Ennostar























Words from our Chairman

102-14

102-15

Ennostar was founded in 2021. Epistar and Lextar came together to establish Ennostar, thereby integrating supply chain resources; strengthening new-generation advanced display, automotive, sensor, and special lighting technologies and highvalue applications; while also extending our core capabilities in epi manufacturing procedures and involvement in new-generation compound semiconductors.

As an industry leader, Ennostar formally established a dedicated ESG unit and ESG Committee in 2022 to oversee operations of our Board and three major subsidiaries. We incorporated ESG concepts in the Group through six primary aspects: goals, projects, our Sustainability Institute, ESG reports, our corporate website, and activities. We hope to create well-being from the inside out through our ESG promotions while also incorporating ESG in our corporate DNA, forming a virtuous cycle for extended and strong growth as we lead our subsidiaries and supply chain partners in sustainability actions to do what we can for society and bring value to the Group.

Ennostar understands the necessity for environmental protection while continuing to work toward reductions in water usage, energy usage, carbon emissions, and waste. Our subsidiaries obtained ISO 14064-1:2018 verification and monitored greenhouse gas emissions at all factories in 2021. We continue to implement waste management projects for recycling and reuse of resources, including our NMP waste liquid reduction, waste solvent distillation & recovery, and packaging recycling projects, to reduce our environmental impacts. We believe that integration of resources allows for optimal utilization, deeper commitments to environmental sustainability, and acceleration of low-carbon transformations in line with global trends.

Ennostar firmly believes that virtuous cycles are conducive to mutual happiness in society. We actively promoted EHS through competitions, and served as an expert member on the "Health and Safety Expert Platform" of the Ministry of Science and Technology Hsinchu Science Park Bureau's "Health and Safety Counseling and Inspections for Small and Medium High-Risk Science Park Businesses Project for 2021," working to enhance occupational health and safety for our employees. In terms of social participation, we and our subsidiaries participated in public welfare activities while also organizing non-periodic sponsorships, charity events, and scholarships. We encourage our employees to join us in participation of public welfare activities to shine a light on all corners of society.

Sustainability Awards

dufal Chairman

Year	Award
2021	 MAPECT Taiwan M&A Award Most Representative M&A Award of the Year (Ennostar) "Quantum Dot Light Emitting Diode Packaging Technology Development Program" recognized as an excellent program by the Ministry of Economic Affairs (Lextar) 2021 Prix Aurora Award Top Ten Supply Chain Stars of LED Display Chips Award and Award of Innovative Annual Product of LED Display Supply Chain (Epistar) Prix Aurora Award Top Ten Supply Chain Stars of UVC & UVA Award and Top Ten Supply Chain Stars of Mini LED Backlight Module (Lextar) GG LED Golden Globe Awards Product of the Year Award (Epistar)
	 Served as an expert member on the "Health and Safety Expert Platform" of the "Health and Safety Counseling and Inspections for Small and Medium High-Risk Science Park Businesses" project Epistar's Tainan Science Park Factory received the "Promoting Equal Rights in the Workplace Distinguished Honor Award" Epistar's Hsinchu Science Park Factory received the "Promoting Equal Rights in the Workplace Excellence Award"



Ennostar Response to the United Nations Sustainable Development Goals in 2021

Environment



The Group implemented a number of water-saving projects in 2021 to enhance water usage efficiency and reduced water usage volumes by almost 80 million liters in 2021



To reduce usage of raw materials and waste volumes, we sought out new collaborating companies to develop waste recycling and reuse technologies that enhanced recycling rates and reduced volumes of non-recycled (incinerated, stabilized, and landfilled) waste. We hope to continue reducing non-recycled waste ratios and increasing recycled waste ratios. Our recycled waste ratio rose from 71% in 2014 to 84% in 2021.



In 2021, we incurred zero fines from EHS units relating to exhaust emissions, illegal wastewater discharge, and waste management. We continue to implement waste management projects for recycling and reuse of resources, including our N-Methylpyrrolidone (NMP) waste liquid reduction, waste solvent distillation & recovery, and packaging recycling projects.

Governance



The Group has installed solar power systems and formulated plans in response to the government's 2050 net zero emissions goal. Ennostar will continue to procure green power purchase agreements and renewable energy certificates, with a view to achieving the RE100 goal for non-production sites by 2030 and the RE100 goal across the entire Group by 2050.



To reduce operational risks from climate change and enhance product competitiveness, we have formulated the following responses: flood prevention measures, increased volumes of recycled water, water usage plans for water shortage periods, strengthened crisis responses to water shortages, procurement of renewable energies, energy and carbon reduction plans, and installation of solar power systems on factory roofs. Additionally, we also studied manufacturing processes for regenerative products to do our part in reducing energy usage and carbon emissions of our products.

Social



The Group attaches great importance to the consistency and fairness of remuneration operations, monetary incentives, and management of employee bonuses. Individual salaries are based on the education, expertise, and professional experience of each employee, but do not differ on the basis of race, religion, skin color, political affiliation, age, gender, marital status, or physical and mental disabilities.



The Group provides annual occupational health checks (including abdominal ultrasounds) for employees, surpassing requirements set out by law, and also conducts health checks for employees involved in special operations or transfers. In 2021, a total of 2,951 employees underwent health checks, and total health check fees amounted to NT\$ 6,751,331.



In 2021, the Group formally established a dedicated ESG unit and the Ennostar Sustainability Institute to integrate our core capabilities with ESG developments, generate corporate "well-being" from the inside out, and create higher corporate values.



In 2021, 49% of all new employees were female and 51% were male. The overall ratio of female to male employees is around 1:1. All employees are placed in positions that are suited to their talents. To encourage marriage and child-rearing in our employees, we also provide engagement/marriage leave, marriage subsidies, maternity parking, lactation rooms, care for expectant mothers, pregnancy checkup leave, paternity leave, and family leave.

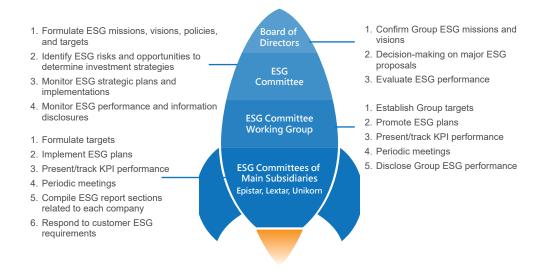
Sustainable Governance

Ennostar established an ESG Committee at the end of 2021 as a functional committee under the Board. ESG Committee members include our chairman, independent directors, vice presidents, and senior executives from our subsidiaries. The Committee is responsible for coordinating and planning Group ESG policies and sustainable targets, identifying ESG risks and opportunities to determine related investment strategies, and monitoring achievement of all ESG performance targets, with 2022 set as the base year for all ESG items.

ESG Committee ESG Committee ESG Office ESG Committee ESG Committee Working Group Epistar ESG Committee Unikorn ESG Committee



The ESG Committee's responsibility

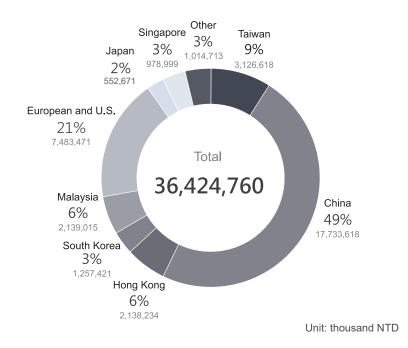


Foundation based on six primary aspects:

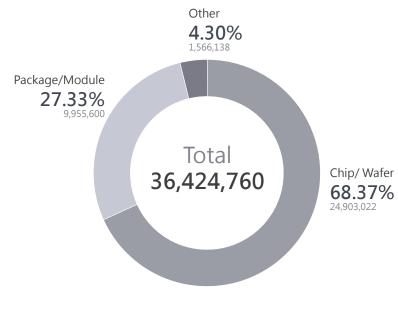
We base Group ESG principles around six aspects (targets, projects, our Sustainability Institute, ESG reports, our corporate website, and activities) and work back from our goals to identify key projects to focus our resources, while also accelerating towards our goals with support from our Sustainability Institute, and using our ESG reports and corporate website to establish good communications with our stakeholders. We organize internal activities that immerse our colleagues in an atmosphere conducive to ESG actions, and externally seek suitable corporate partners to collaborate with on sustainability actions.

In future, we will further integrate ESG performance with our rewards systems to incorporate ESG concepts into routine work, embed ESG into our Group culture over time, and make ESG a part of our corporate DNA.

Global Sales



Proportion of Business



Unit: thousand NTD

Product Manufacturing and Sales

Units: square inches for chips and wafers; thousand pcs for packaging and module products; thousand NTD for output values

Year	Chip/	Wafer	Packaging and Module				
real	Output volume	Output values	Output volume	Output values			
2021 年度	1,177,406,814	22,887,599	3,295,307	9,874,313			



Please refer to the annual report for detailed financial performance.

Identification of Material Topics

The Group incorporated materiality analysis during report compilation and used systematic analysis models to identify sustainability issues of concern for stakeholders that serve as a reference for information disclosures in this Report, and to facilitate effective communication with our stakeholders and continue improvements in sustainability performance. To ensure that the information disclosed in this Report complies with stakeholder needs, we determined material sustainability themes using five steps ("Identify stakeholders," "Compile and summarize sustainability themes," "Investigation on levels of concern and impact for each theme," "Materiality analysis and identification," "Review and discussion") in response to stakeholder concerns, allowing our stakeholders to understanding our ESG actions, strategies, and performance while publicly disclosing key projects and achievements for the year.



Stakeholder identification

8 main stakeholder categories

Identified stakeholders through internal discussion with and feedback from department managers and our colleagues, and referenced stakeholder groups identified in ESG reports by our industry peers.



Compile and summarize sustainability themes

50 ESG sustainability issues

Themes were collected internally on corporate culture, operating principles, and scope of work for all units; information was collected externally on GRI Standards, RBA indicators, and TCSA selection indicators. We used GRI standards to define, categorize, and screen preliminary issues of concern. External stakeholder feedback was collected through various channels.



Investigation on levels of concern and impact for each theme

1,155 stakeholder questionnaires

Distributed questionnaires and conducted interviews with senior executives to understand stakeholder levels of concern for each theme and assess levels of impact on corporate operations for each theme. In 2021, we collected 1.097 questionnaires related to levels of concern and 58 questionnaires related to levels of impact.



Materiality analysis and identification

Identified 19 material sustainability issues

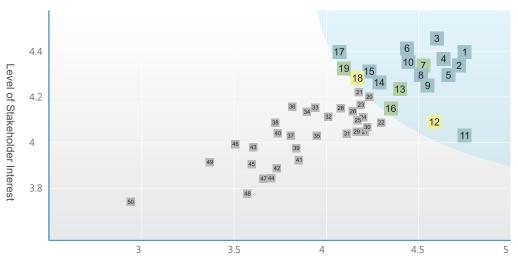
Assessed questionnaire analysis results to determine the scores for each theme under differing evaluation criteria and their levels of impact on sustainable operations as determined by Group managers, then calculated risk priority scores for each theme and formulated effective management guidelines for each theme.



Review and discussion

Disclosed management guidelines for material issues identified for this year, and continued to strengthen management and information disclosures in future ESG reports.

Materiality Analysis Chart



Level of Impact on Operation

1. Information security	2. Product quality	3. Sustainable development strategies	4. Economic performance	5. Ethical management
6. Risk management	7. Air pollution management	8. Customer health and safety	9. Customer privacy	10. Socioeconomic compliance
11. Corporate governance	12. Talent cultivation	13. Greenhouse gas emissions	14. Innovation management	15. Customer service
16. Chemicals management	17.Environmental protection laws	18. Occupational safety and health	19. Wastewater management	20. Product portfolio management
21. Marketing and labeling	22. Labor relation (Employee Benefits, Life-Work Balance)	23. Supplier environmental assessments	24. Water resource management	25. Training and education
26. Energy	27. Labor relations (Talent Acquisition and Retention)	28. Cleantech opportunities	29. Anti-competitive behaviors	30. Anti-corruption
31. Employee diversity and equal opportunities	32. Forced or compulsory labor	33. Labor-management relations	34. Non-discrimination	35. Child labor
36. Waste	37. Supplier social assessment	38. Financial impacts from climate change	39. Materials	40. Taxes
41. Market image	42. Local communities	43. Indirect economic impacts	44. Human rights assessments	45. Procurement practices
46. Association and collective bargaining	47. Security practices	48. Rights of indigenous peoples	49. Biodiversity	50. Public policy

Management Targets for Material Topics

	Operational Significance	Short-Term Goals	Mid-Term Goals	Long-Term Goals
Material Topic	Impacts on Ennostar (Opportunities/Risks)	2022-2023	2024-2025	2026 and Beyond
Sustainable Development Strategies	Opportunities Establish a sustainability brand for the mutual benefit of society, our employees, and our industry Risks Lack of management may damage the environment and our corporate image	Establish all levels of ESG Committee operations Foundation based on six primary aspects Expand ESG disclosures and scope of influence	Continue ESG Committee operations at all levels Developments based on six primary aspects Expand ESG disclosures and scope of influence	Continue ESG Committee operations at all levels Strengthening of six primary aspects Expand ESG disclosures and scope of influence
Corporate Governance	 Opportunities Establish an outstanding corporate image Risks Elimination by the industry or market 	Continue to implement director diversity and management Rank at top 6-20% in Corporate Governance Evaluations Participate in Taiwan Corporate Sustainability Awards	Continue to implement director diversity and management Rank at top 5% in Corporate Governance Evaluations Adopt the Dow Jones Sustainability Index (DJSI) evaluation framework for external disclosures	Strengthen director diversity and management Rank at top 5% in Corporate Governance Evaluations Inclusion in Dow Jones Sustainability Index (DJSI)
Economic Performance	Opportunities Generate long-term and stable value for the Group Risks Withdrawal of funding from shareholders and vendors	 Annual revenues growth of 5-10% Shareholder equity ratio of 5-10% R&D expenses/revenues > 7% 	 Annual revenues growth of 5-10% Shareholder equity ratio > 10% R&D expenses/revenues > 7% 	 Annual revenues growth of 5-10% Shareholder equity ratio > 10% R&D expenses/revenues > 7%
Ethical Management	Opportunities 1. Ensure compliance with all applicable laws 2. Build a good business reputation Risks Legal violations which cause operational risks and financial losses	 Establish corporate ethical management working groups Formulate "Regulations for Ethical Management and Moral Conduct" Achieve completion rate of 100% for ethical management training (Targets: All employees, including direct, indirect, foreign, resident, and contract employees) Lower the number of substantiated reports of fraud to less than 1 per year 	1. Achieve completion rate of 100% for ethical management training 2. Formulate ethics and integrity self-assessment questionnaire for Group employees (Targets: All employees, including direct, indirect, foreign, resident, and contract employees) and suppliers (Targets: Direct and indirect suppliers and contractors) 3. Require 85% of employees to complete self-assessment questionnaires (survey system) 4. Lower the number of substantiated reports of fraud to less than 1 per year	 Require 95% of employees to complete self-assessment questionnaires (survey system) Achieve completion rate of 100% for ethical management training Zero reports relating to corruption and bribery (note), unfair competition, leakages and infringements, and insider trading each year Obtain Taiwan Corporate Sustainability Award Note: Gifts and personal favors

	Operational Significance	Short-Term Goals	Mid-Term Goals	Long-Term Goals		
Material Topic	Impacts on Ennostar (Opportunities/Risks)	2022-2023	2024-2025	2026 and Beyond		
Information Security	Opportunities 1. Use new technologies to enhance service efficiency 2. Enhance customer trust and satisfaction Risks 1. Information security risks 2. Risks of leakages in personal information and trade secrets	Implement ISO 27001 at all Group companies Establish dedicated information security personnel Zero information security incidents resulting in property damages across the Group	Maintain ISO 27001 verification Comply with new ISO 27001 requirements Implement assessments using information security maturity models Zero information security incidents resulting in property damages across the Group	Maintain ISO 27001 verification Formulate enhancements for all subsidiaries implementing information security maturity models based on results of maturity assessments Zero information security incidents resulting in property damages across the Group		
Product Quality	Opportunities I. Enhance customer satisfaction Improve yield and quality management Enhance production efficiency and reduce production costs Risks I. Increased customer complaint rates and possible lost orders Reduce market competitiveness	Hazardous substance inspections for all product series Enhance customer satisfaction rates Decreased customer complaint rates	Hazardous substance inspections for all product series Enhance customer satisfaction rates Decreased customer complaint rates	Hazardous substance inspections for all product series Enhance customer satisfaction rates Decreased customer complaint rates		
Customer Health And Safety	Opportunities 100% compliance with hazardous substances laws to meet customer expectations Risks Uiolations of legal regulations and client requirements Reduced willingness to invest	100% of all manufactured products comply with international environmental protection regulations such as RoHS and REACH SVHC	100% of all manufactured products comply with international environmental protection regulations such as RoHS and REACH SVHC	100% of all manufactured products comply with international environmental protection regulations such as RoHS and REACH SVHC		

	Operational Significance	Short-Term Goals	Mid-Term Goals	Long-Term Goals
Material Topic	Impacts on Ennostar (Opportunities/Risks)	2022-2023	2024-2025	2026 and Beyond
Chemicals Management	Opportunities Reduce operating risks by providing relevant personnel with comprehensive knowledge Comply with regulatory requirements set by competent authorities Risks Exposure of operating personnel to safety risks Legal violations which cause operational risks and financial losses	LED packages and modules: 1. Zero occupational diseases caused by chemical exposures. 2. Establish list of controlled chemicals 3. Implement on-the-job occupational safety training 4. Implement review processes for chemicals 5. Control process usage risks 6. Declared chemicals and on-site substances (100% conformance)	LED packages and modules: 1. Zero occupational diseases caused by chemical exposures. 2. Establish list of controlled chemicals 3. Implement on-the-job occupational safety training 4. Implement review processes for chemicals 5. Control process usage risks	 Zero occupational diseases caused by chemical exposures. Establish list of controlled chemicals Continue to implement on-the-job occupational safety training Implement review processes for chemicals Control process usage risks Assess substitutions for hazardous substances Implement image recognition procedures for chemical procedures on production lines Declared chemicals and on-site substances (100% conformance)
Wastewater Management	Opportunities 1. Enhance wastewater processing and recycling efficiency to increase revenues and usage efficiency 2. Develop wastewater recycling technologies to reduce environmental impacts of water resources Risks 1. Environmental damage to surrounding communities 2. Legal violations which cause operational risks and financial losses	Discharge all factory wastewater in accordance with science park management standards Implement water risks assessments and establish baseline recycled water volumes at our factories Ensure acetone and dimethyl sulfide levels comply with regulated standards	Discharge all factory wastewater in accordance with science park management standards Set targets based on baseline inventories and gradually raise process water recovery rates by 1% Reduce single move-out wastewater volumes by 3% Note: Move-out is defined as posting amounts for all production processes	 Discharge all factory wastewater in accordance with science park management standards Introduce new materials, technologies, equipment, and water sources to increase recycled water volumes and reduce water usage before 2030, reducing water consumption per unit of production capacity by 7% Reduce single move-out wastewater volumes by 5%
Greenhouse Gas Management	Opportunities Reduce environmental impacts and enhance corporate value Reduce environmental impacts and enhance corporate value Reduce environmental impacts our goal of net zero emissions Risks Increased carbon emissions and environmental impacts Market elimination from failure to meet the needs and expectations of brand clients Legal violations which cause operational risks and financial losses	 Organize training related to product carbon footprints Inventory and verify product carbon footprints in 2023 Maintain ISO 14064 verification 	 Establish internal carbon pricing in 2024 Join SBTi initiative in 2024 Maintain ISO 14064 verification 	 Propose SBTi carbon reduction plan in 2026 Maintain ISO 14064 verification Implement internal carbon pricing Achieve the RE100 goal in non-production sites by 2030, and the RE100 goal across the entire Group by 2050

	Operational Significance	Short-Term Goals	Mid-Term Goals	Long-Term Goals
Material Topic	Impacts on Ennostar (Opportunities/Risks)	2022-2023	2024-2025	2026 and Beyond
Occupational Health and Safety	Opportunities 1. Protect employee health and safety, reduce health risks, and ensure overall corporate operational efficiency 2. Comply with regulatory requirements to avoid penalties Risks 1. Legal violations which cause operational risks and financial losses 2. Failure to provide healthy and safe workplace environments	 Complete 100% of legal compliance appraisals related to new occupational safety laws and legislative drafts for all companies Lower the number of major deficiencies discovered during external ISO 45001 and CNS 45001 audits to less than zero Lower the number of occupational safety violations which incur penalties to less than one Zero major industrial safety incidents for each year Formulate, plan, and implement health checks for all employees Assist 100% of first-aid personnel in attending external training and obtaining certification Compile occupational health and safety materials for new employees and cultivate internal lecturers Complete training for 100% of new employees on the day they report for work 	 Complete 100% of legal compliance appraisals related to new occupational safety laws and legislative drafts for all companies Lower the number of major deficiencies discovered during external ISO 45001 and CNS 45001 audits to less than zero Lower the number of occupational safety violations which incur penalties to less than one Incorporate AI technologies in occupational health and safety management Maintain our record of zero major industrial safety incidents for each year Conduct one BCP drill Implement health checks for 100% of employees Assist 100% of first-aid personnel in completing retraining Complete training for 100% of new employees on the day they report for work 	 Complete 100% of legal compliance appraisals related to new occupational safety laws and legislative drafts for all companies Lower the number of major deficiencies discovered during external ISO 45001 and CNS 45001 audits to less than zero Lower the number of occupational safety violations which incur penalties to less than one Incorporate AI technologies in occupational health and safety management Maintain our record of zero major industrial safety incidents for each year Conduct one BCP drill Implement health checks for 100% of employees Implement drills and training for first-aid personnel (100% conformance) Complete training for 100% of new employees on the day they report for work

Climate Change Governance (TCFD)

Global climate change not only causes extreme weather, but also directly and indirectly impacts on corporate operations and consumption behaviors. The Group understands that passive energy management may result in negative impacts such as increased expenditures and environmental damage.

The Group works to be environmentally friendly through continued energy and carbon reduction measures to lower expenditure risks, and strives to incorporate core business capabilities with implementation and development of green technologies so that we can provide eco-friendly and energysaving products for our customers, as well as heighten product competitiveness on sustainability issues. We actively respond to international trends relating to climate change, work to reduce carbon emissions, and plan to incorporate renewable energies to achieve management of natural resources and sustainable management.

In 2021, 7 risks and 3 opportunities were identified through TCFD.



Our ESG Committee (and working groups) support effective management and implementation of climate change actions within the Group. We incorporated TCFD-defined risk and opportunity categories, and applied governance for climate change risks and opportunities on corporate operations and information asset management following our assessments. The Group's main climate change risks are shown as follows:

Aspect	Item	Stakeholders	Challenges and Risks	Management Approach
Transition Ri	sks			
Policies and regulations	International contracts	Ennostar Group	Global carbon reduction policies and commitments will promote development of low-carbon manufacturing, potentially increasing carbon reduction responsibilities and risks	 Formulate and continue to implement carbon reduction goals Continue to conduct annual inventory of greenhouse gases Invest in energy-saving solutions to achieve energy-saving goals
Policies and regulations	Volume control and emissions transactions	Ennostar Group	Increased operational costs from future expansions in volume restrictions and emissions transactions by the Environmental Protection Administration	 Continue to be attentive of changes in volume restrictions Inventory and manage greenhouse gases Formulate and continue to implement annual volume reduction goals Energy deployments at operating bases
Technology	Renewable energy	Ennostar Group	Requirements for installation, use, or procurement of renewable energies may increase establishment costs	Achieve the RE100 goal at non-production sites by 2030
Market	Consumer behaviors	Ennostar Group	Client product requirements already exceed regulatory requirements and we hope to surpass legal requirements	Continue development of low power consuming LED products Enhance brightness of LED products to reduce the number of LEDs required for each product
Market	Increased raw material costs	Ennostar Group / Supply chain	Climate change has increased raw material costs for bulk goods, which in turn has affected production costs.	Continue to implement material reduction at the source Develop a circular economy where waste is recycled and reused
Physical Risl	KS			
Immediate	Rainfall changes	Ennostar Group / Clients	Changes in rainfall patterns may cause water shortages, affecting production and increasing operational costs	Formulate and continue to implement water conservation goals Develop technology for recycling of process water Prepare contract management for water trucks
Long-term	Extreme climate	Ennostar Group / Supply chain	The frequency and severity of floods, snowstorms, droughts, and pandemics have increased, and therefore our supply chain should develop appropriate capabilities in response to climate change and epidemic prevention	 Establish flood prevention plans and operational standards, conduct periodic disaster prevention drills such as floodgate flood prevention drills and drills for locating anti-flooding equipment in factories Installed floodgates on easily flooded driveways and important server rooms to reduce disaster losses Establish supply chain risk identification and business continuity plans Distribute supplier questionnaires

Adaptation to climate change is an innovative organization opportunity that includes enhancement of resource usage efficiency; use of low-carbon energies; development of new products, services, and market entry models; and enhancing supply chain resilience. Our ESG Committee (and working groups) identified the following climate change opportunities based on operational impacts and occurrence possibilities:

Identified Aspects	Item	Stakeholders	Challenges and Risks	Management Approach
Resource efficiency	Use of water resources	Ennostar Group / Clients	Reduce reliance on water resources and develop water conservation technologies	Formulate and continue to implement water conservation goals Develop technologies for recycling process water
Market	Seek new business opportunities	Ennostar Group policies and greenhouse gas reduction to discover new		Continue to develop energy-saving products Collaborate with multiple parties to develop new business models
Products / services	Low-carbon products and services	Ennostar Group / Clients	Keep abreast of market changes and provide energy-saving products to our clients	Develop LED products with low power consumption Enhancement of LED product brightness

Innovation Management

Patent Strategies

In 2021, we received approval for a total of 223 patents from various regions around the world. As of year-end 2021, the Group has received approval for a cumulative total of 5,500 patents. Our solid intellectual property portfolio serves to protect our corporate technologies and products so we can provide a comprehensive range of customer services and ensure quality assurance.



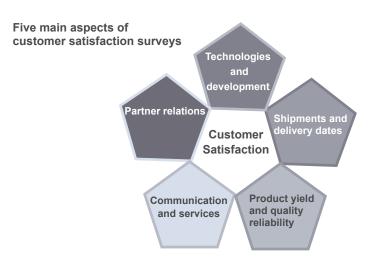
R&D Capacity

Ennostar understands that investments in technological R&D is the cornerstone of corporate competitiveness and that investments in innovative capacities are essential for maintaining competitive advantages. Regardless of industrial and macroeconomic conditions, maintaining steady R&D investments is one of our key responsibilities to ourselves and our investors.

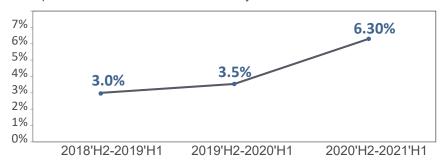


Customer Service

We continue to enhance the quality of our customer services and strengthen our partnerships with our customers as we work to understand customer perceptions, expectations, and suggestions for Group service and product quality through our customer satisfaction surveys. We also analyze survey data for follow-up and proposal of improvement plans from various internal units, following which the results of customer satisfaction surveys are used as a reference for corporate strategic plans.



Epistar Customer Satisfaction Survey-Overall Satisfaction Trends



Note: Customer satisfaction scores were calculated using overall customer satisfaction levels

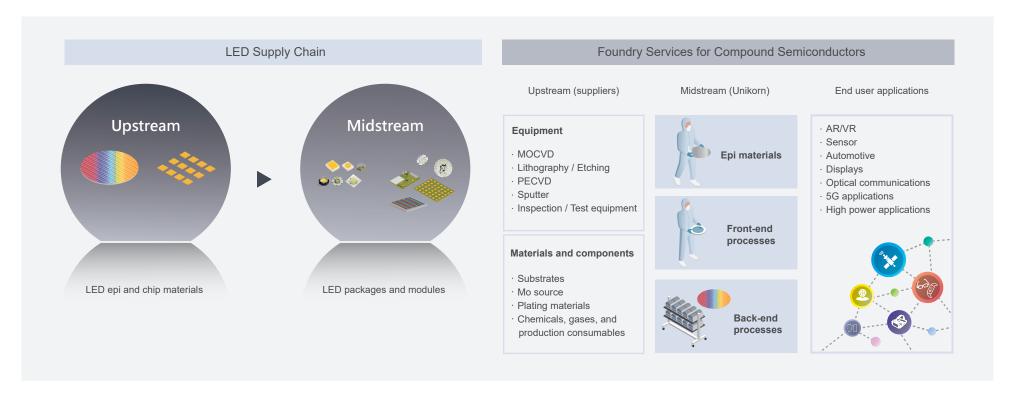
Lextar
Customer Satisfaction Survey

Item	A1	A2	A3	T1	T2	S1	S2	S3	S4
Delivery dates and costs (PR)	3.7	4.3	3.6	3.7	4.6	4.4	3.7	5.0	4.5
Quality (QM)	4.0	4.3	4.0	4.0	4.6	4.0	5.0	5.0	4.3
Product management and technologies (PM)	4.0	4.6	3.9	4.1	4.8	4.0	4.0	5.0	4.3
Development and technologies (RD)	4.0	4.4	4.0	4.1	4.8	4.0	4.0	5.0	4.4
Customer services (CS)	4.0	4.4	4.6	4.8	5.0	4.0	4.0	5.0	4.4

Unikorn Customer Satisfaction Survey			2020/07~2021/06									
Offikorii Gustoffier Sa	lisiac	lion du vey	VCSEL				aLED		GaN		A	
Item				T34	A09	C01	C05	T06	K01	T07	T31	Average
L. Tarakana kandara anad	1	Unikorn's equipment capabilities meet your product design needs	4	4	4	3	4	4	5	3	3	3.78
I. Technologies and development	2	Development timeliness of OEM products meet your needs	2	4	4	2	3	3	4	3		3.13
development	3	Actual process manufacturing specifications adhere to your designs	4	4	4	3	3	3	4	3		3.50
II. Delivery	1	Product deliveries meet your requirements in terms of product	2	1		2		1	1	3	3	2.86
quantities and dates	4	quantity and delivery timeliness	3	4		2		1	4		3	2.00
	5	Yield performance of OEM products	4	4		3		3	4	3	3	3.43
	6	Quality reliability and stability performance of OEM products	3	4		3	2	3	4	3		3.14
III. Product yield and	7	Level of cooperation with customer audit activities as well as	3	1				4		3		3.50
quality reliability	/	implementation and management of quality systems	3	4				4		3		3.30
	8	Responses and level of cooperation for management of hazardous	3	4				3		3		3.25
	0	substances	3	4				3		3		3.23
	9	Project support efficiency and service quality	2	4		4	3		5	3	3	3.43
IV. Communication	10	Business communications and responses	4	4			4	4	4	3	3	3.71
and services	11	Communications and responses on quality issues	2	4		3	2		4	3	3	3.00
V. Partner relations	12	Management of partner relations comply with your expectations	2	4	4		3	3	5	3	3	3.38
Overall satisfaction				4.00	4.00	2.88	3.00	3.10	4.30	3.00	3.00	3.36

Supply Chain Management

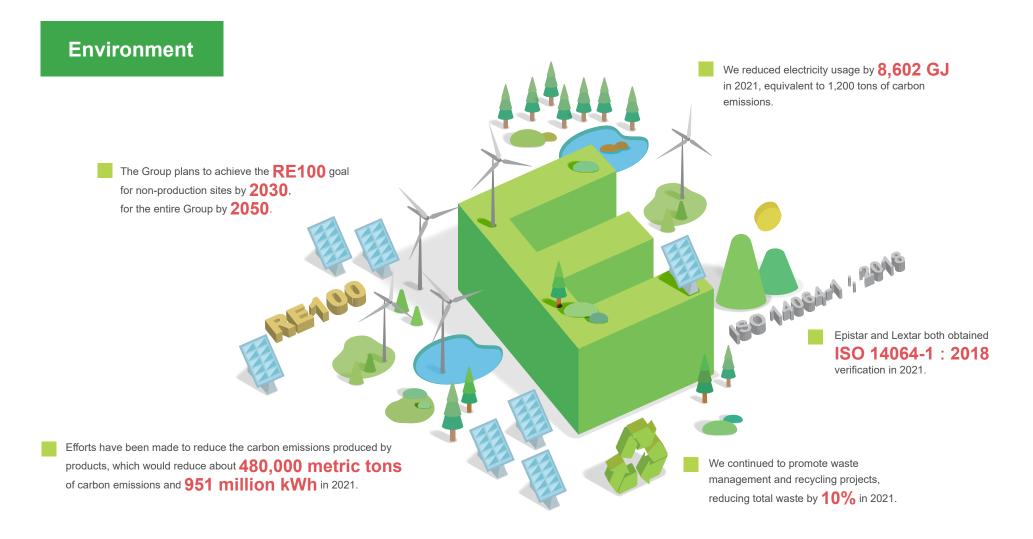
We regard our suppliers as important partners in value creation, and work with our brand clients to incorporate business ethics and social responsibilities in our supply chains, thereby reducing consumption of environmental resources and environmental impacts as we enhance our capabilities to create economic, social, and environmental value that enables industrial development and sustainable growth



Grade	А	В	С	D	Total
Epistar	1	68	1	0	70
Lextar	26	127	3	0	156
Unikorn	1	18	1	0	21
Total	28	213	5	0	246

In 2021, we completed evaluations for 246 suppliers; 28 were found to be excellent A-grade suppliers, 213 were found to be qualified B-grade suppliers, and 5 were found to be C-grade suppliers. We have since ceased transactions with 2 C-grade suppliers and required 3 C-grade suppliers to implement improvements prior to subsequent audits.

Sustainability Performance



Note: Ennostar was founded in 2021. For further details on our short, medium, and long-term plans and goals, please refer to 1.1 Sustainable Development Strategies.

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Water-Saving Measures

Impacts from global climate change in recent years have made development and deployment of water resources an important issue for all countries around the world. Therefore, management of water resources, water conservation, and emergency responses to water shortages have become an integral part of corporate climate change risk management and disaster adaption measures. In light of this, the Group spares no effort in promoting water conservation. In addition to improving our facilities and equipment, we also encourage our employees to change their water usage behaviors to improve water conservation efficiency. The Group implemented a number of water conservation projects in 2021 to enhance water usage efficiency. Implementation results were as follows:

Company	Water Conservation Project	Water Conserved (Million Liters/Year)	Water Conservation Rate (%)	
Epistar	Recycling of wastewater from quality assurance section at S1 Factory	3.60	2.37%	
	Organic QDR recycling at N2 Factory	10.95		
	Recycling of low-concentration organic and inorganic wastewater at H1 Factory	29.20		
Lextar	Recycling and reuse of organic wastewater from epi/chip factories	4.11		
	Recycling and reuse of CMP wastewater from epi/chip factories	2.74	6.9%	
	Reduction of process water usage at epi/chip factories	16.20		
	Ceased usage of dilution water in wastewater tanks for discharged tap water at N2 packaging, assembly, and testing factories	1.58		
	Closed valve connecting industrial water to tap water at B1 packaging, assembly, and testing factories	2.57		
Unikorn	Conserved water in accordance with science park administration announcements	9.29	9%	

Note: Water conservation rate = Water conserved / (water conserved + total annual water withdrawal)

Management of Recycled Water

The Group's prevention measures for water pollution mainly seek to reduce direct entry of process pollutants into wastewater. Our wastewater is processed by wastewater treatment equipment to reduce pollutant content so that discharged water can meet science park administration standards. Our main water processes involve water purification systems which convert tap water into ultrapure water used in process equipment for cleaning chemical resides on wafer surfaces.

To reduce water withdrawal volumes, the water discharged from water purification systems and process equipment at Epistar is categorized based on levels of cleanliness, and we are gradually establishing recycling systems to prioritize circular purification of the cleanest water for reuse in process equipment. Water categorized at secondary levels of cleanliness are recycled and used in secondary non-process procedures. Finally, wastewater that cannot be recycled is discharged to wastewater treatment plants within factories for final wastewater treatments.

Effective Treatment Based on Wastewater Classification

The Group classifies and diverts front-end wastewater to enhance treatment efficiency. Epistar wastewater is classified as gallium, arsenic, fluorine/iron, and acid and alkaline wastewater. Lextar process wastewater is classified as inorganic wastewater, organic wastewater, polishing wastewater, and fluorine wastewater. All categories of wastewater are diverted by our machinery and we implement strict classification procedures by process equipment for wastewater management, diversion, and collection to various wastewater treatment facilities. Our factory personnel ensure that our wastewater quality meets science park administration standards before discharge to science park wastewater treatment plants for further processing.

Wastewater Indicators / Limits Company / Factory		BOD	COD	SS
			COD	00
	Hsinchu	300 mg/L	500 mg/L	300 mg/L
	Zhunan	300 mg/L	500 mg/L	300 mg/L
Epistar	Central Taiwan Science Park	300 mg/L	500 mg/L	300 mg/L
	Southern Taiwan Science Park	250 mg/L	450 mg/L	250 mg/L
Lextar	Hsinchu	300 ppm	500 ppm	300 mg/L
Lextar	Zhunan	300 ppm	500 ppm	300 mg/L
Unikorn	Hsinchu	300 mg/L	500 mg/L	300 mg/L



Management of Energy Resources

302-1

302-3

Ennostar Green Electricity Strategies

In response to the government's 2050 net zero emissions goal and to exert corporate influence, the Group is gradually procuring green electricity contracts and other green electricity certificates, formulating green electricity policies, and aims to achieve the RE100 goal in non-production sites by 2030 and the RE100 goal across the entire Group by 2050.



Energy-Saving Products

The Group implements energy and carbon reduction actions aligned with corporate social responsibilities, green production, and sustainable management goals. Our electricity usage (Epistar & Lextar) was reduced by 8,602 GJ in 2021, equivalent to 1,200 tCO2e of carbon emissions. We incorporated concepts related to low energy consumption in our product design stages and strive to reduce carbon emissions generated by our products. We reduced 48 tons of carbon emissions and 951 million kWh of electricity usage in 2021.







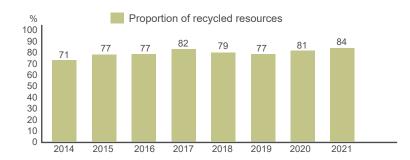
Waste Reduction Plans

To reduce usage of raw materials and waste volumes, Epistar sought out new collaborating companies to develop waste recycling and reuse technologies that enhanced recycling rates and reduced volumes of non-recycled (incinerated, stabilized, and landfilled) waste. We hope to continue reducing the proportion of non-recycled waste and increasing the proportion of recycled waste. Our proportion of recycled waste has risen from 71% in 2014 to 84% in 2021. We recycled reusable portions of packaging materials such as pallets, buffer materials, and wafer delivery boxes, and collected recyclable materials at specific suppliers for reuse.

Waste management at Lextar adheres to relevant regulations, and waste from all production processes stages are categorized according to specific characteristics before storage and treatment by legally qualified waste disposal companies. We also continue to seek out opportunities for waste reduction and recycling to reduce our environmental impacts.

In recent years, our factories in Taiwan continue to implement waste management projects for recycling and reuse of resources, including our NMP waste liquid reduction, waste solvent distillation & recovery, and packaging recycling projects. In terms of waste reduction, we not only work to reduce and recycle waste solvents, but also reduce and recycle packaging materials and reduce use of copier paper. Our efforts have achieved excellent results. Our implemented actions were as follows:

Year	2019	2020	2021
Waste Reduction Plans	Reduction Benefits		
Recovered NMP waste liquids using dedicated pipelines (replaced incineration with distillation and recovery)(tons)	130.4	185.8	253.3
Reduced shipping buffer materials (pieces)	1,134	1,560	1,347
Reused shipping and packaging materials (pieces)	1,434	420	449
Paperless operations (pieces)	72,316	-	
Digitalized shipment reports (piec-es)	23,181	29,120	20,055
Adjusted shipment packaging designs to reduce use of paper cartons (pieces)	833	1,492	1,375
Replaced paper pick lists with PDA devices (pieces)	70	37,000	39,000
Recycled and reused plywood pallets (pieces)	-	1,584	1,440
Recycled and reused wafer expand-er rings along with shipping cartons (pieces)	2		1,980

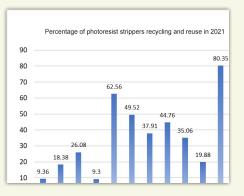


Column: Reduce waste and promote circular economy concepts.

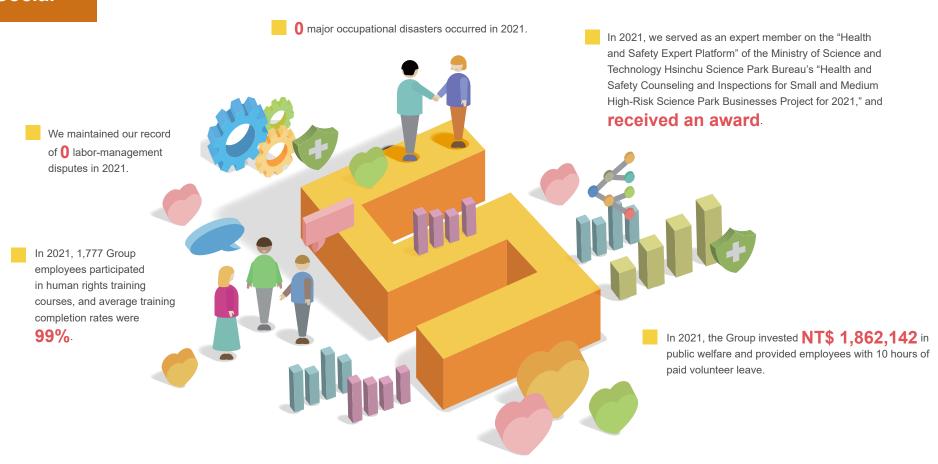
Description: We began using photoresist strippers in front-end processes at Epistar H1 and S1 factories beginning in 2021. Originally, our waste liquids were incinerated by legally qualified vendors, and we commissioned tests and analyses from multiple waste treatment companies, the results of which showed that our photoresist strippers contained high levels of NMP (N-methyl pyrrolidone) which were worth recycling. We collaborated with our factory managers to revise factory waste liquid discharge pipelines, diverting waste stripper liquid from mixed organic waste liquid pipelines to dedicated collection pipelines, then used physical disposal methods to achieve our aims of recycling and reuse.

Benefits: We used physical distillation technologies approved by the Environmental Protection Administration to remove impurities from waste photoresist liquids to obtain purified NMP which was processed before used for cleaning heavy industry pipelines.

Starting in 2021, the recycling and reuse project implemented at our H1 and S1 factories recycled a total of 430 tons in waste stripper liquids. This achievement not only enhanced manager and employee interest in waste recycling and reuse, but also lowered our overall waste volumes, meeting our goal of reducing waste and realizing circular economies while also enhancing Epistar's corporate image.



Social



Happy Workplace

1,794

New employees recruited in 2021 and provided with excellent job opportunities

Promoting Equal Rights in the Workplace Distinguished Honor Award

Presented to Epistar's Tainan Science
Park Factory by the Science Park Bureau;
Epistar's Hsinchu Science Park Factory
also received the Promoting Equal Rights
in the Workplace Excellence Award

NT\$ 6,751,331

Invested in employee health checks

NT\$ 1,862,142

Invested in the community in 2021; employees were also provided with 10 hours of paid volunteer leave to encourage social participation Outstanding Performance: Recognition of Equality in the Workplace

2021 Promoting Equal Rights in the Workplace Excellence Award

Southern Taiwan Science Park Factory received Outstanding Award Southern Taiwan Science Park Factory received Excellence Award

Epistar's Southern Taiwan Science Park and Hsinchu Science Park factories were respectively recognized with an Outstanding Award and an Excellence Award by science park administration offices in 2021, affirming our efforts to build a harmonious workplace and our active adherence to labor laws as we strive to create an employee-friendly workplace that provides work-life balance and enhances overall quality of life for our employees.

Column | Sustainability DNA

We organized three ESG management policy workshops at the end of 2021 to teach our colleagues how to formulate short, medium, and long-term goals. Participating managers and employees were from all departments, including the environmental safety, factory affairs, human resources, R&D, audit, intellectual property rights, quality assurance, and legal affairs departments. The workshop courses used examples from daily life to introduce ESG concepts, then explained target formulation and methodologies in our management policies. In-class discussions and examples from daily life helped our colleagues logically formulate a set of comprehensive management policies.

The Ennostar sustainability college was officially established in 2022. Internal and external experts were invited to speak on domestic and foreign sustainability trends, low-carbon transformations, and circular economy. We offered diverse learning channels in the form of physical and online courses so that our colleagues could learn at their own pace. The sustainability college assisted all our colleagues in incorporating ESG concepts in their routine work, elevating core functions to a higher level and making it a part of our corporate DNA. ESG is a positive trend that can add value to individuals, corporations, and society.



Introduction to ESG concepts



Introduction to management policies



Group discussions

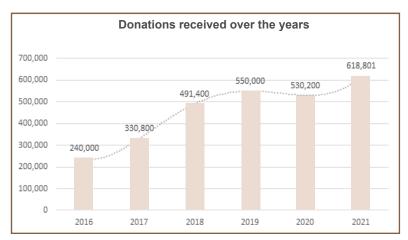


Group presentations

Community Investment

The Group strives to provide care to rural and disadvantaged children. Following an assessment of welfare groups, we determined that the Christmas gift-giving activity organized by World Vision was most in line with the original spirit of our social welfare program. Moreover, World Vision serves children from disadvantaged families in Hsinchu, Taichung, and Tainan, which aligns with the plant locations of the Group, and allowed all personnel to fulfill the wishes of disadvantaged children.

We also encourage our employees to voluntarily organize and attend diverse volunteer clubs, and our subsidiary companies Epistar and Lextar have established volunteer clubs that sporadically organize sponsorship activities, volunteer club events, education programs, and other social welfare activities to give back to society. The Group donated a total of NT\$ 1,862,142 to social welfare activities in 2021.



Annual total of donations from 2016-2021 (NTD)

Public Welfare Activities

In 2021, Epistar continued to host the "You can become Santa Claus" Christmas gift collection and donation drive, with employees from Ennostar, Epistar, Unikorn, and GaNrich participating. 218 participants sent out a total of 500 gifts, and these gifts fulfilled the Christmas wishes of over 2,500 children

Lextar Reading, Dreams Come True: Building a multi-purpose classroom for Mekarang Elementary School

In 2021, Lextar continued to focus on the mountainous regions of Hsinchu, collaborating with the Taiwan Fund for Children and Families to conduct joint evaluations and visits. "Improving lighting and learning environment" and "promoting LED intelligent knowledge" were taken as two main axes of public welfare activities. We assisted Mekarang Elementary School in Jianshi Township in building a multi-purpose classroom.



A mirrorred wall and sliding door provide flexibility for curriculum planning and teaching

Aboriginal Dance Training Program for Slaq Elementary School

In 2021, Lextar continued to focus on the mountainous regions of Hsinchu, collaborating with the Taiwan Fund for Children and Families to conduct joint evaluations and visits. "Improving lighting and learning environment" and "promoting LED intelligent knowledge" were taken as two main axes of public welfare activities. We assisted Mekarang Elementary School in Jianshi Township in building a multi-purpose classroom.



In 2021, the Slaq Dance Team won a best-of-the-county prize at the National Student Dance Competition



The Slaq Dance Team performing at the Competition

Lextar Collection of Love to Warm the Disadvantaged

The "Lextar Volunteer Club" was established in 2021, and focuses on caring for and supporting the hardy, the disabled and disadvantaged, and families that encounter misfortune, with over 1,000 households assisted to date. The members of the Volunteer Club often use their weekends to spread love and care from Taipei to Miaoli, Chiayi to Pingtung, and even Hualien and Taitung. In 2021, volunteers provided donations and supplies amounting to NT\$ 295,152.



Visit by the Volunteer Club to a disadvantaged family in Pingzheng, Taoyuan



Visit by the Volunteer Club to a disadvantaged family in Xingang, Chiayi



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