there are any deficiency for improvement, the suppliers/outsourcers will be asked to propose improvement and preventive measures in time, and include them in the next supplier/outsourcer service items rating.



## 2.7.2 Local supply chain

EPI is a professional epitaxial process supplier. Although the semiconductor industry chain still relies on foreign imports for machinery, equipment, key raw materials, etc., EPI still commit to promoting local procurement. Not only for risk diversification and cost reduction, but also support the sustainable development of the local industrial chain, create local employment opportunities, and hope to fulfill our corporate social responsibilities related to energy conservation and carbon reduction until now.

EPI continues to give priority to local suppliers in Taiwan in terms of procurement. The so-called local suppliers (including local branches, dealers, and agents of the original factory). In 2023, the transaction amount of local suppliers are accounted for 67 %, and the transaction amount of key suppliers are accounted for 46% %. In the future, we will continuously promote local procurement, and assist local suppliers of key materials and spare parts to improve the technology and quality, to establish a highly efficient and competitive semiconductor industry chain, and reduce transportation time and carbon footprint.

Note: Local procurement refers to suppliers who have direct transactions with EPI. If the supplier provides products or services in Taiwan, and the transaction method is local payment in Taiwan, it means local procurement.






### Local suppliers (by number of suppliers)

Year	All local suppliers	Key suppliers
2023	93%	73%
2022	93%	68%
2021	93%	73%

### Local suppliers (transaction amount)

Year	All local suppliers	Key suppliers
2023	67%	46%
2022	64%	49%
2021	66%	52%

## Chapter 3 Environmental Sustainability

Corresponding UN SDG			Actions and Achievements
SDG3		Good Health and Well-Being	<ul style="list-style-type: none"> <li>No violations of environmental regulations in 2023.</li> </ul>
SDG6		Clean Water and Sanitation	<ul style="list-style-type: none"> <li>The water stress is low-medium according to the identification results of the WRI (World Resources Institute) assessment tool, Aqueduct Water Risk Atlas.</li> <li>In the past three years, the control of water pollution has complied with the laws and regulations.</li> </ul>
SDG7		Affordable and Clean Energy	<ul style="list-style-type: none"> <li>In 2023 , 14 energy-saving actions have been completed to achieve annual electricity saving rate of 1.9% , beyond the target of 2023 (<math>\geq 1\%</math> ). The saving is equivalent to 1.759 million KW-hr.</li> <li>The greenhouse gas emissions, Scope 1, Scope 2 and Scope 3, are verified by a third-party verification agency of ISO 14064-</li> </ul>
SDG12		Responsible Consumption and Production	<ul style="list-style-type: none"> <li>Waste recycling and reusing rate of 2023 are accounted for 50.4% of total waste, 4.7% increase from 2022, and meet the target of 2023 (<math>\geq 50\%</math>).</li> <li>In 2023, 931 of waste paper boxes and 5,495 of dummy wafers are recycled and reused.</li> </ul>
SDG13		Climate Action	<ul style="list-style-type: none"> <li>The total amount of greenhouse gas emissions, Scope 1 and Scope 2, in 2023 is 43120.0 tonCO<sub>2</sub>e, a YoY decrease of 19.4 %.</li> <li>Obtain B grade on climate change in CDP.</li> <li>In the past three years, air pollutant emissions are lower than the requirements of the respective laws.</li> </ul>

## Management policy of material topics

Material Topic	Energy and Greenhouse Gas emission Management
GRI Standards	GRI 305-1, GRI 305-2, GRI 305-4, GRI 305-5, GRI 305-6, GRI 305-7, GRI 302-1, GRI 302-3, GRI 302-4
Impact description	Greenhouse gas emission reduction is an important strategy for climate change and global warming. EPi has set reduction goals based on the results of greenhouse gas emission inventory, certified by third parties.
Policies/Commitments	EPi promises to achieve net-zero emissions by 2050 in response to the Taiwan's greenhouse gas emission reduction strategy. Through research, development, and sales of Si/SiC/GaN epitaxial materials, EPi is committed to developing and producing low-energy-consuming products, so as to provide energy-saving products and contributing to carbon reduction in the world.
Target	<p>Short-term goals (2023 ~ 2024 ) :</p> <ul style="list-style-type: none"> <li>· In compliance with government policies, the annual power-saving rate is &gt;1% .</li> <li>· Conduct greenhouse gas emission inventory and have it verified by a third-party agency annually.</li> <li>· Set up the energy-saving plans to replace inefficient equipment.</li> </ul> <p>Medium-term goals (2025~ 2026 )</p> <ul style="list-style-type: none"> <li>· The annual power saving rate is &gt;1.2% as a continuous goal.</li> <li>· Continuously implement energy-saving plans, and replace inefficient equipment.</li> <li>· Assess the compatibility of green energy measures, energy storage cabinets and power systems.</li> </ul> <p>Long-term goals (2027~ 2029 )</p> <ul style="list-style-type: none"> <li>· The annual power saving rate is &gt;1.2% as a continuous goal.</li> <li>· Continuously implement energy-saving plans, and replace inefficient machines and equipment.</li> <li>· Assess and implement green energy measures.</li> </ul>
Responsibility	Facility and Environmental protection dept.
Resource	<ul style="list-style-type: none"> <li>· Establish an energy-saving project management team.</li> <li>· Carry out ISO 14001 and ISO 14064 .</li> <li>· Regular education and training to strengthen the concept of energy conservation and carbon reduction.</li> </ul>
Grievance mechanism	<ul style="list-style-type: none"> <li>· Complaint hotline: 03-5632255 extension 2226</li> <li>· Complaint email: 2226@epi.episil.com</li> </ul>
Action plan	Positive Impact Management:

Material Topic	Energy and Greenhouse Gas emission Management
	<ul style="list-style-type: none"> <li>· Strengthen education and training for energy-saving.</li> <li>· Establish an energy-saving plan.</li> </ul> <p>Negative impact management:</p> <ul style="list-style-type: none"> <li>· Energy-saving optimization and parameter adjustment of equipment and facilities.</li> <li>· Propose improvement projects for power saving rate every year.</li> </ul>
<b>Evaluations and results</b>	<ul style="list-style-type: none"> <li>· Reviewing the regulations of the Energy Bureau of the Ministry of Economic Affairs to meet the annual power saving rate &gt;1% . The power saving rate in 2023 is 1.9%, reaching the annual target.</li> <li>· Carry out greenhouse gas emission inventory and verification every year, and obtained ISO14064 greenhouse gas emission verification opinion statement by a third party in 2023 , and achieve the annual target.</li> </ul>



## Management policy of Material topic

Major themes	Waste and circular resource
GRI Standards	GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4, GRI 306-5
Impact description	Proper management of waste can not only reduce waste generation and related costs, but also reduce the environmental impact from operations. Waste treatment vendors failing to handle waste in compliance with regulations may subject EPI to liabilities for waste cleanup and environment recovery, impacting company reputation.
Policies/Commitments	EPI sets the industrial waste recycling and reusing rate and tracks its achievements. In addition, an annual audit plan for waste treatment vendor is executed every year to ensure that waste is handled properly.
Target	<p>Short-term goals (2023 ~2024 )</p> <ul style="list-style-type: none"> <li>· Waste recycling and reusing rate reaches 50%</li> </ul> <p>Medium-term goals ( 2025-2026 )</p> <ul style="list-style-type: none"> <li>· The waste recycling and reusing rate reaches 53%</li> </ul> <p>Long-term goals ( 2027-2029 )</p> <ul style="list-style-type: none"> <li>· Waste recycling and reusing rate reaches 55%</li> </ul>
Responsibility	Environmental protection and waste production dept.
Resource	<ul style="list-style-type: none"> <li>· Conducted audits on 13 waste treatment vendor in 2023.</li> <li>· Designate a dedicated person to keep up to date with the latest environmental laws and regulations, and tract all fabs compliance with.</li> </ul>
Grievance mechanism	<ul style="list-style-type: none"> <li>· Complaint hotline: 03-5632255 extension 2226</li> <li>· Complaint email: 2226 @epi.episil.com</li> </ul>
Action plan	<p>Positive impact Management:</p> <ul style="list-style-type: none"> <li>· Containers that cannot be recycled by suppliers will be handed over to qualified waste treatment vendors for cleaning, recycling, and reusing.</li> <li>· Reduce consumption of paper boxes and reuse dummy wafers.</li> </ul> <p>Negative impact management :</p> <ul style="list-style-type: none"> <li>· Reduce resource consumption and waste generation.</li> <li>· Conduct annual interviews with cooperative waste treatment vendors to prevent waste treatment vendors from failing to handle waste in compliance with regulations and affecting the company's reputation.</li> </ul>
Evaluations and results	<ul style="list-style-type: none"> <li>· The waste recycling and reusing rate in 2023 is 50.4% , reaching the annual target .</li> </ul>

## 3.1 Environmental policy

### 3.1.1 Environmental policy

Based on the concept of sustainable management, EPi pays attention to global climate change, and is committed to protecting the earth and environment, advocating green production, energy conservation and carbon reduction, promoting safety and health, preventing occupational injuries and ill health. So as to minimize the environmental impact of our products and activities, and provide a safe, healthy and comfortable workplace. EPi has obtained ISO 14001:2015 system certification and ISO 14064 greenhouse gas emission verification. Through the participation and consultation of all workers, with continual improvement and periodically review, we have achieved the goals of legal compliance, environmental protection, physical and mental health, and sustainable growth.

We determine to:

1. Strictly comply with applicable legal requirements and other requirements relevant to environment and OH&S hazard prevention.
2. Pay attention to environment and OH&S issues, evaluate their risks and opportunities, and take effective preventive and protective measures.
3. Establish a process for setting and reviewing environmental, OH&S objectives to enhance the environmental, OH&S performance.
4. Establish a process for communication, the policy shall be available as documented information, and be implemented, maintained communicated within the organization and all worker under the control of EPi, and be available to interested parties, as appropriate.

### 3.1.2 Environmental cost

EPi invested a total of NT\$79 million in environmental pollution control in 2023. It includes three major aspects: waste disposal, water pollution control and air pollution control. New pollution control equipment or monitoring equipment are invested to avoid polluting the natural environment and minimized environmental impact.

Project	Years			Illustrate
	2021	2022	2023	
waste disposal	2,038,790	4,491,417	4,897,523	Cost of Waste disposal
Water pollution control	23,426,636	30,820,769	21,655,311	Cost of wastewater treatment equipment, operation and maintenance, and wastewater treatment of the Science Park Bureau

air pollution control	43,961,878	87,369,999	53,230,306	Cost of air pollution control equipment, operation and maintenance.
Total cost	69,427,304	122,682,185	79,783,140	

Note 1: The waste does not include domestic waste, which is processed by the science park bureau.

Note 2: Cost of Wastewater treatment includes wastewater treatment system setup, depreciation of fixed assets, operation and maintenance, regular wastewater sampling and analysis and wastewater treatment of the Science Park Bureau.

Note 3: Cost of Air pollution control includes air pollution control system setup, depreciation of fixed assets, operation and maintenance, and regular air pollution monitoring.

Environmental Management System ISO 14001:2015	Greenhouse gas emission verification ISO 14064
	

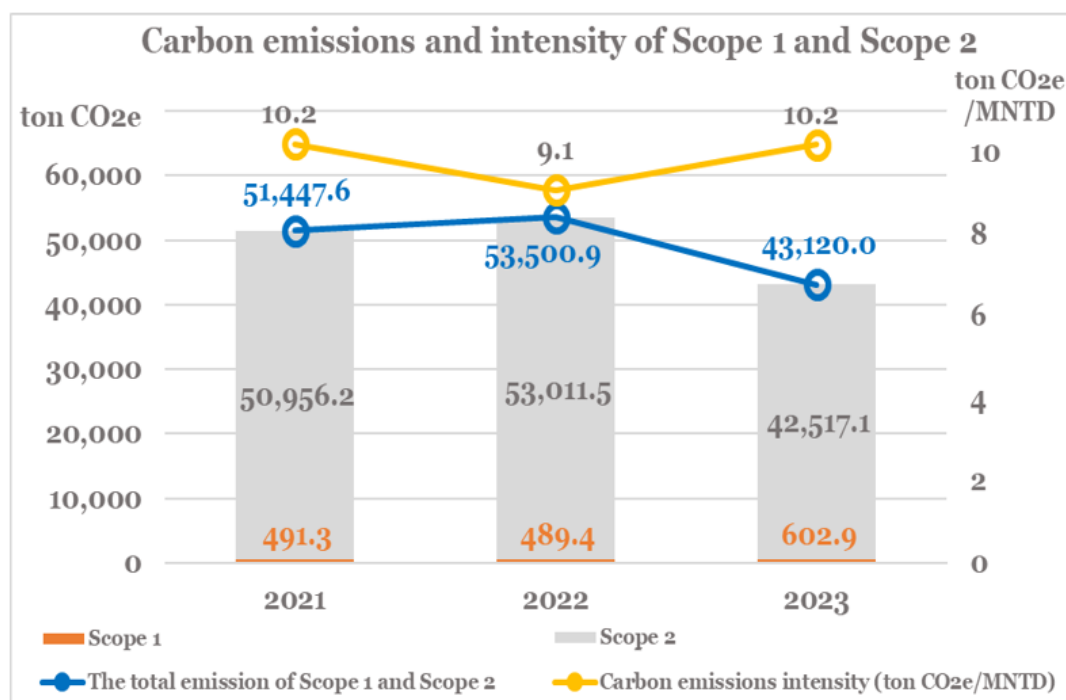
## **3.2 Management of Energy and Greenhouse Gas emission**

### **3.2.1 Management of greenhouse gas emission**

In response to Taiwan's target of greenhouse gas emission reduction, EPI is committed to reaching Net Zero Emissions by 2050 and strive to developing low energy consumption products, to provide low-carbon products. Since electricity use is the major source of EPI's greenhouse gases emission, carbon reduction target is equivalent to our energy saving target.

The annual report of greenhouse gas emission inventory has been verified by a third-party, to ensure the credibility of the data, and disclosed to the public. We also participate in the international carbon disclosure project CDP (Carbon Disclosure Project) to demonstrate the company's determination in greenhouse gas emission management. EPI sets carbon reduction goals based on the greenhouse gas emission inventory results. In 2021, only inventory of scope 1 and scope 2 are verified, and indirect GHG emissions in Scope 2 for electricity usage are accounted for 99% of the total emissions. In 2022 and 2023, scope 3 inventory have been added, electricity usage accounts for 82% of total emissions in 2023, and 2022 is used as the base year for greenhouse gas emission verification.

The total greenhouse gas emissions in 2023 were 51916.0 ton CO<sub>2</sub>e, in which the major emission source is indirect GHG emissions in Scope 2 for electricity usage, accounted for 82%, and indirect GHG emissions from the value chain in Scope 3 accounted for 17%, Scope 1 accounted for 1%. The inventory verification of greenhouse gas emission in 2023 is performed by the BSI Group Singapore Pte. Ltd. Taiwan Branch, in accordance with the ISAE3410/ISO 14064-3 criteria, in which Scope 1 and Scope 2 verification are based on reasonable level of assurance, and Scope 3 is agreed upon procedures (AUP). The total emissions of Scope 1 and 2 greenhouse gases emission in 2023 will be 43120.0 ton CO<sub>2</sub> equivalent, Overall GHG emissions decrease 19.4% YOY, due to the decrease in production capacity and the decrease in electricity consumption. In addition, we have implemented various energy-saving actions in 2023, such as improving the performance of outdoor air-conditioning, replacing main water chiller unit with a new one, and updating high-efficiency radiators on cooling towers. The carbon emission intensity in 2023 is increased by 10.9% YOY, mainly due to the decrease in revenue in 2023.



Project	Years			Unit
	2021	2022	2023	
Scope 1	491.3	489.4	602.9	ton CO <sub>2</sub> e
Scope 2	50,956.2	53,011.5	42,517.1	ton CO <sub>2</sub> e
Scope 3 <sup>Note 8</sup>	-	9,848.3	8,796.0	ton CO <sub>2</sub> e
Total emissions	51,447.6	63,349.2	51,916.0	ton CO <sub>2</sub> e
Turnover	5,043.3	5,899.59	4,236.50	Millions of New Taiwan Dollars ,MNTD
Emission intensity <sup>Note 9</sup>	10.2	9.1	10.2	ton CO <sub>2</sub> e/MNTD

Note 1: The boundary of greenhouse gas emission inventory is all EPI's manufacturing plants.

Note 2: Scope 1 direct GHG emissions: Including stationary combustion, fugitive emission and mobile combustion.

Scope 2 indirect GHG emissions: purchased electricity. Scope 3 indirect GHG emission: Including employee commuting and purchasing goods (energy and fuel related activities).

Note 3: Verification criteria: implemented in accordance with ISO 14064.

Validation criteria

Note 4: Source of greenhouse gas emission factor : The emission factor is quoted from the Greenhouse Gas Emission factor Management Table Version 6.0.4 announced by the Ministry of Environment , and the GWP value is quoted from the IPCC Sixth Assessment Report (2021) .

Note 5: Emission factor of Scope 2 based on data released in 2023 by the Bureau of Energy stating that 0.494 kg CO<sub>2</sub>e/ kWh.

Note 6: Greenhouse gas : carbon dioxide (CO<sub>2</sub>) , methane (CH<sub>4</sub>) , nitrous oxide (N<sub>2</sub>O) , hydrofluorocarbons (HFCs ) , perfluorocarbons (PF) , sulfur hexafluoride , nitrogen trifluoride, etc. of 7 greenhouse gases.

Note 7: Greenhouse gas emission inventory is carried out using the operation control method.

Note 8: Scope 3 indirect emissions come from category 3.3 employee commuting and category 4.1 purchased goods (energy resources \_ electricity and fuel).

Note 9: Emission intensity = (Total carbon dioxide equivalent emission of Scope 1 and Scope 2) / Total revenue MNTD.

### 3.2.2 Greenhouse gases emission and air pollution control

In order to mitigate the impact of operations on the greenhouse gases emission effect, EPI not only actively implements various energy reduction and power-saving actions, but also improve control panels of air pollution equipment in each factory to reduce the risk of air pollution emissions. EPI's process exhaust gas is mainly acidic and alkaline gas, contains sulfur oxides (SOx), nitrogen oxides (NOx), volatile organic compounds (VOC), particulate matter (PM) and harmful air pollutants (HAP) etc. After being collected according to different categories, the air pollutant is disposed by the air pollution control equipment. In accordance with the "Stationary Pollution Source Control and Emission Standards for the Semiconductor Industry", each factory entrusts a sampling agency and analytical laboratory accredited by the Ministry of Environment to perform sampling and analysis every year to confirm the efficiency of air pollution control equipment. The results are all in compliance with air pollutant emission standards. In order to avoid environmental impact on surrounding residents, an air pollution image recognition system is installed at the discharge outlet of the air pollution control equipment in the EM2 site to provide early warning of abnormal air pollution. EPI continues to implement various control actions to reduce the impact of air pollution. In addition, emergency response drills of air pollution are carried out every year to implement air pollution prevention and control policies.

Unit: kilogram (kg)

Pollutant	2021	2022	2023
sulfur oxides(SOx)	0.02	0.02	0.02
nitrogen oxides(NOx)	296.27	311.54	340.58
volatile organic compounds (VOC)	1,911.71	2068.61	2423.49
particulate matter (PM)	9.72	9.61	9.69
hazardous air pollutants (HAP)	1325.55	1162.78	84
ozone depletion potential	0.012762	0.008011	0

Note 1: SOx, NOx, VOC, and PM are calculated based on the published emission factor multiplied by activity data such as product weight and raw material usage.

Note 2: HAP is calculated the activity intensity based on the air pollutant sampling and analysis report, and then multiplies it by the amount of activity for the year.

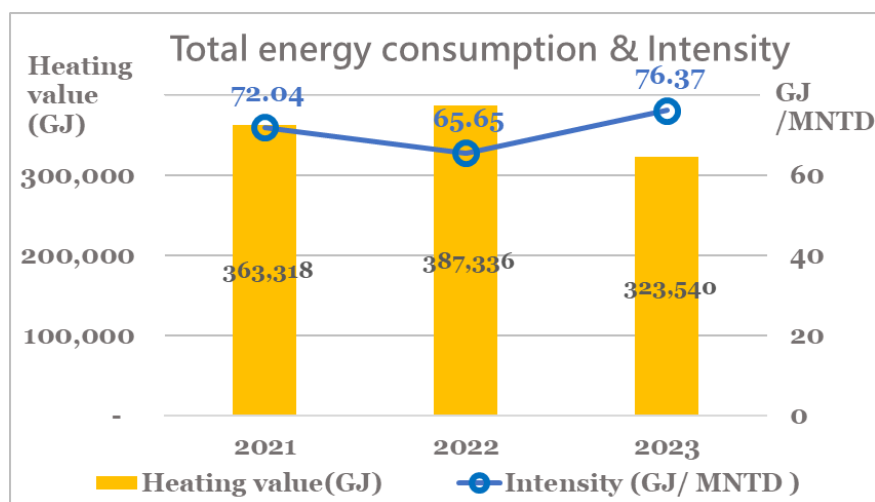
Note 3: The refrigerants used by EPI are listed by the Montreal Protocol, including R-123 (dichlorotrifluoroethane) and R-22 (monochlorodifluoromethane). The emission factor are referenced from the annex of the Montreal Protocol. The unit is kilogram CFC-11 equivalent.

## 3.3 Energy management

### 3.3.1 Energy usage

EPI pay attentions to the impact of corporate operations on climate change and global warming. All factories of EPI have obtained the ISO14001 environmental management system certification and are reducing energy usage through the implementation of ISO14001. The overall energy framework is dominated by purchased electricity, accounting for approximately 99.05%. It is mainly used for processes of manufacturing, air condition and lighting, followed by natural gas accounted for 0.51 %, which is used for steam boilers and staff canteen. Diesel fuel accounted for 0.02% and is used for emergency generators which is only for power outages, regular maintenance and emergency incident. It is not a direct energy source required for manufacturing. In addition, a very small amount of gasoline is used for official vehicle.

EPI's total energy consumption in 2023 is 323,540 GJ, decreased by 16.47 % compared to 2022. While the energy intensity is 76.37 GJ /MNTD, increased by 16.3% compared to 2022. The total energy consumption decreases slightly, mainly due to the decrease on production, while the increase in energy intensity is due to the decline in company revenue. In the future, EPI will continue to reduce its reliance on energy consumption in company operations by improving process efficiency and energy-saving measures to achieve green operation goals.



Total In-house energy consumption		2021	2022	2023
non-renewable energy	Natural Gas(GJ)	2,563	1,993	2759
	Diesel(GJ)	124	85	123
	Gasoline (GJ)	152	138	165
	Electricity consumption (GJ)	360,480	385,120	320 , 493

renewable energy	Solar(GJ)	-	-	-
Total heating value (GJ)		363,318	387 , 336	323,540
Energy intensity (GJ/ MNTD )		72.04	65.65	7 6.37

Note 1: The statistical scope of energy consumption data covers all EPI's manufacturing plants.

Note 2: Heating value of Natural gas from CNPC bill in 2023 = 8,927kcal /L.

Note 3: The heating value of diesel = 8400 kcal/L, the heating value of automotive gasoline = 7800 kcal/L, the heating value of electricity = 860 kcal/kWh, Heating value based on data released in 2023 by the energy products heating value table of Energy Administration , Ministry of Economic Affairs.

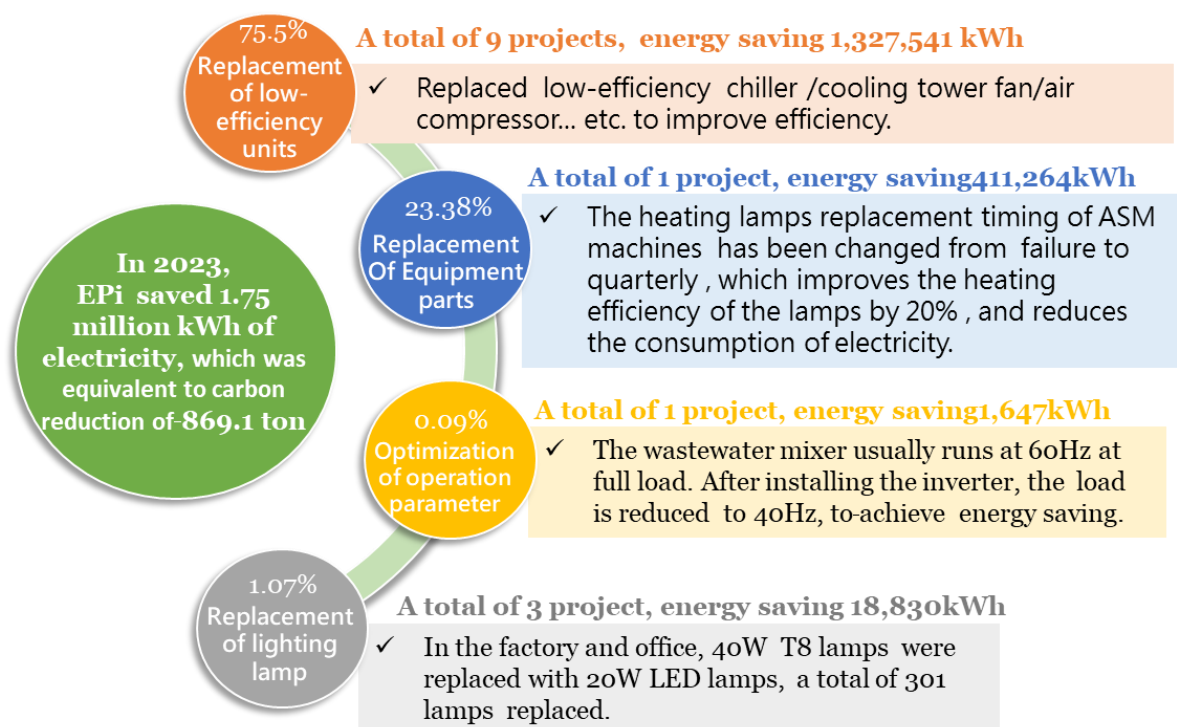
### 3.3.2 Energy saving measures

The energy consumed by our company is mainly electricity use, approximate 99%, most of which is used for process machines and air-conditioning equipment. Therefore, improving machine efficiency and reducing energy consumption of air-conditioning equipment will become the key to reducing carbon emissions in operations. We establish an energy-saving project team to conduct efficiency testing on high-energy-consuming equipment in the factory, to screen out low-efficiency equipment and replace them with high-energy-efficient electrical equipment, and optimize and adjust operating parameters to achieve energy-saving benefits. For example, we adjust the pressure of chilling water in the factory, increase the water temperature of the chiller, and set the low temperature limit of the air conditioner switch to avoid energy waste caused by setting the air conditioner temperature too low. At the same time, we also review the lighting needs of each factory to adjust the lighting configuration and gradually increase the proportion of LEDs to reduce lighting electricity consumption.

In 2023 , EPI carry out various equipment energy-saving plans, and the energy-saving measures will be divided into four categories: ( 1 ) Replacement of low-efficiency old units , ( 2 ) Equipment parts update , ( 3 ) Adjustment of energy-saving measures , and ( 4 ) Replacement of lamps Change. In 2023, the annual power saving rate will reach 1.9 %, which is equivalent to saving 1.759 million kilowatt hours of electricity.

In addition to improve energy efficiency through energy-saving measures, EPI also implements energy-saving education courses to strengthen the concept of energy conservation and carbon reduction, so that energy conservation management can be implemented at all aspects.





	2021	2022	2023
Annual power saving rate (%)	1.3	2.0	1.9
Power saving (kWh)	1,736,914	2,521,850	1,759,282

Note 1: The data source is the energy saving statistical value of the actual energy declaration of each factory area.

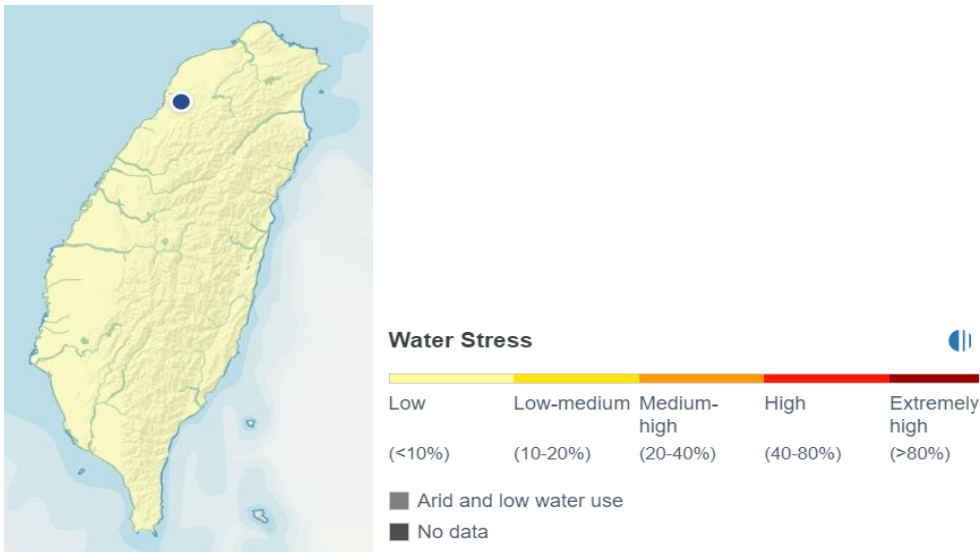
### 3.4 Water resources management

#### 3.4.1 Water resources risk assessment

In recent years, as the frequency and severity of extreme weather have increased year by year, droughts, water shortages, and floods caused by typhoons have gradually become one of the climate risks that affect corporate operations. Therefore, the issue of water resources risks has received great attention internationally. EPI's manufacturing process requires a large amount of water resources, water resources management and the potential impact on surrounding water use are issues that EPI cannot ignore.

In order to avoid the potential risk of each factory drawing water from areas with high water stress that affects the local ecology and residents' water supply, EPI uses the World Resources Institute (WRI) water resource assessment tool Aqueduct Water Risk Atlas to analyze the locations of each operating base. The water stress is low-medium according to the identification results of the WRI (World Resources Institute) assessment tool, Aqueduct Water Risk Atlas.

In 2023, the total supply of tap water in Hsinchu Science Park was 56,286.7 thousand tons/year, while EPI's total water withdrawal was 654.3 thousand tons/year, Evaluated based on the proportion of water withdrawal to the total water supply, its water withdrawal ratio was about 1.2 % and did not have a significant impact on water resources In the future, the analysis results will continue to be updated and tracked every year, and the analysis results will be taken into water operation strategies.



Note 1: EPI's factories are located in Hsinchu Science Park. The Aqueduct Water Risk Atlas tool is used to analyze the water resources stress of Hsinchu.

In the past three years, the control of water pollution has complied with the laws and regulations.

Although the areas where EPI's factories are located rarely suffers losses or disasters due to insufficient water sources or rainfall. In view of the most serious drought event in the western region of Taiwan in 2021, EPI has still established a contingency plan for water resource dispatch during drought periods to avoid the gradual increase in risks caused by extreme climate change in the future. The emergency water dispatching team will dispatch the water resources, according to the water supply monitoring index of government, actively manages water trucks, tanks, water

sources and other water resources dispatch-related matters. We also sign an outsourcing contract for the supply of water trucks every year to ensure that when various water incident occur each EPi factory can immediately take emergency response to minimize the impact of water shortage on operations and avoid operational interruptions.

#### **EPi actions for difference of Water supply monitoring index**

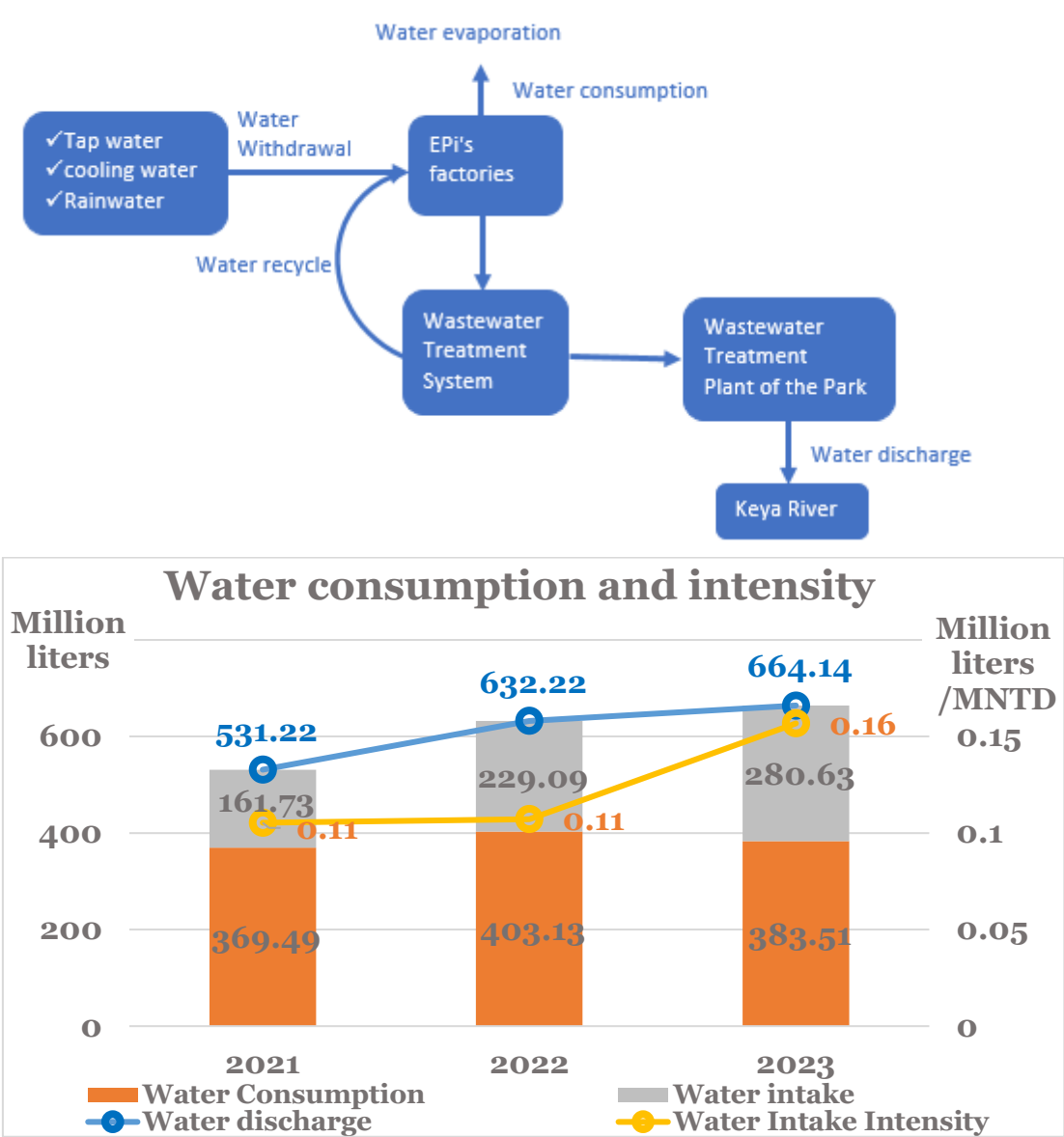
<b>Water supply monitoring index</b>	<b>Government measures</b>	<b>EPi action</b>
Condition blue (Water supply normal)	Stable supply	1. Check the water conditions of various reservoirs of the Water Resources Agency from time to time 2. Water consumption management in the factory area
Condition green ( water supply preparedness )	Strengthen water source dispatching and develop measures	1. Start the operation of the preparatory mechanism before water shortage 2. Inventory the water status of each factory area 3. Contract planning and arrangement of water tanker water delivery plan
Condition yellow ( reducing water pressure )	Off-peak and reduced pressure water supply during specific periods	1. Start to reduce water consumption by 3~7% 2. Review the water consumption every day
Condition orange ( reducing volume of water supply )	Reduce industrial water supply by 5~20%	1. Activate water truck 2. Each factory within the EPi company supports each other's water supply 3. Reduce water consumption by 8~20%
Condition red (rolling water supply )	Water supply is stopped in turns or in the entire district at regular intervals	1. Activate water truck 2. Each factory within the EPi company supports each other's water supply 3. Reduce water consumption by 8~20% water

### **3.4.2 Water intake, discharge and water consumption**

All EPi's factories are located in the Hsinchu Science Park. The water in each factory is supplied from the Taiwan Water Corporation, sourced from Baoshan, Second Baoshan and Yongheshan Reservoirs. The water is mainly used for manufacturing processes, air conditioning and domestic water. Domestic wastewater and process wastewater are all treated by wastewater treatment equipment. The fluoride-containing wastewater is batch- treated with calcium chloride, then mixed with other wastewater, neutralized with acid and alkalis, and then flowed into Hsinchu Science Park sewage treatment plants. The wastewater eventually discharges into Keya River.

EPi's total water intake in 2023 was 664.14 million liters, an increase of 5 % YOY, with a slight increase in water intake intensity. The main reason for the increase in total water intake is the increase in the number of machines in 2023. The increase in water intake intensity is

attributed to the decline in the company revenue.



## EPI water data statistics in the past three years

Unit: million liters

Water item		2021	2022	2023
Water source	Air conditioning condensate	9.327	8.735	9.691
	Surface water ( rainwater )	0.193	0.38	0.12
	Third-party water ( tap water )	521.70	623.10	654.33
Water intake		531.22	632.22	664.14
Water discharge		369.4 9	403.13	383.51
Water Consumption		161.73	229.09	280.63
Water Intake Intensity (Millions of Liters/ MNTD )		0.105	0.107	0.157

Note 1: Water resources data statistics cover all EPI's factories.

Note 2: EPI's water sources are supplied by third-party tap water, surface water and process condensate water, and not sourced from groundwater, seawater and areas with high water resources pressure.

Note 3: EPI's wastewater undergoes tertiary treatment in the factory's wastewater treatment equipment, and then it is discharged into the Hsinchu Science Park Sewage Treatment Plant for further treatment. After confirming compliance with environmental regulations and standards, it is finally discharged into Keya (River) (fresh water).

Note 4: Water intake = water discharge + water consumption.

### 3.4.3 Water pollution prevention and management

EPI's wastewater includes process wastewater, domestic sewage and cooling wastewater. After treatment, it is discharged to Hsinchu Science Park sewage treatment plants. The wastewater discharged must meet the water quality standards that the sewage sewers of the Hsinchu Science Park Bureau can accommodate. The fluoride-containing wastewater is first treated, then mixed with other general acid-base wastewater, and then the pH value is adjusted. And then it is piped into the Hsinchu Science park sewage treatment plants. Administration for further treatment until it meets the discharge water standards of the Ministry of Environment before being discharged into Keya River through the dedicated pipe. In order to ensure that the quality of wastewater meets the standards of Hsinchu Science park sewage treatment plants, the wastewater quality in each factory is continuously monitored 24 hours a day with pH meters and fluoride ion meters. In addition, EPI entrusts qualified institutions to collect water samples and analyze them in accordance with the law. The staff of sewage treatment plants, Hsinchu Science Park Bureau, also conduct regular wastewater sampling and analysis every month in the past three years, the wastewater all have complied with the laws and regulations.

Wastewater analysis data	2021				2022				2023				Science Park regulation
	EM3		EM1	EM2	EM3		EM1	EM2	EM3		EM1	EM2	
	Dusing Site	Lising Site			Dusing Site	Lising Site			Dusing Site	Lising Site			
pH	8.0	7.5	6.4	7.3	8.0	7.4	6.8	6.7	7.8	7.4	6.6	7.2	5~9
COD(mg/L)	11.3	12.3	31.1	18.0	7.2	7.9	21.1	12.1	7.8	6.4	13.0	6.4	500
SS(mg/L)	6.6	9.6	29.9	48.9	10.7	6.8	31.6	21.9	4.4	3.9	16.3	8.8	300
Ammonia nitrogen (mg/L)	8.7	0.1	20.6	3.4	9.8	0.0	14.5	0.3	2.6	7.0	6.9	0.1	50
Water temperature(°C)	27.9	26.4	29.1	21.8	27.2	25.4	25.8	27.6	26.1	24.3	25.1	25.6	38
Nitrate nitrogen (mg/L)	1.9	1.0	5.3	0.4	1.5	0.6	2.6	0.6	1.2	44	2.3	0.3	50

Note 1: The science park regulation: the water from enterprises shall conform to the water quality standards for the accommodation capacity of drainage before discharging into the sewage drainage of the Hsinchu Science Park.

Note 2: Water quality data obtained from the average of analysis-data by third-party water quality sampling and analysis agencies commissioned by each factory.

### 3.4.4 Water saving and wastewater reduction measures

All factories of EPI water-saving measures include installing water-saving facilities for domestic water to reduce water consumption. The discharged water from various facilities and process is collected separately according to its water quality. Water of higher quality is recycled to manufacturing process, and lower quality water is used as supplementary water for cooling tower. Additionally, Reuse and recycle rainwater and air conditioning condensate as secondary water. Through strategies such as water reduction, water source substitution, and wastewater reuse 3R (Reduce, Resource, and Recycle), we can reduce the impact on water resources and save water.

Water conservation and wastewater reduction	Implement measures
Water conservation during manufacturing	Recycling process cleaning water for reuse
	Reducing L/S city water intake and increasing secondary water usage
	Adjusting C/T conductivity to reduce drainage; C/T to increase secondary water usage
	Adjusting the water usage and discharge of air pollution control facilities to reduce water usage.
	Extending the regeneration cycle of pure water system
Domestic water conservation	Reducing gardening watering
	Pressure-reducing water supply for handwashing
Water source development	Rainwater recycling
	Air conditioning condensate water recycling

## 3.5 Waste and circular resource

EPI actively promotes source management and recycling in waste. Each factory has set up professional technical personnel for waste management. In accordance with waste disposal related laws and regulations and the management spirit of ISO14001, EPI has formulated waste management procedures and required all colleagues to comply with them including source separation, collection, storage and removal.

Regarding the waste management strategy, recycling and reusing are the primary considerations. The waste is removed, treated and recycled by waste treatment vendors which are qualified by Ministry of Environment. To ensure that the waste treatment vendors actually handle the waste properly, EPI signed contracts with all waste treatment vendors which are cooperated with EPI and reached 100% contract signing rate. The environmental protection unit also conducts on-site audits of the waste treatment vendors, focusing on their environmental related licenses, waste and recycling flows every year.

### 3.5.1 Waste generation

EPI takes practical actions to ensure that the waste treatment process complies with regulatory requirements and implements written document for the record of proper clearance tracking. In 2023, EPI conducted on-site audits of 13 waste treatment vendors, reaching an audit ratio of 100%. The audit results found no improper handling. In addition to auditing waste treatment vendors, EPI also regularly declares the total amount of waste, inspects waste storage areas monthly, confirms the regulatory compliance of waste treatment vendors, and establishes a waste disposal weight inspection mechanism and KPI of resource recycling in each fab, in order to minimize the potential impact of waste on the environment and society.

EPI's total waste output was 161.23 metric tons from operating activities in 2023, which represents a decrease of 18.4 metric tons YOY. Among them, hazardous industrial waste was 4.93 metric tons in 2023, and non-hazardous industrial waste was 156.3 metric tons. The waste production from 2022 to 2023 is as below:

Type of Waste	Treatment methods	Subdivision project	Total weight of waste (metric tons)			
			2022		2023	
General industrial waste	incineration	General industrial waste	24.27	174.45 (97.1%)	13.61	156.3 (96.9%)
	physical treatment	General industrial waste	26.66		16.35	
	Solidification treatment	Waste sludge ( fluidized bed )	19.83		9.44	
	Thermal treatment	Waste sludge	13.18		12.21	



	( reuse )	( calcium fluoride )				
	Other treatment	other categories	25.00		37.45	
	Recycle	Recycle	65.51		67.24	
Hazardous industrial waste	incineration	Waste harmful wipe	1.76	5.20 (2.9%)	3.10	4.93 (3.1%)
	Reuse raw materials	Chemical bottle	3.43		1.83	
Total amount of waste production			179.65		161.23	

Note 1: The waste data statistics from EPI's fabs.

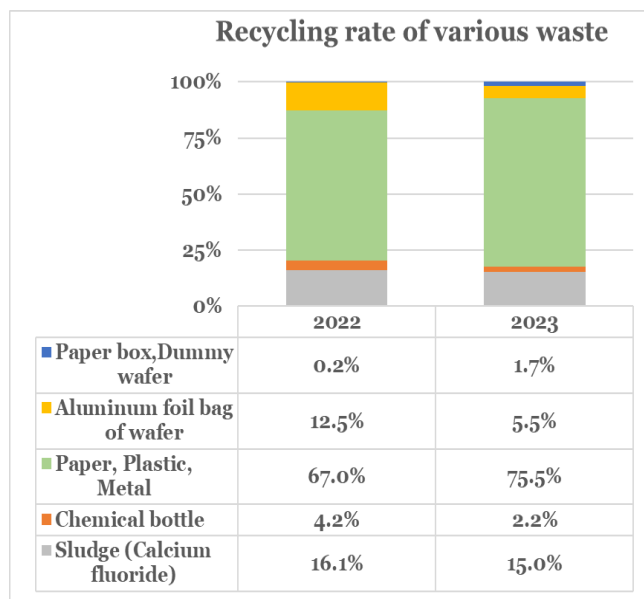
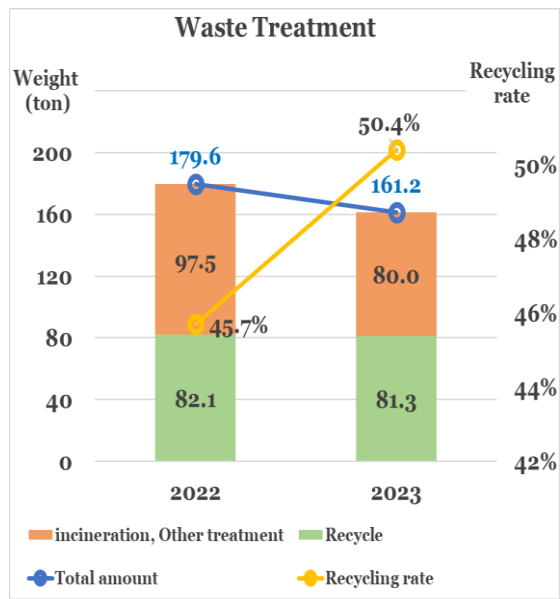
Note 2: The waste is removed, treated and recycled by waste treatment vendors which are qualified by Ministry of Environment.

Note 3: The data source is compiled based on disposal declaration data and waste statistic related data in each fabs.

### 3.5.2 Waste reduction measures

EPI promote the measure of waste paper boxes recycling by recycling and reusing from raw material packing for decreasing resource consumption and waste generation. In 2023, a total of 931 waste paper boxes were recycled and reused. In 2023, dummy wafers were also recycled and reused to achieve energy conservation, carbon reduction, and implement the goal of circular economy. In 2023, a total of 5,495 wafers were recycled, and the overall circular economy in the factory increased to 1.74%; EPI will continue to improve the plan of waste reduction and recycling in the future for reducing the consumption of resources each year and increase the rate of waste recycling. In order to more actively achieve the goal of waste reduction, EPI sets short, medium and long-term goals. Waste recycling and reusing rate reaches 50% from 2023 to 2024, 53% from 2025 to 2026, and 55% from 2027 to 2029, implementing the circular economy concept of "minimizing waste and maximizing resource recycling".

EPI's waste recycling and reusing rate was 50.4 % in 2023 achieving the predetermined target, and the landfill rate continued to be 0%. In the future, EPI will continue to increase the rate of waste recycling and reusing, and maximize the benefits of all resources for reducing consumption of resource. EPI continues to promote source separation and waste reduction management through training, supervision and promotion.



### 3.6 Compliance with environmental regulations

In addition to complying with relevant domestic laws and regulations and the requirements of ISO14001, EPI continues to communicate with relevant departments through regular regulatory audits, conducts training and promotion at the same time, and requires each department to self-assess their compliance with regulations, and strictly requires all employees to abide by relevant regulations. Knowing that adhering to environmental laws and regulations is the basic element to avoid impacting the external environment and society, EPI is committed to environmental management and compliance with environmental-related laws and regulations. EPI will update related information monthly if EPI receives periodic/aperiodic official document. EPI will review related regulations through government website every month and update information in the company document "Environment, Safety and Health Regulations Checklist". At the same time, scheduled meetings, including weekly meetings, monthly meetings and the Environmental Safety and Health Management Review Committee, will be held to explain updated information and compliance with regulations of each fab.

In 2023, EPI did not receive any major environmental regulation violation (where a fine exceeds NT\$1 million), including non-monetary sanctions. In the future, EPI will continue to operate superior to regulatory requirements. To keep the goal of zero violation, EPI operates in compliance with environmental regulations and the current status are as follows:

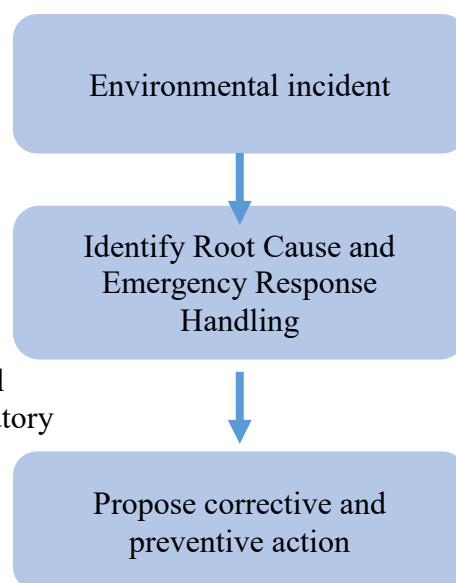
Environment-related laws and regulations	Current status
Substance Restriction Directive	EPI's raw material for testing include mercury, ICP standard (containing 0.1% cadmium), and chromium trioxide (hexavalent chromium). EPI's raw materials are managed by three departments. First, the quality assurance department establishes standardized procedures for evaluation of raw materials directly related to the company's products, and regularly outsources analysis of product restricted/banned chemical components. Currently, EPI's products are 100% compliant with restricted/banned chemicals directive requirements. The procurement department requires suppliers to promise that the ingredients of raw materials and packaging materials comply with relevant international standards. Environmental protection department identifies international regulations and notify relevant departments for implementation to ensure that EPI's products comply with the latest laws and regulations.
Toxic and Concerned Chemical Substances Control Act	EPI's use of legally controlled substances has obtained permission for toxic and concerned chemical substances. In accordance with regulations, EPI has set up professional technical management personnel and professional emergency response personnel for toxic and concerned chemical substances. It also sets up emergency response equipment, including PPE, detection and alarm equipment, holds emergency response drills, and regularly declares the handling quantity of toxic and concerned chemical substances, and controls the handling quantity for avoid exceeding approved handling quantity. EPI's new chemicals are controlled and inspected by the new raw materials system. If the chemical is related legal requirements, EPI will apply for approval in accordance with the law. EPI regularly conducts inspections of emergency response equipment and

Environment-related laws and regulations	Current status
	detection and alarm equipment, as well as irregular inspections of chemical substance operation sites to reduce the risk of toxic and concerned chemical substance pollution and provides employees with a safe working environment.
Waste disposal Act	EPi has obtained the approval of industrial waste disposal plan in accordance with the regulations, set up waste professional technical management personnel, made declarations before, during and after waste disposal, obtained written document for the record of proper clearance and disposal , and signed waste disposal contracts with waste treatment vendors EPi's environmental protection department conducts monthly inspections of the waste temporary storage area, and conducts waste treatment vendor audit every year to confirm that waste is properly treated.
Air Pollution Control Act	EPi has obtained the permits of stationary pollution sources in accordance with regulations, set up air pollution control professional technical management personnel, declared the air pollutant emission quantities of stationary pollution source and air pollution control fees every quarter, and conducted emergency response drills for air pollution emergency. EPi's facility departments conduct daily inspections of air pollution control equipment, and the environmental protection department conducts irregular inspections of air pollution control operation to implement air pollution control and ensure that the efficiency of air pollution equipment compliance with regulation.
Water Pollution Control Act	EPi has obtained water pollution control permits in accordance with regulations, and set up water pollution control professional technical management personnel and regularly declared the operation of wastewater and treatment facilities, analysis of effluent water quality and water volume, power consumption records.
Noise control act	All EPi's fabs are located in the Hsinchu Science Park, and we fully cooperate with the requirements of the county and city Environmental Protection Bureau and the Science Park Bureau. Only one fab (EM2) is near residential area. EPi will improve all suggestions for improvement by the competent authority.

### 3.6.1 Response and review measures for major environmental issue

EPI continues to improve through independent inspections by department leaders, inspections of environmental protection department, special project inspections, internal audits, and external audits. It conducts performance reviews at ESH monthly meetings and environmental, safety and health management review meetings quarterly. In addition, identify potential risk in the factory and confirm that all deficiencies are properly reviewed and improved to avoid violating environmental regulations.

Through the above inspections and audits, we will promptly identify any matters that do not meet regulatory requirements and immediately required the responsible departments to improve within a time limit in accordance with relevant regulations and to submit improvement and preventive actions.



### 3.6.2 Environmental regulations training

EPI has an environmental management department to continue identifying and updating environmental regulations. After identifying the relevance of environmental regulations, they will be forwarded to the relevant responsible departments that confirm the regulatory compliance and modify internal operating procedure and specifications to meet regulation. In addition, relevant professional environmental management personnel should receive on-the-job training every year to reduce regulatory compliance risks

In order to enhance the environmental knowledge of employees, EPI provides comprehensive the environment management and latest environmental regulations training and hold regular emergency response drills

In 2023, EPI provides 568 people received internal and external training. The courses including five major aspects: air pollution management, wastewater management, waste management, toxicity and concerns chemical substance management and others. Cultivate employees' abilities of emergency response and environmental regulations knowledge to continue to maintain long-term goal of zero violations.

Therefore, when an environment incident occurs, employees can have professional judgment and on-the-spot adaptability, and take immediate remedial measures to minimize the environmental impact.



#### Environmental protection education and training in 2023

Unit: person

	Air pollution management	Wastewater management	Waste management	Toxic and Concerned Chemical Substances management	other
internal training	134	116	123	64	109

external training	3	1	2	15	1
total people	137	117	125	79	110
	568				

## Chapter 4 Product Innovation and Information Security Management

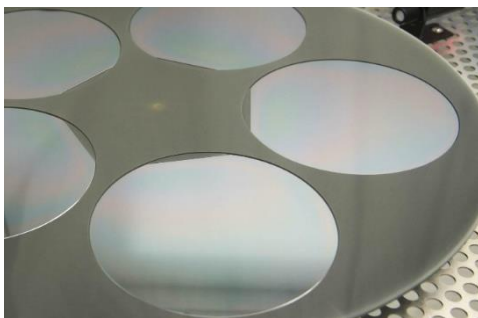
Corresponding UN SDG			Actions and Achievements
SDG11		Sustainable Cities and Communities	<ul style="list-style-type: none"> <li>EPI actively invests in R&amp;D of energy-saving products. As the end of 2023, EPI has obtained a total of 12 patents, including 6 related to compound semiconductors.</li> </ul>
SDG12		Responsible Consumption and Production	<ul style="list-style-type: none"> <li>The products are 100% compliant with EU RoHS and EU REACH.</li> <li>No penalties for violating health and safety regulations in 2023.</li> </ul>

## 4.1 Product Safety and Quality Management

### 4.1.1 Products and Services

The significant products of EPI are Silicon Epitaxial Wafer, Buried Layer Epitaxial Wafer, GaN Epitaxial Wafer and SiC Epitaxial Wafer, those are important materials for Power Semiconductors, such as Power MOSFET, Diodes, Insulated Gate Bipolar Transistor (IGBT), and Power Management IC (PMIC). There are many applications of its downstream products, such as consumer electronics, automotive electronics, industrial control, telecommunications, computers, etc. EPI's epitaxial technology has recognized by domestic and foreign customers. We will go on developing new processes to provide quality, costly and competitive products to our customers. The current portfolios are production and foundry of Silicon Epitaxy, Silicon Carbide Epitaxy and Gallium Nitride Epitaxy. The new products planned to be developed include 8" GaN-on-Silicon epitaxial wafers, and 8" SiC-on-SiC epitaxial wafers. Moving into the future, emerging technologies such as IoTs, wireless charging, and autopilot will increase the production value. Epitaxy technology, due to the superior electrical properties, it can be widely applied to discrete devices and ICs.

Silicone epitaxy



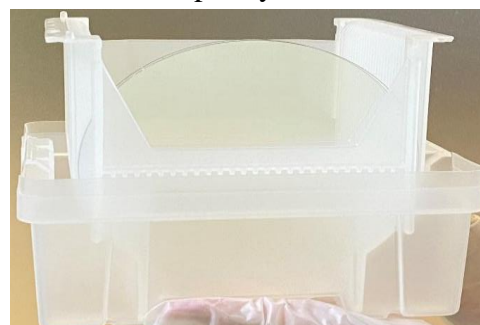
SiC epitaxy



GaN-on-Silicon epitaxy



GaN-on-SiC epitaxy





## 4.1.2 Quality Management

EPI adheres to the concept of quality first and is willing to make every effort to provide excellent semiconductor epitaxy and process services to customers around the world. EPI commits to implementing the following quality policies in order to establish long-term partnerships with our customers:

- Team learning to improve working methods, knowledge and technical capabilities.
- Continual improvements, with zero defects as the ultimate goal.
- Customer satisfaction, with on-time delivery to meet customer needs as the primary goal.

In 2023, we continue to maintain the operations and effectiveness of the ISO 9001: 2015 quality management system and IATF 16949: 2016 automotive quality management system to pursue the superior quality of products and customer satisfaction.

ISO9001:2015 Quality Management System Certification		
 <p><b>CERTIFICATE</b> <b>dqs</b></p> <p>This is to certify that the site</p> <p><b>Epitax-Precision Inc.</b> No. 3 Innovation Rd. 1, Hsinchu Science Park Hsinchu 300 Taiwan</p> <p>with the organizational unit(s) as listed in the annex</p> <p>is part of the certified Management System of the organization Epitax-Precision Inc. with the main certificate registration no. 50000186 QM15 according to <b>ISO 9001 : 2015</b></p> <p>Scope: The manufacture of EPI wafers.</p> <p>Certificate registration no. 50000008 QM15 Valid from 2023-09-13 Valid until 2026-09-12 Issuing date 2023-09-13</p> <p><b>DQS Inc.</b> Head of Certification Michael Dorschner Managing Director</p> <p>For and on behalf of DQS Michael Dorschner Managing Director</p> <p>1/2</p>	 <p><b>CERTIFICATE</b> <b>dqs</b></p> <p>This is to certify that the site</p> <p><b>Epitax-Precision Inc.</b> No. 12-1 Chienpin Rd. 4, Hsinchu Science Park Hsinchu 300 Taiwan</p> <p>with the organizational unit(s) as listed in the annex</p> <p>is part of the certified Management System of the organization Epitax-Precision Inc. with the main certificate registration no. 50000186 QM15 according to <b>ISO 9001 : 2015</b></p> <p>Scope: The manufacture of EPI wafers.</p> <p>Certificate registration no. 50000008 QM15 Valid from 2023-09-13 Valid until 2026-09-12 Issuing date 2023-09-13</p> <p><b>DQS Inc.</b> Head of Certification Michael Dorschner Managing Director</p> <p>For and on behalf of DQS Michael Dorschner Managing Director</p> <p>1/2</p>	 <p><b>CERTIFICATE</b> <b>dqs</b></p> <p>This is to certify that</p> <p><b>Epitax-Precision Inc.</b> No. 10 Chuang Rd. 1, Hsinchu Science Park Hsinchu 300 Taiwan</p> <p>has implemented and maintains a Quality Management System.</p> <p>Scope: The manufacture of EPI wafers.</p> <p>Through an audit, documented in a report, it was verified that the management system fulfills the requirements of the following standard: <b>ISO 9001 : 2015</b></p> <p>Certificate registration no. 50000186 QM15 Date of certification 2023-09-13 Valid until 2026-09-12</p> <p><b>DQS Inc.</b> Head of Certification Michael Dorschner Managing Director</p> <p>For and on behalf of DQS Michael Dorschner Managing Director</p> <p>1/2</p>
<b>Epitaxy Mill 1</b>	<b>Epitaxy Mill 2</b>	<b>Epitaxy Mill 3</b>

IATF 16949:2016 Automotive s Quality Management System Certification		
 <p><b>CERTIFICATE</b> <b>dqs</b></p> <p>This is to certify that</p> <p><b>Epitax-Precision Inc.</b> No. 3 Innovation Rd. 1, Hsinchu Science Park Hsinchu 300 Taiwan IATF USE CADACY</p> <p>has implemented and maintains a Quality Management System.</p> <p>Scope: The manufacture of EPI wafers.</p> <p>An audit, conducted and documented in a report, has verified that this quality management system fulfills the requirements of the following International Automotive Standard: <b>IATF 16949:2016</b> (without product design)</p> <p>Certificate registration no. 50000008 IATF16 Main certificate registration no. 50000186 IATF16 Issuing date 2023-09-13 This certificate is valid until 2026-09-12 50000004</p> <p><b>DQS Inc.</b> Head of Certification Michael Dorschner Managing Director</p> <p>For and on behalf of DQS Michael Dorschner Managing Director</p> <p>1/2</p>	 <p><b>CERTIFICATE</b> <b>dqs</b></p> <p>This is to certify that</p> <p><b>Epitax-Precision Inc.</b> No. 12-1 Chienpin Rd. 4, Hsinchu Science Park Hsinchu 300 Taiwan IATF USE CAD44W</p> <p>has implemented and maintains a Quality Management System.</p> <p>Scope: The manufacture of EPI wafers.</p> <p>An audit, conducted and documented in a report, has verified that this quality management system fulfills the requirements of the following International Automotive Standard: <b>IATF 16949:2016</b> (without product design)</p> <p>Certificate registration no. 50000008 IATF16 Main certificate registration no. 50000186 IATF16 Issuing date 2023-09-13 This certificate is valid until 2026-09-12 50000005</p> <p><b>DQS Inc.</b> Head of Certification Michael Dorschner Managing Director</p> <p>For and on behalf of DQS Michael Dorschner Managing Director</p> <p>1/2</p>	 <p><b>CERTIFICATE</b> <b>dqs</b></p> <p>This is to certify that</p> <p><b>Epitax-Precision Inc.</b> No. 10 Chuang Rd. 1, Hsinchu Science Park Hsinchu 300 Taiwan IATF USE TACRKA</p> <p>has implemented and maintains a Quality Management System.</p> <p>Scope: The manufacture of EPI wafers.</p> <p>An audit, conducted and documented in a report, has verified that this quality management system fulfills the requirements of the following International Automotive Standard: <b>IATF 16949:2016</b> (without product design)</p> <p>Certificate registration no. 50000008 IATF16 Main certificate registration no. 50000186 IATF16 Issuing date 2023-09-13 This certificate is valid until 2026-09-12 50000004</p> <p><b>DQS Inc.</b> Head of Certification Michael Dorschner Managing Director</p> <p>For and on behalf of DQS Michael Dorschner Managing Director</p> <p>1/2</p>
<b>Epitaxy Mill 1</b>	<b>Epitaxy Mill 2</b>	<b>Epitaxy Mill 3</b>

### 4.1.3 Management on Hazardous Substance

EPI clearly defines the organization and responsibilities, formulates operating procedures for the control of restricted, banned substances in products, and conducts training courses regularly. Meanwhile, we request suppliers to follow these requirements.

We identify customer requirements, local regulations, and assess the risks of hazardous substances used in processes and products, for eliminating the environment impact, so as to establish the process and targets for management. To achieve non-use of hazardous substances, we do monitor on products, processes and systems with PDCA cycle, thereby reducing the risk of business operations.

The raw materials used and all the products produced are all in compliance with the requirements, including:

Items	Content
Hazardous Substance Control	Follow relevant technical standards to control hazardous substances: <ul style="list-style-type: none"><li>● Restriction of Hazardous Substances Directive 2002/95/EC (EU RoHS)</li><li>● Registration, Evaluation, Authorization, and Restriction of Chemicals (EU REACH): Contains high concern substances (EU REACH SVHC), N- methylpyrrolidone (NMP), carcinogenic, mutagenic, Teratogenic (CMR) or toxic for reproductions, and other restricted and authorized list substances.</li><li>● International Electrotechnical Commission IEC 61249-2-21 Halogen-free standards (HF).</li><li>● Other related environmental management substances of concern: Perfluorooctanesulfonic acid (PFOS), Perfluorooctanoic acid (PFOA), etc.</li></ul>
Raw material requirements	Requires the suppliers providing third-party unit test reports, parts composition lists, non-use hazardous substances statements, to recognize its compliance with relevant requirements.
Incoming test	When suppliers deliver raw materials to our company, those will be sampled and tested for relevant requirements.
Product production	The production process is under control and regular internal sampling tests are carried out for relevant requirements.
Shipping inspection	Appropriate third-party unit tests are conducted on various types of finished products for hazardous substance every year.

### 4.1.4 Training on Managements of Hazardous Substances in products

Committed to improving the knowledge of hazardous substances materials among colleagues, the training completion rate of designated personnel in 2003 is 100%. In the future, EPI will continue to reinforce the knowledge of company personnel on hazardous and toxic substances in products and strengthen the education and training mechanism.

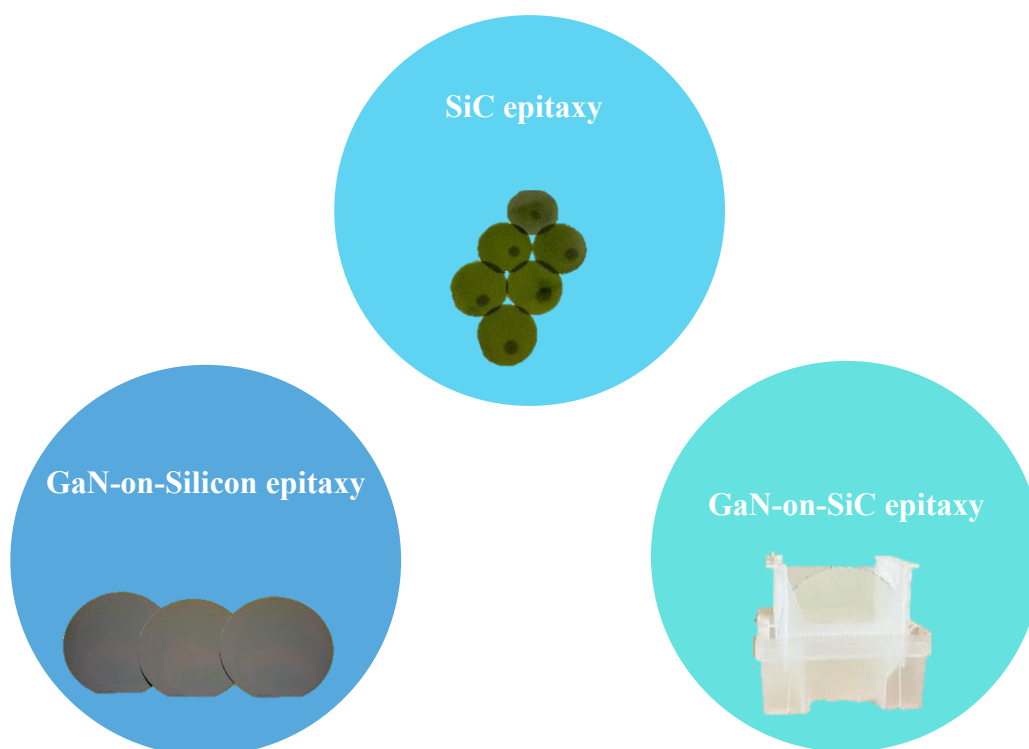
## 4.2 Promotion of Energy-Saving Products

### 4.2.1 Features of Energy-Saving Products

With the progress driven by electric vehicles, 5G, energy-saving, and green energy industries, the semiconductor content of products from all fields is on the rise. In the field of silicon epitaxy, Epi continues to operate the business of niche products, including the Power MOSFET, PMIC, and IGBT, to respond to the power electronics market's requirements for power saving and improving energy conversion efficiency.

In recent years, Epi has been engaging in the compound semiconductor epitaxy field. According to the estimation of Yole, Silicon Carbide (SiC) components will reach a CAGR of 31% from 2022 to 2028 with the high-power system demands from electric vehicles, solar energy, and industrial applications. Driven by applications including mobile phone fast charging, 5G base station, and data center, Gallium Nitride (GaN) components will reach a CAGR of 49%. Epi has the technology and material sources of silicon carbide and gallium nitride, and is currently the leading epitaxial supplier of compound semiconductor technology in the world. While strengthening the development of 8-inch technology, it also continues to expand production capacity.

Compound semiconductor epitaxial products are a key focus for Epi, used to manufacture high-efficiency, energy-saving power semiconductor devices. Compound epitaxial products can be divided into three types. The illustrations and descriptions are as follows:



Products	Features	Functions
<b>SiC epitaxy</b>	<p>SiC is a wide band gap material with about triple band gap than silicon. Known for its stable structure, low losses, and high power capabilities, SiC is ideal for high-voltage and high-current applications.</p> <p>SiC epitaxy involves "homoepitaxy" technology to grow high lattice matching SiC crystals on a SiC substrate, optimizing substrate quality and enabling the production of high-performance SiC power devices.</p>	<p>Applied to HV power device for EV inverters, OBC (on-board chargers), charging stations and PV inverters, etc.</p> <p>It has the advantages of improving energy conversion efficiency and reducing volume and weight.</p>
<b>GaN-on-Silicon epitaxy</b>	<p>GaN is a wide bandgap material with higher electron mobility, used in high-voltage (Power) and high-frequency (RF) devices.</p> <p>Growing GaN epitaxy on substrates like SiC or silicon is known as "heteroepitaxy,"</p>	<p>Used in high/medium voltage power devices such as fast chargers for mobile phones, consumer electronics power adapters (SMPS), DC-DC converters, and data center power supplies, to enhance energy conversion efficiency and reduce size and weight.</p>
<b>GaN-on-SiC epitaxy</b>	<p>which poses significant challenges. Epi is a leading company in successful develop and stable production.</p>	<p>Used in RF (radio frequency) applications such as 5G, satellite communications, aerospace, and radar systems for high-frequency, high-power amplifiers.</p>

4.2.2 Development of Energy-Saving Products

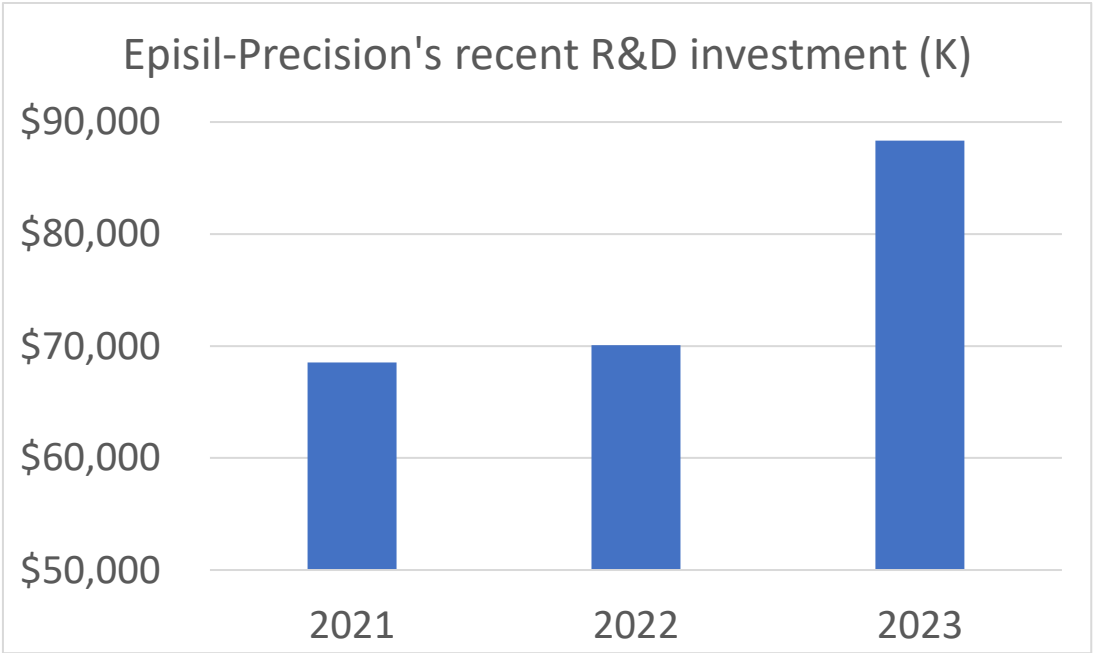
EPI's History of Product Research and Development



EPI emphasizes independent R&D and proprietary technology. To align with sustainability trends, the company will increase its share of energy-saving products. By the end of 2023, it has obtained 12 patents, including 6 in compound semiconductors. Annual R&D expenses are about 2% of revenue.

4.2.3 R&D investment

Global demand for low-carbon, energy-saving electronics has increased the need for compound semiconductors. EPI's R&D investment has risen steadily, reaching NT\$88.35 million in 2023, a 26% increase from the previous year.

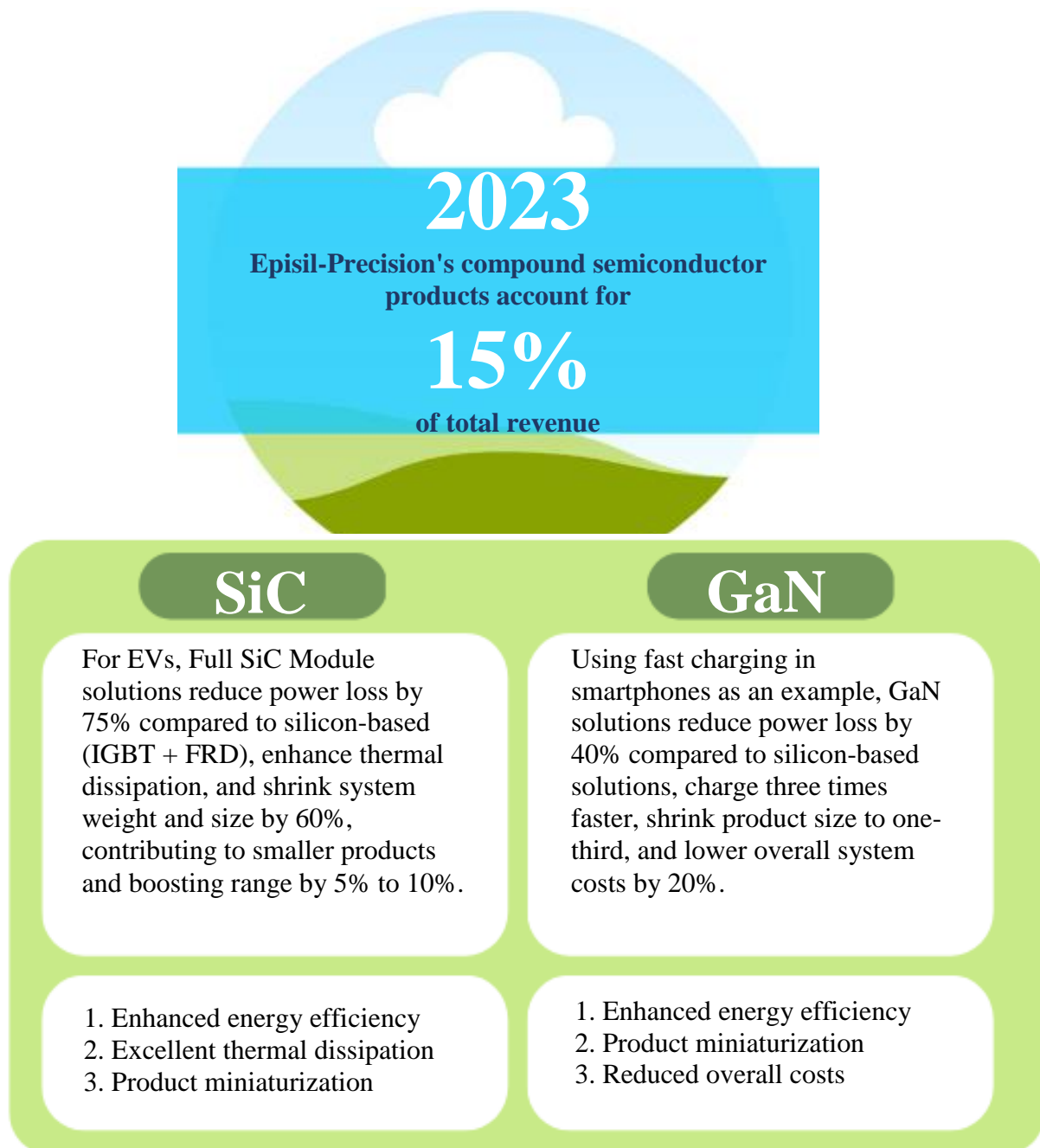


Note: Amounts are in thousands of New Taiwan Dollars (NT\$). R&D expenses are prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the Financial Supervisory Commission, Executive Yuan.

#### 4.2.4 Performance and Strategy of Energy-Saving Product

Driven by the demand for green energy and carbon reduction products, there is increasing interest in compound semiconductors for their energy-saving benefits. EPI's compound semiconductor epitaxy is widely adopted in customer products, with its market share growing from 10% in 2022 to 15% in 2023, demonstrating robust demand.

EPI's expansion plan is progressing smoothly, and in addition to maintaining stable quality, it is advancing the technical development of 8-inch Silicon Carbide (SiC) epitaxy and Gallium Nitride (GaN) epitaxy to meet market demands more quickly.

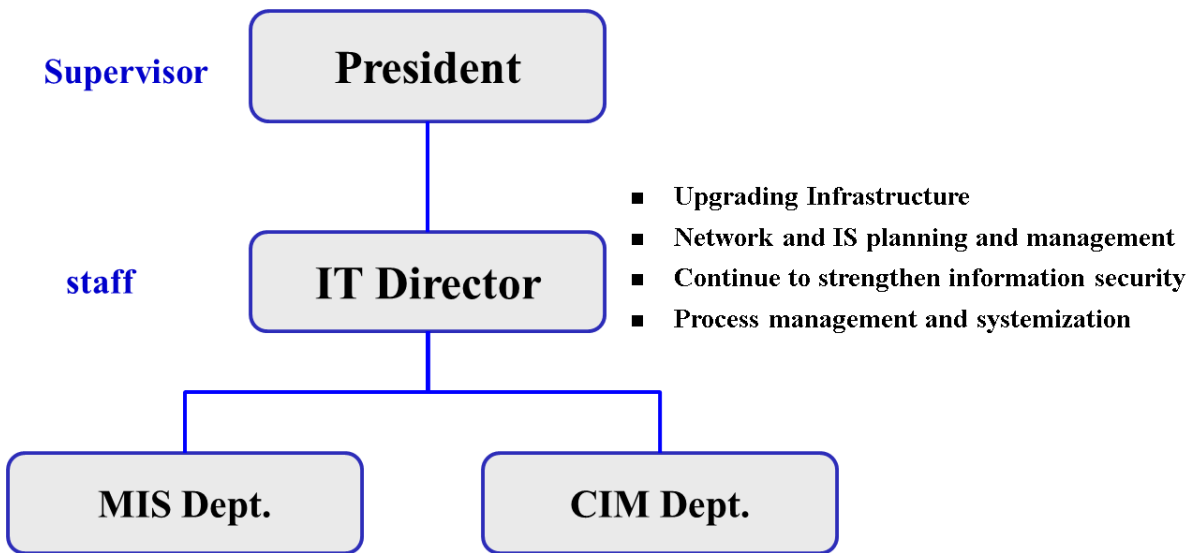


### 4.3 Information Security

Epi attaches great importance to the rights and interests of every customer, supplier, and employee. In order to ensure the strictest protection of all privacy and confidential information, our company is committed to promoting Information Security and document confidentiality. By continually improving defense capabilities, we reduce the risks of Information Security and ensure that there are no complaints about infringement of customer and personal privacy and /or loss of confidential information.

#### 4.3.1 Management Structure of Information Security

In order to strengthen the protection and management of Information Security, Epi has established a management structure, in that President works as supervisor and IT Director works as staff. The information departments include MIS department and CIM department. They are responsible for receiving incident announcement of Information Security which comes from various units, and then MIS department assesses the impact of the incident, provides emergency measures and resume actions, and keeps relevant records. In order to pay attention to the issues of Information Security, IT Director also regularly reports to President the relevant activities and operations about anti-virus, anti-hacking, and data protection.



At the same time, Epi has established a management policy of Information Security, which focuses on four working principles: (1) establishing strategies and management standards of Information Security, (2) strengthening training and promotion of security protection, (3) ensuring the confidentiality, integrity and availability of information, and (4) providing a safe working environment. Through management policy and protective measures to make sure that Epi's protection of Information Security is strict, we can effectively prevent data breach and external attacks.

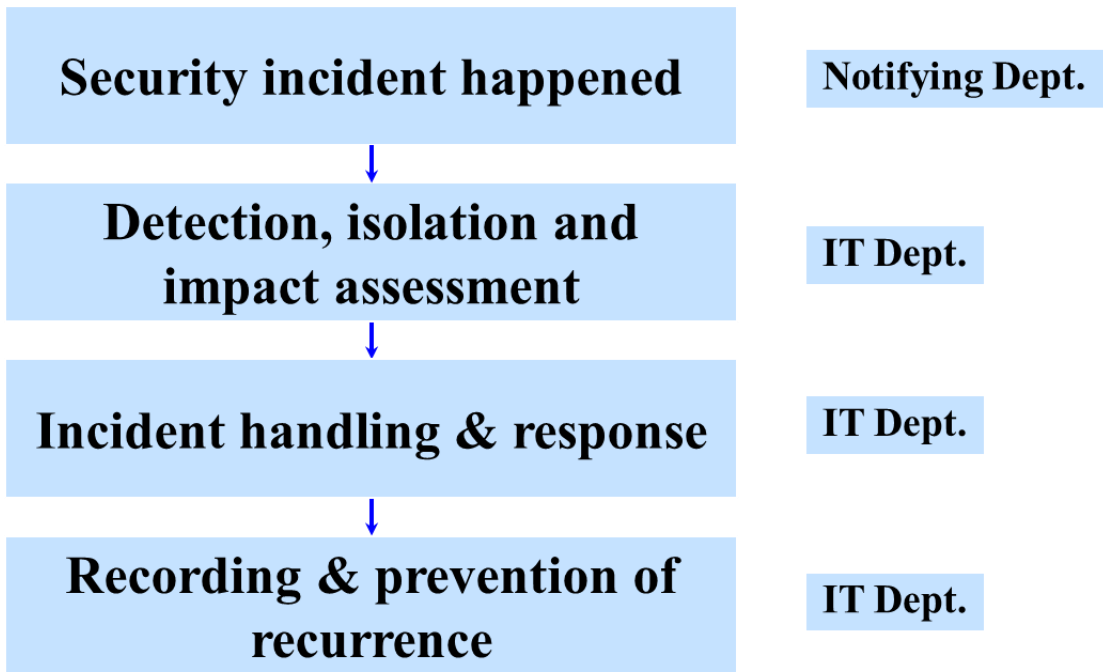
### 4.3.2 Governance Goals of Information Security

Goals for 2023	Performance in 2023
<ul style="list-style-type: none"> <li>● Promotion and annual training of Information Security are introduced for all employees.</li> <li>● Defense capabilities of Information Security are continual improvement.</li> <li>● There are no service abnormalities caused by hackers intruding into IT systems or websites.</li> <li>● There are no complaints about the infringement of customer privacy and/or data loss.</li> </ul>	<ul style="list-style-type: none"> <li>● Regulations of Information Security are displayed whenever computer turning on, and conducted the training and assessment of Information Security for all employees (100%).</li> <li>● To install NAC (Network Access Control)</li> <li>● To replace internet firewall</li> <li>● To upgrade secure email system (anti-virus and spam control)</li> <li>● To install security control for driving recorder and digital camera in FAB</li> <li>● To install security control for USB and photograph</li> <li>● To setup two-factors authentication for Citrix</li> <li>● To abolish Level-4 Switch</li> <li>● There are no service abnormalities caused by hackers intruding into IT systems or websites.</li> <li>● There are no complaints about the infringement of customer privacy and/or data loss.</li> </ul>
future goals	
Short term 【2024 】	Medium and long term 【2025 -2029 】
<ul style="list-style-type: none"> <li>● There are no service abnormalities caused by hackers intruding into IT systems or websites.</li> <li>● There are no complaints about the infringement of customer privacy and/or data loss.</li> <li>● Promotion and annual training of Information Security are introduced for all employees.</li> <li>● To enhance security control of network, endpoint and application <ul style="list-style-type: none"> <li>• Virtualized the backup environment of computing center</li> <li>• To install backup environment of offline data</li> <li>• To upgrade AD domain</li> <li>• To replace Core-Switch</li> <li>• To execute an email drill for Social Engineering</li> <li>• To scan the security vulnerability of websites and make a risk analysis</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● There are no service abnormalities caused by hackers intruding into IT systems or websites.</li> <li>● There are no complaints about the infringement of customer privacy and/or data loss.</li> <li>● Promotion and annual training of Information Security are introduced for all employees.</li> <li>● Continue to invest and strengthen the capabilities of Information Security <ul style="list-style-type: none"> <li>• In order to cope with the changes in technical developments and threats, EPi refers to industry practices and opinions from competent authorities and security experts, and continually introduce or strengthen protective measures.</li> </ul> </li> </ul>



**4.3.3 Incident Notification and Response of Information Security**

In order to improve the handling efficiency of security incident, EPi has established an incident treatment process of Information Security so that colleagues can follow it when incident occurs. According to the authority and responsibility, IT staffs effectively carry out reporting, rescue and repair measures, and strive to reduce the impact and potential risk of incidents.

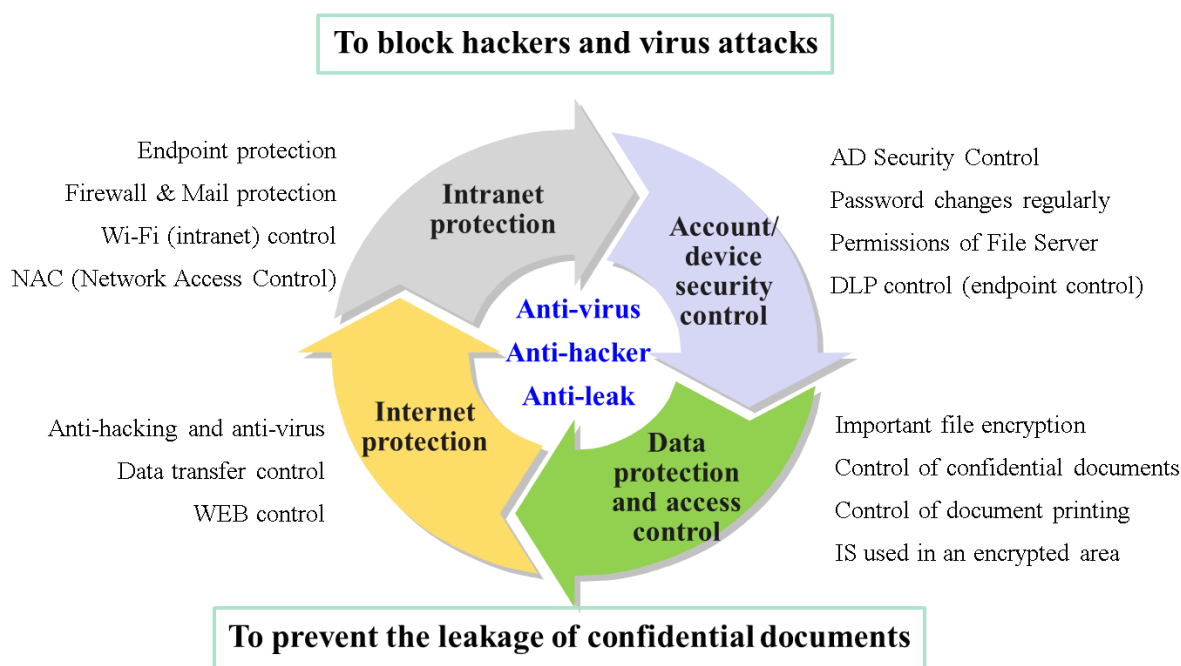


In order to quickly formulate a correct plan when an emergency incident occurs, EPi analyzes various attack incidents, and gives the impact of operational disruptions a rank, establishing an emergency response plan and recovery measures guideline based on priority levels from high to low. The workers of Information Security will follow the guideline to minimize its impact on incident-occurred, and take response and recovery measures as quickly as possible. We commit to protect the privacy of our customers and guard against the risk of data breach.

In 2023, EPi did not violate Information Security related laws or regulations, and there were no complaints from stakeholders about Information Security. Similarly, no relevant incidents occurred and then affected the production.

### 4.3.4 Protection of Information Security

EPI continually introduces and strengthens protective measures by referring to industry practices and opinions from competent authorities and security experts. We invest assets year by year to build the protection system of Information Security, including three major aspects: anti-virus, anti-hacking, and anti-leakage. By implementing four protective measures: internet protection, intranet protection, account/device security control, and data protection and access control, we ensure that Information Security is properly protected and risks are effectively controlled.





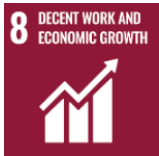

### 4.3.5 Training of Information Security

In order to improve the knowledge of Information Security and capabilities of emergency response, EPI displays the regulations of Information Security as employees turning on their computers, and conducts a training and assessment of Information Security for all employees every year.

In 2023, all employees had completed training and assessment of Information Security. In the future, EPI will continue to move towards the goal 100% completion rate of training for all employees.

Year	Education and training topics	Ratio of trained personnel
2023	"Regulations of Information security" Annual Promotion	100%

## Chapter 5 Social Care

Corresponding UN SDG			Actions and Achievements
SDG3		Good Health and Well-Being	<ul style="list-style-type: none"> <li>• Provide free annual health checkup for employee, including abdominal ultrasonography and cancer antigen test.</li> <li>• In 2023, the health inspection rate for particularly hazardous operations reaches 100%.</li> </ul>
SDG4		Quality Education	<ul style="list-style-type: none"> <li>• 222 external training courses are performed in 2023.</li> <li>• The annual achievement rate of training plan is 99.2% in 2023.</li> </ul>
SDG8		Decent Work and Economic Growth	<ul style="list-style-type: none"> <li>• Based on the principles of international human rights conventions, we have established our "Human Rights Policy" and "Labor and morality Management Regulations", and promote human rights protection by providing training courses such as "Best Friendly Workplace" and "Promotion on Responsible Business Alliance (RBA) Code of Conduct".</li> </ul>
SDG17		Partnerships for the Goals	<ul style="list-style-type: none"> <li>• A total of more than NT \$ 1 million in donations and material donations have been carried out, spreading love to every corner of society in need of help.</li> </ul>

## Management approach of material topics

Material topics	Talent cultivation and development
GRI Standards	GRI 404-1, GRI 404-2, GRI 404-3
Impact description	The company regards employees as important assets and provides high-quality learning resources and environment. By establishing diverse training channels, focusing on the company's operating targets, and strengthening professional functions, we have promoted employee talent development, so as to enhance the overall competitiveness and operational efficiency of the company.
Policies / Commitments	The company pay attentions on talent cultivation, and establish a training and development system, so that employees can apply what they have learned and grow together with the company. We provide diversified learning channels and resources, encouraging the employees continuous self-learning, so as to build a learning organization and enhance the company's overall competitiveness.
Target	<p>Short-term goals (2023~2024):</p> <ol style="list-style-type: none"> <li>1. The achievement rate of annual training plan is over 90%</li> <li>2. The average number of training hours per employee per year exceeds 20 hours</li> </ol> <p>Medium-term goals (2025~2026):</p> <ol style="list-style-type: none"> <li>1. The annual training plan achievement rate is over 91%</li> <li>2. The average number of training hours per employee per year exceeds 21 hours</li> </ol> <p>Long-term goals (2027~2029):</p> <ol style="list-style-type: none"> <li>1. The annual training plan achievement rate is over 92%</li> <li>2. The average number of training hours per employee per year exceeds 22 hours</li> </ol>
Responsibility	HR Department and managers of relevant departments.
Resource	<ul style="list-style-type: none"> <li>· Training management system</li> <li>· Operating system of Functional evaluation</li> <li>· Guidance system and certification system for new employee</li> </ul>
Grievance mechanism	<ul style="list-style-type: none"> <li>· Complaint hotline: 03-5632255 extension 2226</li> <li>· Complaint email: 2226@epi.episil.com</li> </ul>
Action plan	<p>Positive impact management</p> <ol style="list-style-type: none"> <li>1. Establish a personal and exclusive functional development plan: Based on job ability needs, plan personal exclusive functional maps and functional development paths, and provide employee with complete training plans. Promote the improvement of employee' abilities from general knowledge, professional functions, hierarchical management to self-potential development and other aspects. Through functional evaluation exercises, employee are assisted in self-examination and continuous improvement.</li> <li>2. Construct diversified learning channels and resources: New personnel with training through counselors. Provide various internal and external physical and digital training resources, plan</li> </ol>

Material topics	Talent cultivation and development
	<p>diversified lectures and training activities to enhance learning interest and effectiveness.</p> <ol style="list-style-type: none"> <li>3. To build a learning organization together :</li> <li>4. Provide language and on-the-job training subsidies, encourage employee to transfer skills/training, participate in proposals, etc. to pass on and share knowledge to improve self-development and learning abilities.</li> </ol> <p>Negative impact management</p> <ol style="list-style-type: none"> <li>1. In order to meet the relevant training required by laws and regulations, improve professional knowledge and ability certification, establish an education and training management system, a functional evaluation operating system, a certification management system, and a new personnel guidance system to strengthen digital learning, record keeping and management efficiency.</li> <li>2. Annual plans for department and personal talent development : Set up plans based on company policies, regulations, and functional development needs, etc., and assess and track overall training effectiveness through training review meetings and management review meetings.</li> </ol>
<p><b>Evaluation mechanism /results</b></p>	<ol style="list-style-type: none"> <li>1. After the course, complete the effectiveness assessment assignments (e.g. tests, reports, assignments, transfer training, drills or certifications, etc.) and fill out the "Internal Training Feedback Form".</li> <li>2. Through statistical reports, we control and supervise each department to complete the annual talent training plan and implement the training plan. The achievement rate of the 2023 training plan reached 99.2 %, and the average number of training hours per employee was approximately 20.40 hours, reaching the annual targets.</li> <li>3. Review and track the overall training effectiveness through annual training review meetings, management review meetings, internal audits, and internal control audits.</li> </ol>

## 5.1 Employee structure

### 5.1.1 Employee distributions (Human resource distributions)

By the end of 2023, the total number of formal employees is 703 in EPI. By gender, 37% of employees are female and 63% are male. There are 48 supervisors, of which 14 are female, accounting for 29%. There is no discrimination or unfair treatment based on gender in the workplace environment. In addition, the total number of informal employees is 46, who are mainly contractor employees for group catering, cleaning and security.

#### Employee distributions according to gender and position

Employee distributions		Formal employees						Informal employees
		age				Position		
		<30 years old	30-50 years old	>50 years old	total	manager	non-supervisor or	contractor
Male	Number	83	282	80	445	34	411	23
	Ratio	56%	63%	73%	63%	71%	63%	50%
Female	Number	65	164	29	258	14	244	23
	Ratio	44%	37%	27%	37%	29%	37%	50%
Total number		148	446	109	703	48	655	46

### 5.1.2 Employment rate and turnover rate

The total number of employees is 703, and new employees accounted for about 3% in 2023. Due to production utilization declines and turnover slow, the number of new employees decreased compared with those of previous two years. The ratios of male and female are 2% and 1% respectively. Based on the principle of "gender equality", male and female employees have the same fair and objective right to work at EPI.

"Talent" is an indispensable key element for the corporate sustainability. In order to actively retain outstanding talents, when employees propose to leave, the company uses statistical analysis of the reasons for resignation to respond to the problems raised by the employees and improve them accordingly. Observing the fluctuations in the turnover rate in recent years, the average turnover rate of all EPI employees dropped to 7 % in 2023, which was lower than the previous two years. In terms of the company's operational growth, it is relatively stable.

### Analysis of new employees

Year		2021		2022		2023	
New employee categories		Number of people	Proportion	Number of people	Proportion	Number of people	Proportion
Male	<30 years old	34	6%	68	9%	8	1%
	30-50 years old	25	4%	53	7%	2	0%
	>50 years old	-	-	4	1%	2	0%
	total	59	10%	125	17%	12	2%
Female	<30 years old	16	3%	65	9%	4	1%
	30-50 years old	10	1%	45	6%	3	0%
	>50 years old	1	-	5	1%	0	0%
	total	27	4%	115	16%	7	1%
Overall total		86	14%	240	33%	19	3%

### Turnover analysis

Year		2021		2022		2023	
Category of resigned personnel		Number of people	Proportion	Number of people	Proportion	Number of people	Proportion
Male	<30 years old	31	6%	29	4%	4	1%
	30-50 years old	38	6%	33	4%	16	2%
	>50 years old	2	-	7	1%	2	0%
	total	71	12%	69	9%	22	3%
Female	<30 years old	16	3%	17	2%	10	1%
	30-50 years old	21	3%	21	3%	14	2%
	>50 years old	1	-	-	-	2	0%

	total	38	6%	38	5%	26	4%
Overall total		109	18%	107	14%	48	7%

Note: Ratio of new employees = number of new employees/total number of employees

Ratio of resigned employees = Number of resigned employees/Total number of employees

### 5.1.3 Multi-ethnic talent recruitment

As of 2023, among all employees, there are 3 Aboriginal people, 6 people with physical and mental disabilities, and 101 foreign employees. They form a diversified professional team to allow every colleague to accept new perspectives from each other. Through education and training, employee are trained to have the professional ability to solve important problems , quickly become familiar with the work environment, and create a comfortable work environment.

Category	Number of employees		
	2021 year	2022 years	2023 years
Minority groups (Indigenous people)	6	4	3
Disabled people	7	5	6
foreign employees	69	114	101
total	82	123	110



## 5.2 Employee welfare and care

### 5.2.1 Welfare system

EPI provides a comprehensive welfare system that is superior to statutory requirements.

#### Comprehensive insurance for peace of mind

Employee EPI provides a comprehensive welfare system that is superior to statutory requirements, such as term life insurance, disaster insurance, cancer medical care, accidental injury insurance, etc. Employee can add insurance for themselves and their dependents at their own expense at preferential group insurance rates, including accident insurance, hospitalization surgery medical insurance, accidental injury medical daily allowance, etc.

#### Various welfare subsidy measures

In addition to planning annual activities, the Welfare Committee also provides various wedding and funeral allowances to obtain high participation and satisfaction from colleagues.

The company is committed to talent cultivation, and has set up the "Subsidy Measures for On-the-job Training for Employee" and "Subsidy Measures for Language Training for Employee" to provide relevant subsidy amounts, so that employee can study and enhance their abilities during their employment. Employee.

In 2023, the cumulative amount of welfare-related subsidies reached TWD 1,47,646K .

#### Childcare measures and subsidies

In 2023, there will be 8 applicants for childcare leave without pay, and the return rate will be 100%.I

Status of application for unpaid parental leave for raising children project	2023		
	Number of men	Number of women	Total
A: Total number of employees entitled to parental leave in 2023	17	14	31
B: Total number of employees who actually used parental leave in 2023	1	7	8
C: Total number of employees applying for reinstatement in 2023	1	4	5
D: The total number of employees who should be reinstated and apply for extension in 2023	0	1	1
E: Total number of employees actually reinstated in 2023	1	4	5
F: Total number of employees who were reinstated after unpaid parental leave for raising children in 2022	2	3	5
G: The total number of employees who continued to work for	1	3	4

Status of application for unpaid parental leave for raising children	2023		
one year after reinstatement after unpaid parental leave for raising children in 2022			
Application rate of unpaid parental leave for raising children =B/A	6%	50%	26%
Reinstatement rate=E/(CD)	100%	100%	100%
Retention rate =G/F	50%	100%	80%

### **A happy workplace, uniting employee to work together**

The Welfare Committee was established to provide labor benefits and maintain labor harmony.

As the Covid-19 slows down in 2023, the Welfare Committee plans diversified activities:

- (1) Visit Triangle Points in spring: Encourage employee to get outdoors and get close to nature through visiting triangle points.
- (2) EPI Food Special correspondent: Encourage employee to explore and share delicious food, promote interaction among employee on social platforms, and enhance mutual affection.
- (3) BBQ Family Day: Invite employee and their families to participate to enhance the atmosphere of big family fun among employee and their families.
- (4) Annual travel activities: In the form of B2E corporate service, provide employee to choose travel itinerary or use tickets according to their own needs. The electronic consumption method has a longer service life, more flexible time, and richer product content options, and has gained high employee satisfaction and recognition.

In addition, the company aims to achieve work-life balance through employee relations activities and encourages employees and their families to have fun together In 2023 , with the theme of "Healthy, Efficiency Precision, Innovation" , combined with the promotion of energy saving and carbon reduction , the plan includes health lectures , aerobic exercise teaching , bowling games, barbecue , energy saving and carbon reduction, mountain cleaning and other activities, obtain high level of participation and satisfaction from employees.

#### **Q1- Enjoy Hand Drip Your Own Coffee!**

Let everyone learn new knowledge about coffee through coffee lectures.

Learn how to drink coffee healthily!



#### **Q2-Happy Aerobics**

The lecturer uses a healthy and pleasant atmosphere to lead everyone into an aerobic experience. Let's experience together that "exercise is life, and life requires exercise."



### **Q3- Let's Bowling Together!**

Experience multiple team competitions such as hitting, netball, basketball, and bowling at one time, allowing us to understand the importance of partners and cooperation, and unleash the spirit of corporate culture!



### **Q4- BBQ EPi Family Day**

Go outside, participate in paintball, bubble football, BBQ and enjoy the happy time with your family!

## **5.2.2 Encourage employees to develop work enthusiasm**

### **Senior staff praise**

In order to thank senior employees for their dedication and dedication to the company, the company has formulated the "Senior Employee Reward Measures" and holds senior employee commendations every year. Employees with 5, 10, 15, and 20years of working experience are publicly commended and presented with certificates, gift certificates, and gifts and other awards.

### **Selection of outstanding employees**

The company has established a "Selection Method for Outstanding Employees " to select outstanding employees every year and publicly commend and present awards to thank employees for their all-out efforts at their jobs. Actively demonstrate professional capabilities, serve as a model for all employees to learn from, and inspire the competitiveness of all employees.



## **5.2.3 Pension system**

EPI's pension system is established in accordance with the "Labor Pension Act", and protects the retirement rights of all employees. For employees who are subject to the "Labor Standards Act"(The Old Fund), the employer will contribute 2% to 15% of the employee's total monthly salary to the labor retirement reserve fund account on a monthly basis. When an employee meets the retirement conditions and applies for pension from the employer, the employer can pay it from the labor retirement reserve account. For employee who are subject to the Labor Pension Act (The New Fund), in addition to the employer's monthly contribution of 6% of salary to pension, they can voluntarily contribute pension within the range of 6%, and the full amount will be deducted from the total personal comprehensive income of the current year. The ownership of this special account belongs to labor. EPI provides retirement benefits for all employee in the company. In 2023, the expenses were recognized at TWD 29,936K. The average pension expense per employee increased by TWD 3.3K.

(Unit : TWD thousands)

Year	2021	2022	2023
Net defined benefit liabilities	81,012	67,338	57,962

Pension costs	23,782	28,786	29,936
Number of employees at the end of the year	611	734	703
Average pension cost per person	38.92	39.21	42.58
Pension expense growth rate	3%	4%	9%

#### 5.2.4 Smooth communication channels

Through regular labor-management meetings and an immediate grievance system, open communication channels are maintained to ensure the rights and interests of employees. Regular labor-management meetings are held every three months to coordinate labor relations, promote labor-management cooperation, and welfare planning. Meeting minutes are posted on the company's internal homepage "EPi Labor-Management Meeting Area" for employee to conveniently inquire and understand the meeting operations. At the same time, employees can make suggestions to the company through the welfare committee, and can also respond and communicate through the company's grievance system.

The company provides communication channels to collect employees' opinions in various aspects. For example, the company has an employee feedback hotline, special area and e-mail; food suggestions can be submitted to the catering committee; safety issues can be reported through the Occupational Safety and Health Committee. Provide learning satisfaction surveys to understand employees' expectations for education and training resources; Use the performance management system to provide feedback and communication on management issues. Relevant cases are handled through dedicated personnel and a "grievance committee" to achieve the goal of adequate communication and problem solving, and to protect the safety and rights of relevant personnel. In 2023, EPi's "Complaint Committee" received no labor-related complaints.

#### 5.2.5 Salary level

The salary and payment standards follow government regulations and are defined based on employee skills and market conditions. Starting salaries and rewards do not differ based on gender, religion, politics, marital status, etc., and are based on position, ability, education, work Determined by experience and expertise.

EPi male/female salary ratio (male:female)			
2023	Employee Category	Fixed salary	Salary
	Supervisor	1:0.83	1:0.81
	engineering staff	1:1.01	1:0.99
	manager	1:1	1:1.01
	Technical personnel (including migrant workers)	1:0.88	1:0.81
2022	Supervisor	1:0.79	1 : 0.7
	engineering staff	1:1	1:0.95
	manager	1:0.98	1:0.95

	Technical personnel (including migrant workers)	1:0.88	1:0.83
2021	Supervisor	1:0.86	1:0.77
	engineering staff	1:0.99	1:0.93
	manager	1:1.06	1:1.06
	Technical personnel (including migrant workers)	1:0.84	1:0.8

### 5.2.6 Promotion of human rights

In accordance with the spirit and principles of international human rights conventions and norms, promote the protection of human rights and implement human rights protection Through training courses such as " Best Friendly Workplace" and "Responsible Business Alliance Code of Conduct (RBA) Promotion" , we promote "mutual tolerance and respect for human rights", "unlawful violations in the workplace", "sexual harassment prevention" and "Friendly Workplace Convention" and other issues , the " Epi Electronics Human Rights Policy" and "Labor and Ethical Management Standards" were formulated and announced on the company's official website to help all employee understand the importance of human rights.

In 2023, the company has not received any complaints about discrimination, forced labor, or human rights issues.

## 5.3 Talent cultivation and development

### 5.3.1 Talent training and development

EPI plans education and training plans based on its operating strategies and short, medium and long-term goals. The completion rate of the training plan in 2023 reached 99.2%. The total number of training hours was 14,339.04 hours. The average number of training hours per employee per year was approximately 20.40 hours, achieving the company's annual target.

The 2023 overall planning course focuses on "responsible execution" and proposes a series of related courses. The average student satisfaction rate is above 4.6, and most trainees in each course give positive evaluations.

	2023年			2022年			2021年		
	male	female	total	male	female	total	male	female	total
Total training hours	9,385.50	4,953.54	14,339.04	11,237.10	4,893.40	16,130.50	7,833.50	2,607.30	10,440.80
Number of employees	445	258	703	455	279	734	421	219	640
Average training hours per employee	21.09	19.20	20.40	24.7	17.54	21.98	18.61	11.91	16.31

#### 5.3.1.1 Core Competency training

Core competency training is divided into five major areas: Talent development (C), functional expertise (E), hierarchical management (M), general functions (O) and self-development (S) courses clearly define the skills and conditions required for each position and level, and develop professional training for each key position. The blueprint provides a self-learning channel so that the company and employee can adapt to the rapid changes in world trends and possess the knowledge, technology and capabilities to keep pace with the times.

Talent development training(C)	<p>Relevant training courses are derived based on the company's core competencies and the core competencies of each rank.</p> <p>(1) Responsible Execution Ability _ Time Management and Work Efficiency: In a systematic and efficient manner, students are guided to think about work from a higher perspective and enhance the accuracy and efficiency of employee in work and project processing.</p> <p>(2) Responsible Execution _ Highly Accurate Presentation Skills (Employee) : Help students resolve problems in presentation production and master correct production methods and expression skills to highlight the key points of "responsibility" presentations and effectively obtain further support and approval from supervisors.</p>
Functional professional training (E)	<p>It refers to the training implemented for various types of functional personnel to perform their duties and develop the knowledge or skills required.</p> <p>(1) A total of 197 courses are offered in engineering courses, covering professional topics such as machine operation, MO prevention, measurement techniques, quality tools, and work process improvement. Classes are taught in a consultative and master-apprentice style to understand problems and opportunities. , assisting in the development of effective solutions and procedures.</p>

	<p>(2) A total of 77 non-engineering courses are offered, including warehousing, material management, finance, tax law, procurement and other courses to strengthen professional knowledge and efficient execution skills, enhance the professional capabilities of logistics personnel, and improve overall business performance.</p>
Hierarchical management training(M)	<p>A training implemented to improve the management capabilities and performance of managers at all levels.</p> <p>of 17 supervisor training courses in 2023 , and management ability improvement courses will be offered such as:</p> <p>(1) Management training for junior-level supervisors: "Responsible Execution _ High-Precision Presentation Skills (Level)". Help students master the correct presentation methods and expression skills, and strengthen the focus of "responsibility" presentations to effectively gain recognition from supervisors and have the ability to coach subordinates to complete high-quality presentations.</p> <p>(2) Management training for middle-level supervisors: "Problem Solving Training ( Intermediate )" Course For Department Manager, learn to systematically identify and solve problems, and lead the team to complete tasks.</p> <p>(3) Management training for senior executives: "Problem Solving Training (Advanced)", "The Annual Strategy Meeting" and other courses the management thinking of supervisors at director level (inclusive) and above. With "same frequency resonance" as the main axis and combined with the ESG promotion concept, we will strengthen the comprehensive vision and forward-looking thinking of senior managers, and improve strategic planning and leadership capabilities.</p>
General training (O)	<p>104 courses are offered in the common category to establish corporate policy promotion courses such as company standards, quality awareness, occupational safety, information confidentiality, friendly workplace, and new employee training required for work, and to establish and strengthen the common foundation among employee Knowledge.</p>
Self-Inspiration(S)	<p>5 courses are offered for self-enlightenment education and training to encourage employees to pursue self-development and diversified learning. Courses such as course about health, reading clubs, and lectures about accountability - Teamwork starts with trust are also offered to establish a learning organization.</p>



### 5.3.1.2 External training

EPI encourages employees to continuously improve their functions and learn and grow, and employees can apply for external training institutions for training according to the needs of their job functions, and can apply for external training according to the needs of their job functions, or cooperate with laws and regulations and audit requirements, and the company will assign specific operation colleagues to participate in external training courses and obtain licenses, such as : on-the-job training required by various laws such as specific chemical substances, first aid personnel, radiation protection, high-pressure gas container operation, etc. In 2023 , a total of 22 external training courses will be signed up to learn diverse skills, open up different horizons, and pass on what has been learned to organizations and departments.

👍 Enjoy the joy of learning and the power of knowledge together!!



### 5.3.2 Performance evaluation and review process

In order to improve labor efficiency and then promote talent development, the "Personnel Performance Management Measures" are formulated. In order to continue to promote the company's sustainable development and closely integrate company goals with personal goals, the president has included the ESG development policy in the annual goals and set performance goals from top to bottom (Top Down) so that ESG can be implemented in employees' work. In the middle of the year, through talent development and communication coaching, we improve the functions of workers and strengthen their centripetal force. Performance appraisal will be conducted at the end of the semester, and the appraisal results will be linked to rewards and career development. The performance appraisal ratio in 2023 will reach 99%.

Category	Male			Female		
	Number of people under performance appraisal	Total people	Performance appraisal ratio	Number of people under performance appraisal	Total people	Performance appraisal ratio
Supervisor	30	35	86%	14	14	100%
engineering staff	262	264	99%	61	61	100%



Manager	17	19	89%	41	41	100%
Technical personnel (including migrant workers)	127	127	100%	142	142	100%
Total	436	445	98%	258	258	100%

Note 1: Those who join the probationary period after November will be replaced by the assessment assignments at the end of the probationary period and will not be included in the assessment targets.

Note 2: If the person in charge is a manager, he or she will not be included in the assessment.

## **5.4 Labor health and safety**

EPI builds an occupational safety and health management system based on ISO 45001. Through the participation and consultation of all workers, with continuous improvement, due diligence and periodically review, and effectively promote occupational safety and health management activities, enhance safety and health, and create a safe, healthy and comfortable workplace.

In 2023, all workers covered under the occupational safety and health management system include 703 employees and 46 contractors.

EPI conducts an internal audits of ISO 14001 & ISO 45001 management system every six months, and entrusts a third-party agency to certify it every year. In 2023, EPI continued to obtained ISO 14001 & ISO 45001 certification.

### **5.4.1 Worker participation, consultation and communication in occupational safety and health**

According to regulations of Occupational Safety and Health Management, EPI established an occupational safety and health committee to propose the recommendations on safety and health policies, and review, coordinate and recommend safety and health-related matters.

The occupational safety and health committee is comprised of occupational safety and health management specialist, manager from various EPI departments, occupational health nurse, labor representatives, etc. The factory director is the chairman of the Safety and Health Committee in each factory. There are 56 members in total and 21 labor representatives. The proportion of labor representatives is 37.5% higher than the legal requirement, accounting for one-third of the total members.

The Occupational Safety and Health Committee meeting convene quarterly to review, coordinate and promote safety and health-related matters, and to review occupational safety and health KPIs, goals and action plans. Through the participate of labor representatives, grassroots employees can also participate in, consult and communicate on the suitability, adequacy and effectiveness of the implementation of the occupational safety and health management system. As of the end of 2023, there are no occupational safety and health-related complaints.

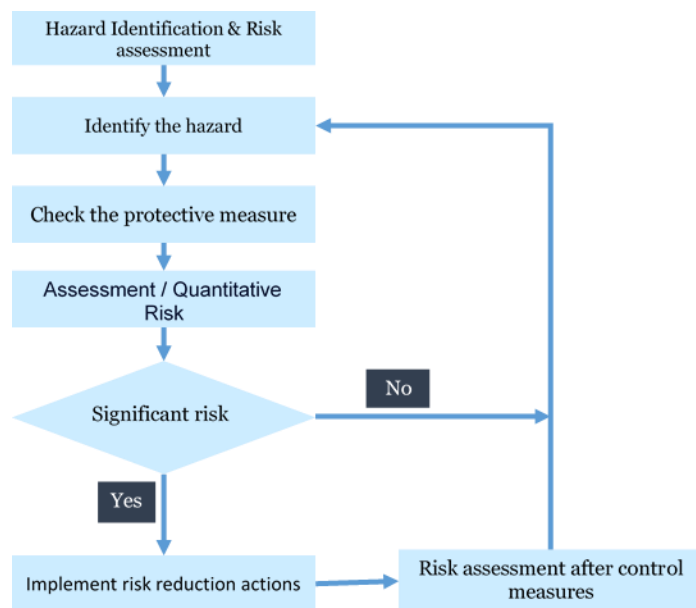
## 5.4.2 Occupational Injury and ill health Prevention

### 5.4.2.1 Risk assessment process

EPI identify possible hazards and possible risks and injuries for all routine and non-routine activities and all employees and workers under EPI's control.

And hazards are classified into: physical, chemical, and ergonomic, other work-related.

The risk assessment is carried out by personnel who are familiar with the operation to identify, evaluate and propose preventive actions for safety and health hazards. Identify activity hazard risks and improve them through the risk assessment process. In 2023, high-risk injuries were identified as chemical injuries and employee commuting traffic accident injuries, and improvements had been made.



- Improvement actions for chemical injury

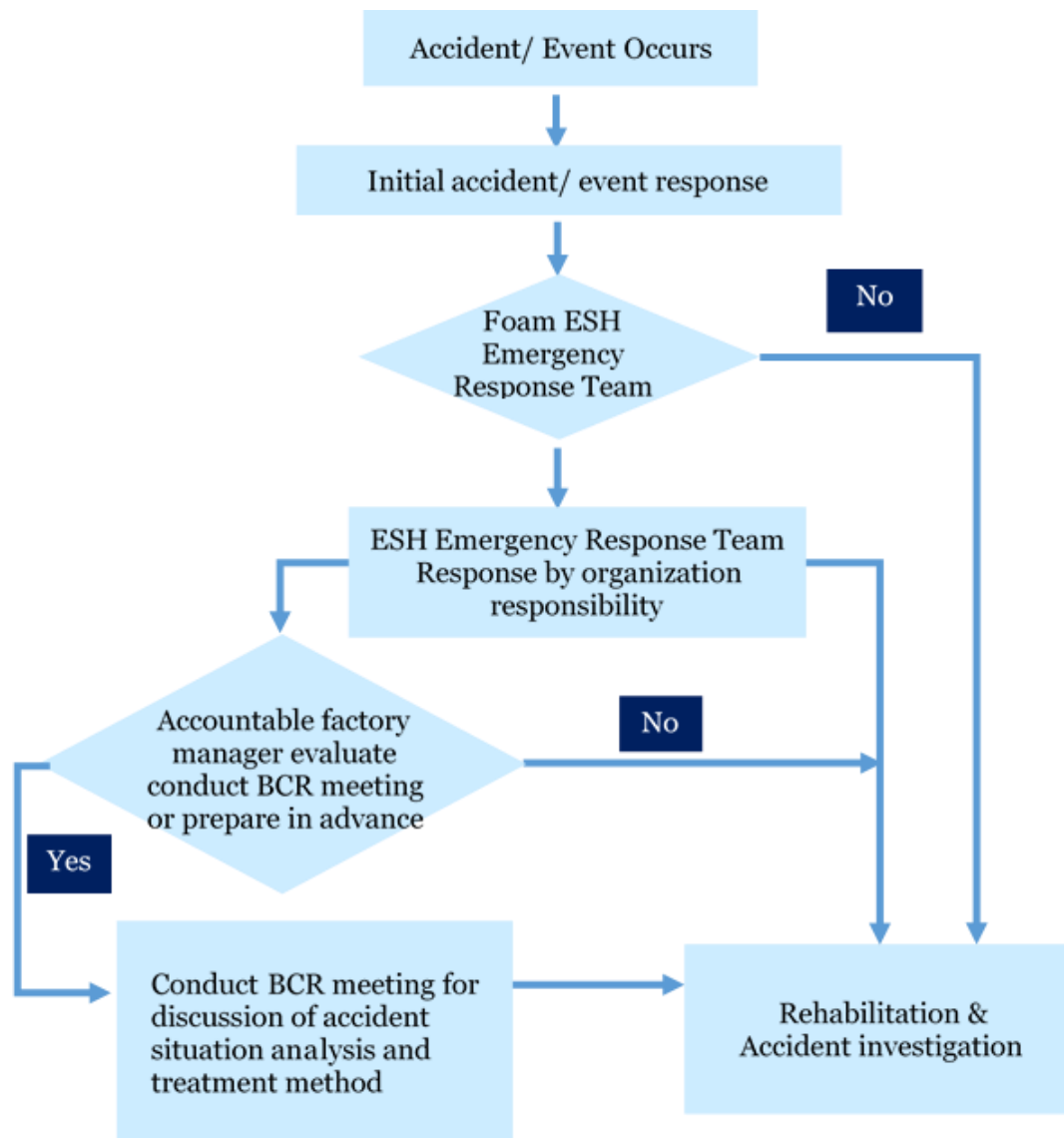
Continuously conduct risk assessments for all chemical operations in the factory. Take measures such as engineering improvement, protection mechanisms, SOP/ jigs management, training, and emergency response drill to reduce risks and protect labor health and safety.

- Injuries from traffic accident

Set up the traffic safety training for all employees to enhance their traffic safety awareness and defensive driving abilities to reduce the incidence of employee commuting traffic accidents.

### 5.4.2.2 Accident investigation and rehabilitation process

When an accident/incident occurs, the accident authority unit, the alarm system management unit, and the accident-related impact units must respond immediately, conduct follow-up investigation of the Root cause, propose correction and prevention improvement actions, and re-conduct operational risk assessment and training, SOP review and other measures.



### 5.4.2.3 Accident management

EPI is committed to reducing the occupation safety and health accidents/incidents. From 2022 to 2023, there were no occupational disasters caused by workplace. All cases of occupational disasters were caused by commute traffic accident. Therefore, EPI launched the traffic safety-related training courses which saw the participation of 1,011 employees since 2022.

The statistical data of occupational accidents excluding commuting traffic accidents from 2022 to 2023 are as follows:

Year	2022	2023
Total working hours (Note 1)	1,382,940	1,435,921
Number of general occupational injuries (Note 2)	0	0
Number of serious occupational injuries (Note 3)	0	0
death toll	0	0
Total number of recordable occupational injuries (person-time)	0	0
Lost work days (Note 4)	0	0
Death rate due to occupational injuries	0	0
serious occupational injury rate	0	0
Recordable occupational injury rate (Note 5)	0	0
Lost days ratio (Note 6)	0	0
Total damage index (Note 7)	0	0

Note 1: Total working hours of everyone

Note 2: workdays lost is within 180 days (excluding commuting traffic accidents)

Note 3: workdays lost exceeds 180 days and does not include deaths (excluding commuting accidents)

Note 4: Calculation starts from the day after the casualty.

Note 5: Disabling Injury Frequency Rate (FR) = Injury Number x 1,000,000/Total working hours

Note 6: Disabling Injury Severity Rate (SR) = Lost Work Days x 1,000,000/Total working hours

Note 7: Frequency-Severity Indicator =  $\sqrt{\frac{FR \times SR}{1000}}$

#### **5.4.2.4 Other environmental, safety and health impact prevention measures**

##### **◆Procurement management**

EPI strengthens source risk management to avoid occupational safety and environmental accidents, establishes a group's procurement management system to integrate operations, and optimizes procurement management.

Before purchasing, the safety and health performance of suppliers/contractors should be evaluated first as a basis for selecting a suitable ones. When purchasing or leasing machinery, equipment, appliances, materials, raw materials and personal protective equipment, the contract content should comply with occupational safety and health regulations and actual needs. Specifications must be confirmed to comply with regulations before acceptance and use. Additionally, if the planning, design, construction and supervision of maintenance projects are contracted or entrusted, the contract content should include specific specifications for preventing occupational disasters and be listed as performance requirements.

##### **◆ Management of Change (MOC)**

Before making a change, we first conduct a risk assessment by identify environmental impact, and safety and health hazards to identify possible risk during the change process or after the change, and then confirm that relevant preventive actions to reduce the risk are implemented to ensure the safety conditions of the process, activity or service, as well as the safety and health of personnel. If the risk cannot be adequately reduced, further changes should be modified immediately.

##### **◆Regulatory updates**

Keep up to date with latest regulations monthly, to ensure that operations comply with the relevant requirements and achieve the effective environmental, safety and health management

##### **◆Contractor management**

Actively communicate with non-employees to establish cooperative relationships with contractors. Provide safety and health training to ensure that constructors and supervisors understand and adhere to the EPI's ESH management regulations during operations, ensure the safety of workers and avoid property losses.

#### **5.4.3 Create a safe workplace**

In order to provide a safe and health workplace, EPI regularly conducts hazard identification and risk assessment on the workplace to eliminate any potential hazards and risks.

Identifying potential environmental, safety and health hazards and risks through regular monthly interactive inspections by all facility department managers to provide early warnings and improvement

Base on the 6S standard, EPI improves fundamental issue in the workplace and develops employee safety habits.

Each department implements independent inspections in accordance with regulations.

The ESH department conducts random inspections of environmental, safety and health operations and activities to identify potential hazards.

At the same time, the ESH department provides early warning to the factory for prevention. We also urge employee to abide by regulatory requirements, and establish a "teamwork and safety culture." This enable teams to cooperate with each other to create a safe, health and comfortable working environment to achieve the goals of effective use of resources, continuous improvement and zero disasters.

In addition to basic environmental, safety and health assessments and inspections, EPi has publicly placed a link on the company's Portal internal website to provide all employees with inquiries related to occupational safety and health management. EPi maximizes resources, enhances employees' safety and health awareness, and strives to create the most safety and comfortable workplace.

### 5.4.3.1 Occupational safety and health education

In order to establish a healthy workplace and a friendly working environment, based on the Occupational Safety and Health regulation, we provide various occupational safety and health-related education and training, such as training for occupational safety and health committee members. Through training, we enhance the members' occupational safety and health-related awareness and improve work efficiency. Implement prevention of occupational injuries.

#### ◆ AED+CPR first aid training course in 2023

In order to enable all employees to be proficient in the use of "cardiopulmonary resuscitation" and "automated external defibrillator", enhance employees' emergency response capabilities when accidental injuries occur, and exert the effect of self-rescue and life-saving. Starting from 2021, 15% of the total number of employees in each unit will be trained every year to keep the familiarity of employees in the factory with this first aid method and the use of AED equipment, so as to provide employees with an additional life safety guarantee when working in the company.



#### ◆ Firefighting training

EPi conduct firefighting training for employees and on-site contractors. Through training, they can understand how to use fire extinguishers and the importance of firefighting.



#### ◆ Traffic safety course

Since traffic accident injuries are most likely to occur, EPi uses digital traffic safety course

to enhance the traffic safety awareness of all employees and reduce the probability of traffic incidents.

#### ◆Emergency response drill

Establish emergency response team members for each site, select themes according to the risk characteristics, and conduct site emergency response drills of all departments to enhance employee' emergency response capabilities in disaster relief, evacuation, incident area control, and disposal when an accident occurs.



### 5.4.4 Health promotion plan

Epi regards its employees as its most valuable assets, which puts the health of employee first, and is committed to creating a safe and comfortable working environment. In 2023 , the theme "Health Promotion Plan" was set, including "CPR+AED training courses", "Early Lung Computed Tomography Scan" to provide free early low-dose lung CT scan, "Three-in-one Women's Preventive Screening Activities" to provide female employees with gynecological examinations, and the " Seasonal Quadrivalent Influenza Vaccine activities", etc. through effective program management, responds to the United Nations' sustainable development goal of "ensuring healthy lives and promoting healthy well-being at all ages" .Employees are encouraged employees to pursue work fulfillment while also taking into consideration the quality of life and maintaining physical health . There were no cases of occupational diseases in 2023.

#### 5.4.4.1 Health examination

Every year, Epi provides employees who have been employed for one year to participate in annual health examinations according to their personal wishes. In particular, abdominal ultrasonography and cancer antigen test are added to the health examination in order to take care of the overall health of employees. For employee with abnormal health examinations, occupational health nurse provide employees with health consultation and personal health guidance. They also provide medical assistance and health tracking for employees with medium and high health risks, and assist in arranging medical outpatient clinics according to employee needs.

#### 5.4.4.2 Special Health examination

##### 1. Special protection:

Epi conducts special occupational physical / health examinations every year, so that employees do not have to worry about their health. A total of 56 people were inspected for special health hazards operations (such as ionizing radiation, chromic acid, mercury and indium operations) handled in 2023, and the examination rate was 100%.

Epi conducts health grade management from Level 1 to Level 4 in accordance with the " Recommended Guidelines for Labor Special Health Examination and Health Management Level" announced by the Ministry of Labor. In 2023, there were no employees under Level 3



or Level 4 management. In addition, for employees under second-level management, individual consultation and personal health guidance will be arranged during the occupational medical doctor's visit to the factory.

## 2. Overload prevention management :

Based on annual health examination results, overwork questionnaires and overtime statistics, occupation health nurses select the company's medium and high-risk management lists for "Occupation-induced prevention of cerebral cardiovascular and heart diseases" and arrange for employees to conduct interviews and individual consultations with occupational medical doctors. Occupational medical doctor provides professional advice to employee and assisting them in establishing independent health management models and maintaining a healthy

## 5.5 Social welfare

EPI has concerned about social welfare and a friendly environment. Invest in society to participate in supporting disadvantaged groups and fulfill social responsibilities. Through long-term support to community charity groups, we carry out a number of charity projects, including those with disabilities and disadvantaged groups, and continue to create more diversified positive social influences and send love to every corner. Concretely practice the concepts of ecological protection and environmental friendliness, and implement environmental sustainability with actions. Actively participate in talent recruitment activities, negotiate industry-university cooperation opportunities, provide employment opportunities and communication channels, exert the specific influence of the company, and achieve a beautiful vision for the common good of society.

### 5.5.1 Community welfare

Adhering to the belief of fulfilling corporate social responsibilities, EPI has been engaged in public welfare and material donation activities for a long time, with a total donation of more than NT\$1 million. In 2023, Participated in the activities of 5 public welfare groups and donated a total of NT\$200,000.



#### **Sponsor Hsinchu City Private Hsinchu Renai Children's Home**

Through long-term donations of materials to the private Hsinchu Renai Children's Home in Hsinchu City, hoping that children can feel the company's care and companionship.



#### **Material Donation Association World Peace Association WPA and**

#### **Hsinchu County Jianshi Township Tribal Family Growth and Culture Association (Nara Catholic Church)**

EPI donated COVID-19 antigen self-detection rapid screening kits to the World Peace Society and Nara Catholic Church to help children and their families protect their health.





♥ **Donate to the DownSyndrome Foundation of the Republic of China**

EPI donated money to support the Down Syndrome Foundation's "Multiple Care Service Project".



**Donated to the Hsinchu City Catholic Charity Social Welfare Foundation for 9 consecutive years**

EPI donated money to support the [Happy Christmas Fun-Learning Achievement Activities] planned and managed by the Renai Social Welfare Foundation in 2023.



**Donated to Eden Social Welfare Foundation for 6 consecutive years**

EPI donated money to support the "Service Project for People with Disabilities".



**Donated for 6 consecutive years World Peace Association WPA**

EPI donated money to support the "Rescue the Hungry Children" project of the World Peace Society.



**Donate to The Garden of Hpoe Foundation**

EPI donated money to support The Garden of Hpoe Foundation Assistance Program.



## 5.5.2 Practice sustainability

EPI actively practices the concept of ESG sustainability and implements behaviors of protecting ecology and improving the environment in daily life. The Mountain Cleaning Activity and the "Guard the Earth You + Me" activity were held in 2023. Through essay collection and related promotional articles, we increased energy conservation and environmental protection knowledge and application methods, and called on everyone to work together to save energy, reduce carbon, and protect the earth. The hard work has won the enthusiastic participation and recognition of employee and family members.

#### **Q4- Clean Mountain Activities**

In response to the ESG concept of health and environmental protection, we invite employee to participate in the mountain cleaning activities. Pick up the garbage, return the original purity to nature!



#### **Q3~ Q4-2023 ESG Lifestyle "Protect the Earth You + Me" Activity**

Invite everyone~

Complete and share your own carbon reduction and energy saving achievements, and recommend the next sharer (up to three can be recommended) to complete the mission of protecting the earth together!

A total of 490 people completed and shared energy saving and carbon reduction activities!



# APPENDIX



## Appendix I

Statement of use	EPi prepares the sustainability report in accordance with GRI standards. The data information range is from January 1 to December 31, 2023.		
GRI 1 Usage version	GRI 1: Basics 2021		
GRI Industry Code Application	GRI Standards 2021		
GRI Guidelines	Reveal project	Page number	Additional information
<b>GRI 2: General Disclosure (2021)</b>			
GRI 2: General Disclosure (2021)	2-1 Organization details	6	
	2-2 Entities included in organizational sustainability reporting	3	
	2-3 Reporting period, frequency and contact person	4	
	2-4 Restatements of information		EPi has no merger or acquisition, reporting period, business nature and measurement methods, etc. changes in 2023.
	2-5 External assurance/certainty	4	
	2-6 Activities, value chains and other business relationships	61-69	
	2-7 Employees	110-112	
	2-8 Workers who are not employees	110	
	2-9 Governance structure and composition	40-43	
	2-10 Nomination and selection of the highest governance body	40-43	
	2-11 Chair of the highest governance body	40-43	
	2-12 Role of the highest governance body in overseeing the management of impacts	40-43	
	2-13 Delegation of responsibility for managing impacts	40-43	

GRI Guidelines	Reveal project	Page number	Additional information
<b>GRI 2: General Disclosure (2021)</b>			
GRI 2: General Disclosure (2021)	2-14 Role of the highest governance body in sustainability reporting	19	
	2-15 Conflict of interest	41	
	2-16 Communication of critical concerns	20-33	
	2-17 Collective knowledge of the highest governance body	45	
	2-18 Evaluation of the performance of the highest governance body	45	
	2-19 Remuneration policy	45-46	
	2-20 Process to determine remuneration	45-46	
	2-21 Annual total compensation ratio	45-46	
	2-22 Statement on sustainable development strategy	5	
	2-23 Policy commitments	14-15	
	2-24 Embedding policy commitments	40	
	2-25 Processes to remediate negative impacts		Please refer to the management policies for each major theme.
	2-26 Mechanisms for seeking advice and raising concerns		Please refer to the management policies for each major theme.
	2-27 Compliance with laws and regulations	60	
	2-28 Membership associations	12	
GRI 2: General Disclosure (2021)	2-29 Approach to stakeholder engagement		Please refer to the management policies for each major theme.
	2-30 Collective bargaining agreements		Our company has not signed a group agreement

GRI Guidelines	Reveal project	Page number	Additional information
<b>GRI 3: Key Themes (2021)</b>			
GRI 3 (2021): Material Topics	3-1 Process to determine material topics	20-21	
	3-2 List of material topics	21	
Integrity management			
3-3 Material Topics management		34-35	
GRI 205 (2016): Anti-corruption	205-1 Operational bases that have undergone corruption risk assessments	47-48	
	205-2 Communication and training on anti-corruption policies and procedures	47	
	205-3 Confirmed corruption incidents and actions taken	47-48	
GRI 206 (2016): Anti-competitive Behavior	206-1 Legal Action for Anticompetitive Conduct, Antitrust and Monopolistic Conduct	47-48	In 2023, EPI was not fined due to anti-competitive behavior, antitrust and monopoly behavior.
Compliance with laws			
3-3 Material Topics management		36-37	
GRI 2 (2021) : General Disclosure	2-27 Compliance with laws and regulations	60	
Supply chain sustainability management			
3-3 Material Topics management		38-39	
GRI 2 (2021) : General Disclosure	2-6 Activities, value chains and other business relationships	61-63	
GRI 204 (2016): Procurement Practices	204-1 Proportion of spending on local suppliers	69	



GRI Guidelines	Reveal project	Page number	Additional information
GRI 308 (2016): Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	62-68	
	308-2 Negative environmental impacts in the supply chain and actions taken	67-68	In 2023, there will be no termination of the cooperative relationship due to non-compliance with the audit results.
GRI 414 (2016): Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	62-68	
	414-2 Negative social impacts in the supply chain and actions taken	67-68	In 2023, there will be no termination of the cooperative relationship due to non-compliance with the audit results.
Energy and Greenhouse Gas Management			
3-3 Material Topics management		71-73	
GRI 302 (2016): Energy	302-1 Energy consumption within the organization	79-81	
	302-3 Energy intensity	79-81	
	302-4 Reduce energy consumption	79-81	
	302-5 Reducing energy requirements of products and services	99-100, 102	

GRI Guidelines	Reveal project	Page number	Additional information
GRI 305 (2016): Emissions	305-1 Direct (Scope 1) Greenhouse Gas Emissions	76-78, 143-144	
	305-2 Energy indirect (scope 2) greenhouse gas emissions	76-78, 143-144	
	305-4 Greenhouse gas emission intensity	76-78	
	305-5 Greenhouse gas emission reduction	78	
	305-6 Emissions of substances that damage the ozone layer	78	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other major gas emissions	78	
Waste and resource recycling			
3-3 Material Topics management		73	
GRI 306 (2020): Waste	306-1 Waste generation and significant waste-related impacts	88-89	
	306-2 Management of significant waste-related impacts	89-94	
	306-3 Waste generated	88-89	
	306-4 Waste diverted from disposal	89-94	
	306-5 Waste directed to disposal	89-94	
Talent cultivation and development			
3-3 Material Topics management		108-109	
GRI 404 (2016): Training and Education	404-1 Average number of training hours per employee per year	118	

GRI Guidelines	Reveal project	Page number	Additional information
<b>Other topics</b>			
GRI 200: Economics			
GRI 201 (2016): Economic Performance	201-1 Direct economic value generated and distributed by the organization	49	
	201-2 Financial impacts and other risks and opportunities arising from climate change	56-59	
	201-3 Defining Benefit Plan Obligations and Other Retirement Plans	115	
GRI 201 (2016): Economic Performance	201-4 Financial subsidies from the government	60	
GRI 207 (2019): Tax	207-1 Tax Policy	60	
	207-2 Tax governance, control and risk management	60	
	207-3 Stakeholder negotiation and management of tax-related issues	60	
GRI 300: Environment			
GRI 303 (2018): Water and Effluents	303-1 Interactions with water as a shared resource	82-85	
	303-2 Interactions with water as a shared resource	86	
	303-3 Water withdrawal	83-85	
	303-4 Water discharge	83-85	
	303-5 Water consumption	83-85	

GRI Guidelines	Reveal project	Page number	Additional information
GRI 400: Society			
GRI 401 (2016): Employment	401-1 New employee hires and employee turnover	110-112	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	113-116	
GRI 401 (2016): Employment	401-3 Parental leave	113	
GRI 402 (2016): Labor/Management Relations	402-1 Minimum notice period for operational changes		If the company encounters major operational changes, it will be notified one month in advance
GRI 403(2018): Occupational Health and Safety	403-1 Occupational health and safety management system	122	
	403-2 Hazard identification, risk assessment, and incident investigation	122-125	
	403-3 Occupational health services	128	
	403-4 Worker participation, consultation, and communication on occupational health and safety	122	
	403-5 Worker training on occupational health and safety	127-128	
GRI 403 (2018): Occupational Health and Safety	403-6 Promotion of worker health	128-129	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	126-128	
GRI 403 (2018): Occupational Health and Safety	403-8 Workers covered by an occupational health and safety management system	122	
	403-9 Work-related injuries	122-125	
	403-10 Work-related injuries	128-129	

GRI Guidelines	Reveal project	Page number	Additional information
GRI 405 (2016): Diversity and Equal Opportunity	405-1 Diversity of governance units and employees	41, 112	
	405-2 Ratio of basic salary and salary for women and men	116-117	
GRI 413 (2016): Local communities	413-1 Operational activities through local community communication, impact assessment and development planning	130-132	
GRI 416 (2016): Customer Health and Safety	416-1 Assessing the health and safety impacts of product and service categories	98	
	416-2 Violations of health and safety regulations regarding products and services	98	EPi has no violations of laws and regulations related to products and services, health and safety in 2023.
GRI 418 (2016): Customer Privacy	418-1 Substantiated complaints of invasion of customer privacy or loss of customer information	104	In 2023, EPi had no substantiated complaints of infringement of customer privacy or loss of customer information.
Custom theme			
Custom themes are not applicable	risk management committee	50	
	How companies identify risks	51-54	
	Risk issue analysis process	51-54	
	environmental policy	74	
	Product Hazardous Substance Management	98	
	Information security management structure and policy	103	
	Information security governance objectives	104	
	Information security incident notification and emergency response measures	105	
	Information security protection	106	
	Information security education and training	106	

Appendix 2 Taiwan Stock Exchange requires disclosure of indicators

**1. "Operation Measures for the Preparation and Submission of Sustainability Reports by Listed Companies" Article 4 Schedule 1-8 Sustainability Disclosure Indicators - Semiconductor Industry**

serial number	index	Indicator type	annual disclosures	unit	Remark
1	Total energy consumption, percentage of purchased electricity and renewable energy usage rate	Quantify	1. Total energy consumption 323,540GJ 2. Percentage of purchased electricity is 100% 3. Renewable energy usage rate 0%	Billion joules (GJ), percentage (%)	
2	Total water intake and total water consumption	Quantify	1. Total water intake $654.33 \times 10^3 \text{ m}^3$ 2. Total water consumption $280.63 \times 10^3 \text{ m}^3$	Cubic meters (m <sup>3</sup> )	
3	Weight of hazardous waste and percentage recycled	Quantify	1. Weight 4.93 tons 2. Recycling percentage 37%	Metric tons (t), percentage (%)	
4	Explain the types, number and proportion of occupational accidents	Quantify	1. No occupational accidents except commuting traffic accidents 2. The number and ratio of occupation accident are both-zero	Ratio (%), quantity	
5	Disclosure of product life cycle management: including the weight of end-of-life products and electronic waste and the percentage of recycling	Quantify	1. Weight 2.55 tons 2. Recirculation percentage 3%	Metric tons (t), percentage (%)	Sale and physical recycling
6	Description of risk management associated with the use of critical materials	Qualitative description	In 2023, a focused audit was conducted on key suppliers. The audit results: 52 were all identified as low-risk suppliers, all of which met EPI's improvement requirements and achieved improvement in supplier management performance.	not applicable	

serial number	index	Indicator type	annual disclosures	unit	Remark
7	Total pecuniary losses resulting from legal proceedings related to anti-competitive conduct regulations	Quantify	Anti-competitive behavior litigation amount is zero	reporting currency	
8	Output of main products by product category	Quantify	Epitaxial wafer: 2,906,320 layers	Varies by product type	

**2. "Operational Measures for Preparation and Submission of Sustainability Reports by Listed Companies" Article 4-1 Appendix 2 1-1. EPI Company's Greenhouse Gas Inventory and Confirmation in the Last Two Years**

Scope of Inquiry and Confidence		year	Emissions ( metric tons CO2e)	Intensity ( metric tons CO2e / million NTD)	Verification agency	Criteria of verification and validation Opinions
parent company	Scope 1	2023	602.9	0.1	BSI	The company's total greenhouse gas emissions from Scope 1, Scope 2 and Scope 3 was 51916.0 metric tons CO2 equivalent , Scope 1 accounted for 1.16%, Scope 2 accounted for 81.90% , and Scope 3 accounted for 16.94% . The verification and validation procedures in accordance with ISAE3410/ISO 14064-3:2019, the assurance opinions in Scope 1 and Scope 2 are based on reasonable assurances, and the assurance opinions in Scope 3 are Agreed upon procedures (AUP).
	Scope 2	2023	42517.1	10.0	BSI	
	Scope 3	2023	8796.0	2.1	BSI	

Scope of Inquiry and Confidence		year	Emissions ( metric tons CO2e)	Intensity ( metric tons CO2e / million NTD)	Verification agency	Criteria of verification and validation Opinions
parent company	Scope 1	2022	489.4	0.1	BSI	The company's total greenhouse gas emissions from Scope 1, Scope 2 and Scope 3 was 63349.2 metric tons of CO2 equivalent, Scope 1 accounted for 0.77%, Scope 2 accounted for 83.68%, and Scope 3 accounted for 15.55%. The verification and validation procedures in accordance with ISAE3410/ISO 14064-3:2006, the opinions in scope 1 and scope 2 are based on reasonable guarantees, and the opinions in scope 3 are limited assurance.
	Scope 2	2022	53011.5	9.0	BSI	
	Scope 3	2022	9848.3	1.7	BSI	

**3. " Operational Measures for Preparing and Submitting Sustainability Reports by Listed Companies" Article 4-1 Appendix 2 1-2. Greenhouse gas reduction goals, strategies and specific action plans**

In accordance with Article 4-1, Item 4, Paragraph 3 of the "Operation Measures for Preparing and Submitting Sustainability Reports for Listed Companies", EPi will complete the disclosure of reduction targets, strategies and specific action plans starting from the 116th year of the Republic of China.



# **Epitaxy Service**

**Since 1998**

