

2020 CORPORATE SUSTAINABILITY REPORT



About this report

● Editing Principles

This is the corporate sustainability (ESG) report published by E Ink Holdings, Inc. (E Ink). Currently, it is published in Traditional Chinese and English. This report can also be downloaded electronically from the ESG section of E Ink's website. The scope of this report mainly covers the important operating locations of E Ink, including the Hsinchu and Linkou plants in Taiwan, the Yangzhou plant in China, and the USA plant. However, not all plant information is available, so only the available data is disclosed, and the source plant of each data is indicated. To enrich the content of the report, information on the social participation of the Korean subsidiary is included. With this corporate sustainability (ESG) report, we hope to disclose our efforts to pursue sustainable development and fulfill corporate social responsibilities for the public to better understand E Ink and its products. We also hope that the public can give us suggestions so that we can maintain our sustainable development and develop toward a world-class enterprise. All amounts mentioned in this report are calculated with the New Taiwan Dollar (NT\$). Amounts expressed in other currencies will be remarked separately.

● Reporting Period

This report discloses the information regarding our CSR management approaches, material issues, responses, actions, and performance in the fiscal year 2020 (January 1 to December 31). For readers to better understand relevant information, some contents have been traced back to 2016.

● Reporting Cycle

E Ink publishes its corporate sustainability (ESG) report on an annual basis. The previous year's report (2019) was published and released in June 2020, and the English version was published and released in October 2020. The current year's report (2020) was published and released in June 2021, and the English version will be published and released in October 2021. The next year's report (2021) is scheduled to be published and released in June 2022 and the English version will be published and released in October 2022.

● Report Editing Guidelines

This report is based on the Global Reporting Initiative (GRI) GRI Standards for Sustainability Reporting and adopts the Core disclosure principles.

● Report Information Editing Process

The information in this report is collected by each department, reviewed by the department head, and then sent to the ESG Sustainability Committee of E Ink for consolidation, editing, and internal auditing. The completed report is sent to the chairman for review and confirmation before publication.

● Report Assurance

The financial information referred to in this report is consistent with the consolidated financial statements of E Ink as of and for the year ended December 31, 2020, and has been audited and attested by Deloitte & Touche, which conducted a limited assurance in accordance with the Standards on Assurance Engagements No. 1, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation of the ROC (established with reference to the International Standards on Assurance Engagements (ISAE) 3000 Revised) and confirmed it complies with the core option disclosure principles of the GRI Standards. Please refer to the Appendix to this report for the CPA's statement of independent assurance.

● Contact

Should you have any questions regarding this report, please contact the following window:
E Ink ESG Committee
TEL: (03) 5643200
E-mail csr@eink.com

E Ink Corporate Website



Report Download Website





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Messages from the Chairman

The COVID-19 outbreak in 2020 caused a high level of anxiety in the global community and devastated the global economy. The global trend of distance learning, work-from-home and the zero-touch economy is also driving the digital transformation under lockdown to prevent the spread of the epidemic. E Ink is benefiting from this wave of the stay-at-home economy and the demand for ePaper products is increasing. ePaper can replace single-use paper and can be reused for a long time. A large number of ePaper products can contribute to sustainability because the dynamic display feature of ePaper products can significantly reduce the consumption of single-use paper. In the past five years, 130 million eBook readers developed with ePaper were shipped. More than 400 million devices using eShelf labels were shipped from stores around the world, which reduced 2.37 million metric tons of CO₂e* in the last five years to fulfill the commitment to achieving the ESG sustainability goals.

Based on the environmentally friendly feature of its core business of ePaper, E Ink also carries out ESG work in the areas of internal business management, product production and manufacturing, sustainable talent development, and external social inclusion and energy conservation and carbon reduction to align with the United Nations Sustainable Development Goals (SDGs) and strive to become a benchmark for sustainable corporate citizens.

E: Environmental Sustainability: We build green operations and manufacturing models based on environmentally friendly technologies and products

In addition to developing and producing environmentally friendly ePaper products, E Ink also actively promotes the use of green energy in the Company's plants and offices. In 2020, the Company took the lead in cooperating with power generation and power sales companies to conduct the first green power trading project with an "additive" feature in Taiwan to integrate green power into the Taipower grid to support the development of the green energy industry. At the same time, the Company continues to engage in the subscription of renewable energy certificates. As of April 2021, the Company had subscribed to 1,917 renewable energy certificates. In addition, based on the diversified and decentralized development of renewable energy, E Ink will evaluate the use of different types of renewable energy, such as rooftop solar power, land-based wind power and biomass power generation, to increase the use of green energy to achieve 20% of the installed capacity by the end of 2021. The non-regulated Linkou plant will also introduce green power to fulfill the green corporate vision with actions.

S: Social Inclusion: Support epidemic prevention work with actions, promote digital reading literacy, and build a beautiful and inclusive society

In early 2020, as the COVID-19 epidemic spread rapidly, there was a severe shortage of medical and protective supplies around the world. The Company used its global plant network to purchase epidemic prevention supplies to provide employees in each region with masks and disinfection water to ensure employees' safety and health and enable the Company to continue operations. The Company also actively supported government and medical institutions in their epidemic prevention efforts by donating medical masks, protective clothing, medical testing gloves, and other medical supplies to medical and related institutions at each of the Company's sites around the world to assist in the implementation of epidemic prevention efforts. In mid-May 2021, the epidemic suddenly turned serious in Taiwan. In order to protect the community and assist local governments in stepping up epidemic prevention, the Company took the initiative and joined the Group's donation of screening kiosks to protect frontline healthcare operations. A total of four positive pressure screening kiosks were donated to the Hsinchu City Government, Taoyuan City Government and Hualien City Government. They were set up at Hsinchu Science Park Screening Station, Taoyuan Minsheng Hospital, Taoyuan Zhongmei Hospital, and Hualien County Ruisui Township Health Center. These kiosks were designed to help local governments strengthen screening operations and provide a safe, protected, clean, and comfortable environment for healthcare workers to fight the epidemic together.

Even though the world was still in the midst of the COVID-19 epidemic in 2020, E Ink did not stop its effort to support SDG 4 quality education. In 18 junior high schools in non-mountainous and non-urban areas in New Taipei City, Taiwan, 2 schools in mountainous areas of Guizhou, China, and 2 schools in Billerica, U.S.A., where access to teaching resources is more difficult to get and which are not a priority for subsidies, the "eRead for the Future" eBook reader mobile library project was implemented. The focus of the project in Taiwan was to enhance digital reading literacy and bridge the gap in educational resources, increase the participation of ecosystem partners, and extend the project's recipients to junior high schools, hoping to enhance students' independent thinking and judgment through numerous eBooks on environmental and social issues. In addition, the Yangzhou plant continued to participate in the "Maitian Project" in 2020, providing water purification equipment and regular filter replacement services to two schools in the mountainous areas of Guizhou, China, so that every child can drink safe and healthy water.

G: Corporate Governance: We adhere to the principle of transparency and integrity and carry through the philosophy of sustainable corporate operation

For three consecutive years, E Ink has been ranked among the top 20% of OTC-listed companies in the corporate governance evaluation by the Corporate Governance Center of the Taiwan Stock Exchange.

E Ink will continue to implement its corporate governance mechanism in accordance with the principles of integrity and transparency. In addition, E Ink has been selected as one of the top 10 constituent stocks of the TIP Customized TPEX ESG IT Elite Total Return Index, which focuses on the electronics industry and sustainability performance. The index is newly compiled by TPEX in cooperation with Taiwan Index Plus and WBCSD Global Network Partner, designed to select constituent stocks through market trading dynamics, sustainability performance and operational performance and other indicators, integrating market niches and future trends. The selection of E Ink is a recognition of its corporate social responsibility performance and sustainable corporate value.

In addition, for the fourth consecutive year, E Ink won the TCSA 2020 Corporate Sustainability Report Awards - Gold Award in the Electronic Information and Manufacturing Industry, and received four awards, including the Taiwan Corporate Sustainability Performance Award, the Single Performance Award - Social Inclusion, and the Innovation and Growth Award, recognizing the Company's achievements in ESG.

Driving the Company's growth and competitiveness is the key to sustainable development. In 2020, E Ink invested approximately NT\$2.467 billion in R&D, accounting for 16% of revenue, continuing to refine the core technology of ePaper. At the same time, we will continue to expand the scale of the ePaper ecosystem and develop various smart and paperless ePaper applications together with our ecosystem partners.

The world is still faced with the serious challenge from the COVID-19 epidemic and the future economic and social development is still highly uncertain. In this regard, E Ink will expand its ePaper business with the two main objectives of profitability and sustainability. It will follow the ESG principles to carry through the philosophy of sustainable corporate operation. At the same time, we will work together with our global supply chain and ecosystem partners, communities and other stakeholders to participate in the implementation of ESG and jointly promote a sustainable, smart and paperless future.

Chairman

Johnson Lee





Education
Color eTextbooks



Retail
Color eLabels and eSignages



Logistic
Reusable logistics boxes schematic diagram

Sustainability Column 1

E Ink Realizes "Zero" Touch Economy

In response to the 17 Sustainable Development Goals (SDGs) announced by the UN, we established our product development vision for ePaper products from 2016 with reference to 6 SDGs. In 2020, we continued to apply E Ink products to the Internet of Things and smart cities, with "ePaper color" as the main theme.

6 SDGs were developed around this theme. We continued to develop more color ePaper smart applications and realized the infinite possibilities of a "zero" touch economy amidst the challenges of the COVID-19 epidemic worldwide.



Compared with other display technologies, our ePaper display (EPD) uses the full reflective display technology, contains no backlight and blue light to irritate and harm the human eyes. As a user-friendly display technology, ePaper can be also be used in the medical field, such as smart bedside cards, drug labels, outpatient signages, digital form tablets, ePaper diagnosis and medical records, etc.



The eReader is recognized as the best EPD so far. It can disseminate the knowledge and contents in paper books to all parts of the world to ensure the right to education of children in remote areas and thereby eliminate the educational gap. In addition, the paper-like texture of ePaper is easy to write on, and its soft and eye-friendly features gradually promote it being widely used in the next generation of educational solutions. Color eBook readers and color ePaper notebooks help users read and write digitally while being comfortable for the eyes and not limited by color, and are a great tool for remote education applications in times of the epidemic.



ePaper is characterized by its extraordinary low power consumption. When displaying information for similar purposes, EPD can significantly reduce energy consumption and carbon emissions and the use and development of power installations to enhance energy efficiency.



Based on innovation and sustainability, we persistently develop all kinds of EPD products for various applications. By developing advanced technologies, we offer revolutionary products, better user experience, and more environmental benefits and select eco-friendly materials to embark on clean production to strengthen a sustainable value chain through the co-prosperity developments in the supplier and customer ecosystems.



With advantages including light weight, sliminess, low power consumption, and high legibility under direct sunlight, ePaper is a total solution of unlimited possibilities for information display, such as traffic, transport, building, culture, art, and public information, for the sustainable development of smart cities. ePaper can further be combined with detectors and cloud storage to display data and information to become one of the system solution for IoT and big data.



ePaper has dual-stable display features of low power consumption and no power consumption without changing the screen. The widespread and long-term use of E Ink products to replace existing display technologies can significantly reduce energy consumption and carbon emissions and mitigate the impact of global climate change brought about by greenhouse gases. Since ePaper has the feature of constant light without power, it can still maintain the screen display when there is no power, which is suitable for application in non-single-use and reusable packages to display information, replacing all kinds of traditional paper shipping documents and labels, and achieving the transformation of information digitization and also meeting the zero-touch requirement. ePaper helps to achieve "carbon reduction and green addition" and recycling of green logistics.

Sustainability Column 2 E Ink Anti-epidemic

Social Inclusion

Driving force for social inclusion	Goal for social inclusion	Anchor for social inclusion
<ul style="list-style-type: none"> • Link to SDGs • Combining corporate resources • Needs of society 	<ul style="list-style-type: none"> • Promotion of digital reading to close the gap of educational resource discrepancy • Caring for the disadvantaged • Giving back to the communities 	<ul style="list-style-type: none"> • Anti-epidemic: We have complete epidemic prevention measures to take care of the health and safety of employees and their families; donated epidemic prevention and medical supplies to the community where the Company is located to assist in the global fight against the epidemic. • eRead for the Future: to promote digital reading literacy and eliminate the gap in educational resource • Local care: to pool corporate resources and involve employees to take part in charity and give back to society.

Through our anchor of CSR vision and commitment to care for local communities, the Company has combined our corporate management strategies and our core business of E Ink display technologies and application along with relevant SDGs to promote social inclusiveness. Through the promotion of digital reading, we endeavor towards our objectives of closing the gap in education resource discrepancy, caring for the disadvantaged and local communities by formulating relevant projects of social inclusion at our various plants in Taiwan, Yangzhou, USA, and Korea, according to local demands in order to fulfill our corporate social responsibilities and work towards a brighter future.

In 2020, when the COVID-19 epidemic was spreading around the world and medical resources were in short supply around the world, E Ink was acting in the spirit of loving others as ourselves and global solidarity to fight the epidemic by acquiring epidemic prevention resources through the global network and using "E Ink Can Help!!" as a slogan, we supported the epidemic prevention work of governments and medical institutions, donated important medical supplies that were indispensable to the epidemic prevention work in various important locations around the world, took the social responsibility of a global corporate citizen, and contributed to the global epidemic prevention and medical relief.

Link to SDGs



- As the COVID-19 epidemic was spreading all over the world, we tried to understand the differences between countries in terms of the supplies needed to prevent the epidemic. We used our online resources and supplies deployment to donate the required epidemic prevention and medical supplies to the local communities in a timely manner.
- The two main themes of social inclusion, eReading for the future and local care, were launched respectively in :

- "eRead for the Future": A high-quality digital reading carrier eReader is created by utilizing the features of ePaper (see Chapter 3 for details) to create a digital book reader, giving full play to the features of both digital technology and eye protection, providing students with a focused and comfortable reading experience
- Small social care projects are planned by each plant according to the needs of the local community.



- Because of the COVID-19 epidemic, students in some countries are unable to attend school, and distance learning is an inevitable learning method. Electronic hardware has become the most important apparatus in bridging the digital learning gap, so we donated eReader and eNote to schools to give students a different learning experience.
- eRead for the Future is the core of the project to promote digital reading and improve the quality of digital education and learning through eBook readers, reading take-away, composition and drawings, and digital reading lectures.



- In the midst of the severe COVID-19 epidemic, direct human contact is drastically reduced, and a zero-contact economy is created in response. We are working with global ecosystem partners to combat the epidemic, protect the health and safety of employees and their families, and maintain uninterrupted operations along the value chain of the ePaper industry, creating co-existence and co-prosperity.
- In conjunction with our management strategy of generating greater value for ePaper for our partners in the ecosphere and collaborating with our supply chain partners, we wish to give back to society as outlined in our core values to promote positive development in our society.

In accordance with the relevant requirements of the Social Value International evaluation of the Social Return on Investment (SROI), a preliminary assessment of the eRead for the Future project would generate \$2.63 in social benefits for every \$1 invested.



eRead for the Future video



Yangzhou

- Donated 10,000 medical masks, 1,000 sets of protective clothing and other anti-epidemic medical supplies to the Yangzhou Municipal People's Government
- eRead for the Future project:
- Local Care: Long-term sponsorship of the Maitian Project (provision of water purification equipment and regular filter replacement to schools in remote mountainous areas of Guizhou in 2020)



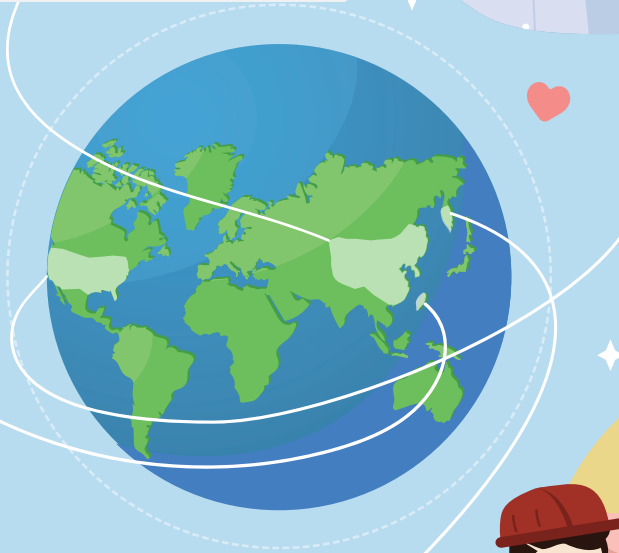
USA

- Donated medical gloves and medical masks
- eRead for the Future project:
- Local care: The activity was suspended in 2020 due to the epidemic. In previous years, there were concert sponsorships, charitable donations (used clothes and toys), blood donations from employees, rides for the ALS patients, urban farming, stream cleaning, bicycle rental station donations, and food bank volunteering.



Taiwan

- Donated a total of four positive pressure rapid test kiosks to Hsinchu City, Taoyuan City, and Hualien City Government
- eRead for the Future project: New Taipei City Government
- Local care: Helped flower farmers survive the epidemic with the carnation subscription for Mother's Day 2020



South Korea

- Donated 13,000 medical masks to the Daegu Medical Center in Korea
- eRead for the Future project (2018)
- Local care: ambulance donation, home repair for the elderly living alone, scholarships for students and career planning seminars



E Ink Glory Chronicle

2015 - 2020

Yangzhou plant was awarded the honor of "Pilot Enterprise of Integration of Informatization and Industrialization Management System" by the Ministry of Industry and Information Technology of the People's Republic of China.

Yangzhou plant was awarded "Yangzhou Mayor's Quality Award", "Top Ten Industrial Tax Paying Enterprise", "Grade A Tax Paying Credit Level", "Special Contribution Award for Investment Promotion", "Top 100 Industrial Enterprises", "Top Ten Industrial Scale Enterprises", "Labor Security Integrity Demonstration Unit", "Circular Economy Education Demonstration Base", "Environmentally Friendly Enterprise in Jiangsu Province", "Enterprise Technology Center", "Model Worker's Home", "Model Employment Promotion Unit in Yangzhou City", "Development Zone Management Committee Director's Quality Award", "Model Intelligent Workshop in Jiangsu Province", "Mayor's Quality Award", etc.



2016

The Hsinchu Plant was awarded the "Perspective Enterprise Award" at the "Green Power Appreciation Award" event from the Bureau of Energy, Ministry of Economic Affairs of the Republic of China, to purchase 1,000,000kWh green power, the third-highest among all high-tech industries.



2016

Color ePaper created a new milestone in EPD technology, the Advanced Color ePaper (ACeP) won the "(Best in Show) award at the 2016 Society" for Information Display (SID) International Conference.



The E Ink Spectra™ tri-color EPD won the Taiwan Excellence Silver Award organized by the Ministry of Economic Affairs.



The Joan Meeting Room Assistant won the CES Best of Innovations Award at 2016.



The E Ink Prism(eFlow) won the SEG D* Global Design Award for its flexibility and random plasticity, making it an advanced technology material suitable for architectural design.

Note: Society for Experiential Graphic Design (SEG D) of the USA is composed of members from 35 countries. The SEG D Global Design Award started in 1987 to focus on the expression of spatial and environmental design. It is an international award in the global design field.



2016

The E Ink Prism (Wovin Wall) won the Best of NeoCon* award for its flexibility and color display, making it an advanced technology material suitable architectural design.

Note:

NeoCon is the most important exhibition for business interior architecture.



2017

The 32" color ePaper display won the "Taiwan Excellence Gold Award" from the Ministry of Economic Affairs of the Republic of China.



The 6.1" non-geometric flexible wearable ePaper display demonstrated the soft and flexible malleability of ePaper displays. It was awarded the "Outstanding Product Award" in the 2017 Display Component Technology Awards by the Taiwan Display Union Association (TDUA).



Since 2015, E Ink has been awarded the Asia IP Elite award by Intellectual Asset Management (IAM), the world's leading intellectual property professional magazine, for three consecutive years.



November

E Ink's "2016 CSR Report" was recognized by the 10th Taiwan Corporate Sustainability Awards organized by the Taiwan Corporate Sustainability Institute, and won the Gold Award in the report category of "the 10th Taiwan Corporate Sustainability Awards 2017" for the electronic information and manufacturing industry.





2018

February

The success stories of the E Ink Prism™ color-changing ePaper technology application in mega public installation art allowed designers to create environmentally friendly, durable and visually exciting designs that transformed buildings and their appearance through DAZZLE's design concepts. The technology won the 2018 FLEXI Awards - Product Innovation Award.



August

The Advanced Color ePaper (ACeP) won the Gold Panel Awards 2018 for technical excellence in display component technology, setting a new milestone for reflective color ePaper displays by displaying the full-color gamut through pigment without using color filters for the first time.



October

E Ink USA plant received the Massachusetts Manufacturing Award. It was invited into the Massachusetts State Capitol with more than 50 other companies for a manufacturing recognition ceremony to honor the contributions of the manufacturing industry in Massachusetts.



November

E Ink was awarded "The 11th Taiwan Corporate Sustainability Awards 2018" by the Taiwan Corporate Sustainability Institute, and received three awards: "Overall Performance Award - Top 50", "Corporate Sustainability Report Gold Award in the Electronic Information and Manufacturing Industry", and "Single Performance Award - Social Inclusion".



2019

May

E Ink Hardware TCON T1000 was awarded COMPUTEX Best Choice Award by the Taipei Computer Association.



August

Awarded "The 5th Outstanding Medium Corporate Award" by Industrial Development Bureau, Ministry of Economic Affairs



November

The "Wireless Power Supply ePaper Display" won the "Taiwan Excellence Gold Award" from the Ministry of Economic Affairs of the Republic of China.



November

For the third consecutive year, E Ink was recognized by the Taiwan Corporate Sustainability Awards. In 2019, it was again awarded four awards in the "TCSA Taiwan Corporate Sustainability Awards" organized by the Taiwan Institute for Sustainable Energy, including the "Overall Performance Award - Taiwan Top 50 Sustainable Corporate Award", the "Corporate Sustainability Report Gold Award in the Electronic Information and Manufacturing Industry", the "Single Performance Award - Social Inclusion", and the "Single Performance Award - Innovation and Growth Award".



2020

November

For the fourth consecutive year, E Ink had been honored in the "TCSA Taiwan Corporate Sustainability Awards" for ESG performance and received the "TCSA 2020 Corporate Sustainability Report Gold Award in the Electronic Information and Manufacturing Industry", the "Taiwan Corporate Sustainability Performance Award", the "Single Performance Award - Social Inclusion", and the "Single Performance Award - Innovation and Growth Award".



November

The "Advanced Color ePaper Display System (E Ink Gallery™)" won the "Taiwan Excellence Gold Award" from the Ministry of Economic Affairs of the Republic of China.



December

E Ink Kaleido™ color-printed ePaper was selected by Popular Science, an American journal of natural science, as a "Popular Science: The 100 greatest innovations of 2020"



December

E Ink MeeNote (Mobile Expandable ePaper Notebook) application developed by E Ink won the Outstanding New Product Innovation Award from Hsinchu Science Park.



December

E Ink's active participation in renewable energy certificate trading was recognized by the "4th Buying Power Social Innovation Product and Service Procurement Incentive Mechanism - Second Awards" in 2020





E Ink 2020 ESG Sustainability Performance Summary

Economic

Corporate governance

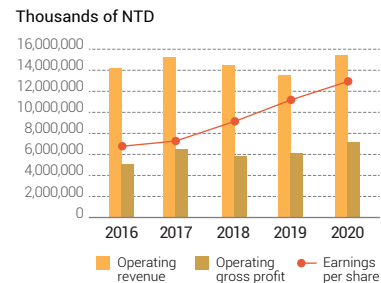
Chapter 2
Forward-looking Navigation strategy

- The current board of directors consists of nine members, including **three independent directors** and **one female director**, with an average age of 61.44 and an average board attendance rate of **100%**.
- Ranked in the **top 6-20%** of the 6th Annual Corporate Governance Evaluation

Operation performance

Chapter 2 Forward-looking Navigation strategy

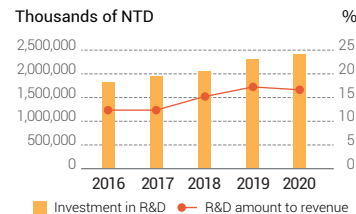
- Operating revenue reached **NT\$15,362,855,000**
- operating gross profit reached **NT\$7,021,881,000** and earnings per share was **NT\$3.18**
- E Ink ePaper has a major market share in the world.



Product and Service

Chapter 3 Innovation Smart experience

- Replacing traditional labels on retail supermarkets across the U.S. with E Ink ePaper shelf labels would reduce the number of trees cut down by **an estimated 250,000 per year.**
- We invested approximately **NT\$2.467 billion** in R&D, accounting for **16%** of our revenue.



- With the mass production of **E Ink Kaleido™** technology in 2020, a variety of color eBook readers and color ePaper notebooks using E Ink Kaleido™ were launched in the end market, making them the best display solutions for the eBook and education industries.
- The average customer satisfaction score was **89.8**.



Sustainable supply chain management

Chapter 4 Link Value co-existence

- The number of suppliers audited for social responsibility reached **11**
- and the average score of suppliers reached **82.22**.

Environmental

Environment Management System

Chapter 5 Sustainability Green co-prosperity

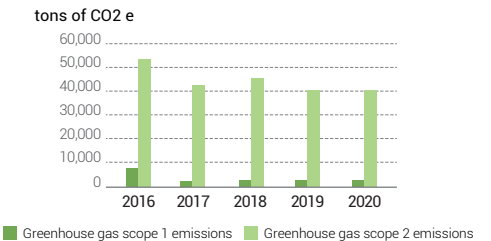
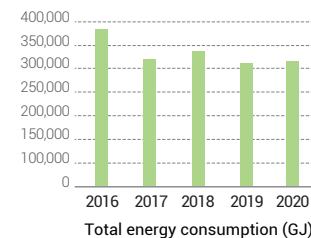
- Taiwan plants and the Yangzhou plant in China obtained **ISO 14001** certificate and **ISO 14064-1** verification statement.
- Hsinchu and Linkou plants in Taiwan obtained the **ISO 50001** certificate.



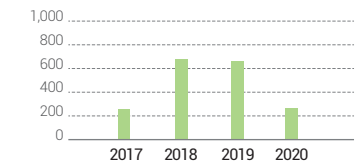
Energy Saving and Carbon Reduction

Chapter 5 Sustainability Green co-prosperity

- The total energy consumption was **311,145 GJ**, and the energy consumption of the Linkou plant was **36%** lower than the previous year.
- The total greenhouse gas emissions were **43,536.15 tons** of CO₂e. The emission intensity of the Linkou plant was **42%** lower than the previous year.



- The Company purchased **272** renewable energy certificates. As of April 30, 2020, **1,917** certificates had been traded cumulatively (excluding 7 direct supply and wheeling certificates), the **largest number of certificates traded in Taiwan**, accounting for **21.28%** of the total number of transactions.



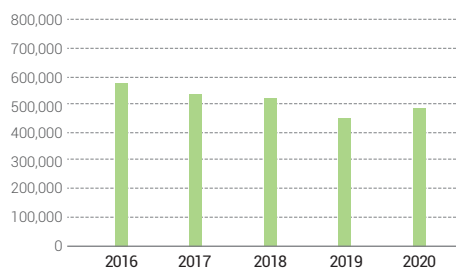
- The solar system of the Yangzhou Plant generated up to **11.95 million kWh** cumulatively.
- The energy conservation program saved **743,000 kWh** of electricity.

Environmental

Water Resources Management

Chapter 5 Sustainability Green co-prosperity

The total water intake was **495,683.39 m³**;
the percentage of total water recovery was **47%**



Total water intake (m³)

Waste management

Chapter 5 Sustainability Green co-prosperity

- The overall waste recovery rate reached **37.81%**
- Yangzhou plant echoes the idea of circular economy. It promotes the promotion program of ePaper revitalization and utilization, developing more than **10** types of ePaper revitalization solutions and using more than **100** ePaper tablets.

Social

Employee development and care

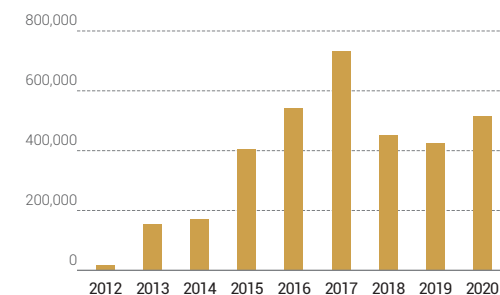
Chapter 6 Happiness Workplace Growth

- Formulated the "Human Rights Policy" and conducted orientation for **100%** of new recruits.
- To promote the culture of corporate teamwork, five teams were selected to participate in the excellent team competition, each receiving a maximum of **NT\$200,000** in prizes with public recognition.
- In 2020, we established **E Ink University** to provide training and learning resources to all E Inkers around the world through an online education platform that offers diverse, basic and common training courses. The average satisfaction rate for online courses in 2020 was **91.6**, while the average satisfaction rate for face-to-face courses was **93.1**.
- The total number of hours for various types of employee education and training courses was **19,977.5** hours.
- Taiwan Hsinchu plant passed the Occupational Safety and Health Administration's "**Occupational Safety and Health Management System Performance Accreditation for Enterprises**".
- By the end of 2020, the Hsinchu plant had accumulated **1,058,010** hours of zero work injury, the Linkou plant **292,649** hours, and the USA plant for **63** days.

Social participation

Chapter 7 Care eMoving forward

- The total value of the investment in social inclusion in 2020 was **NT\$6,950,966**
- Donated a total of **four positive pressure rapid test kiosks** to Hsinchu City, Taoyuan City, and Hualien City Government; donated **10,000 medical masks**, **1,000 sets of protective clothing** and other anti-epidemic medical supplies to the Yangzhou Municipal People's Government; donated **13,000 medical masks** to the Daegu Medical Center in Korea; donated **1.26 million pairs of medical testing gloves** in the U.S. and **2,000 masks** to the Taipei Economic and Cultural Office in Boston.
- The "eRead for the Future" project was launched and extended to Yangzhou, China and the United States, with a total of **574 eReaders** and **52,330 eBooks** donated. The social return on investment (SROI) for Taiwan projects reached **2.63**.
- Yangzhou plant participated in the Maitian Project and donated a total of **RMB 526,000** to help children in **13 schools**.
- Taiwan Employee Welfare Committee helped flower farmers in Tianwei Township, Changhua County by subscribing for carnations. A total of **10,850 carnations** were ordered. A bouquet of carnations was given to each colleague and they were invited to join the carnation group buying activity.
- The USA plant has also been actively involved in social participation activities to build and foster positive relationships with neighboring communities through donations to charity, various sponsorships and so forth. In 2020, the USA plant donated approximately **NTD 4,400,000** to various recipients.
- The USA Plant participated in the "The Valley Bike Share" plan and donated approximately **NTD 336,000** in South Hadley, Massachusetts, towards the establishment of a bike rental station to provide residents with a more convenient, eco-friendly, and healthy form of public transportation.

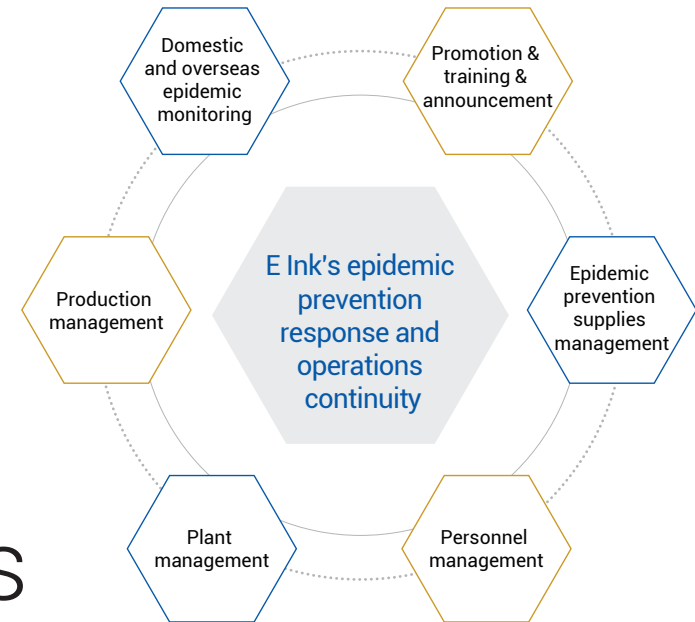


Maitian Project donation amount (NTD)



Chapter 01

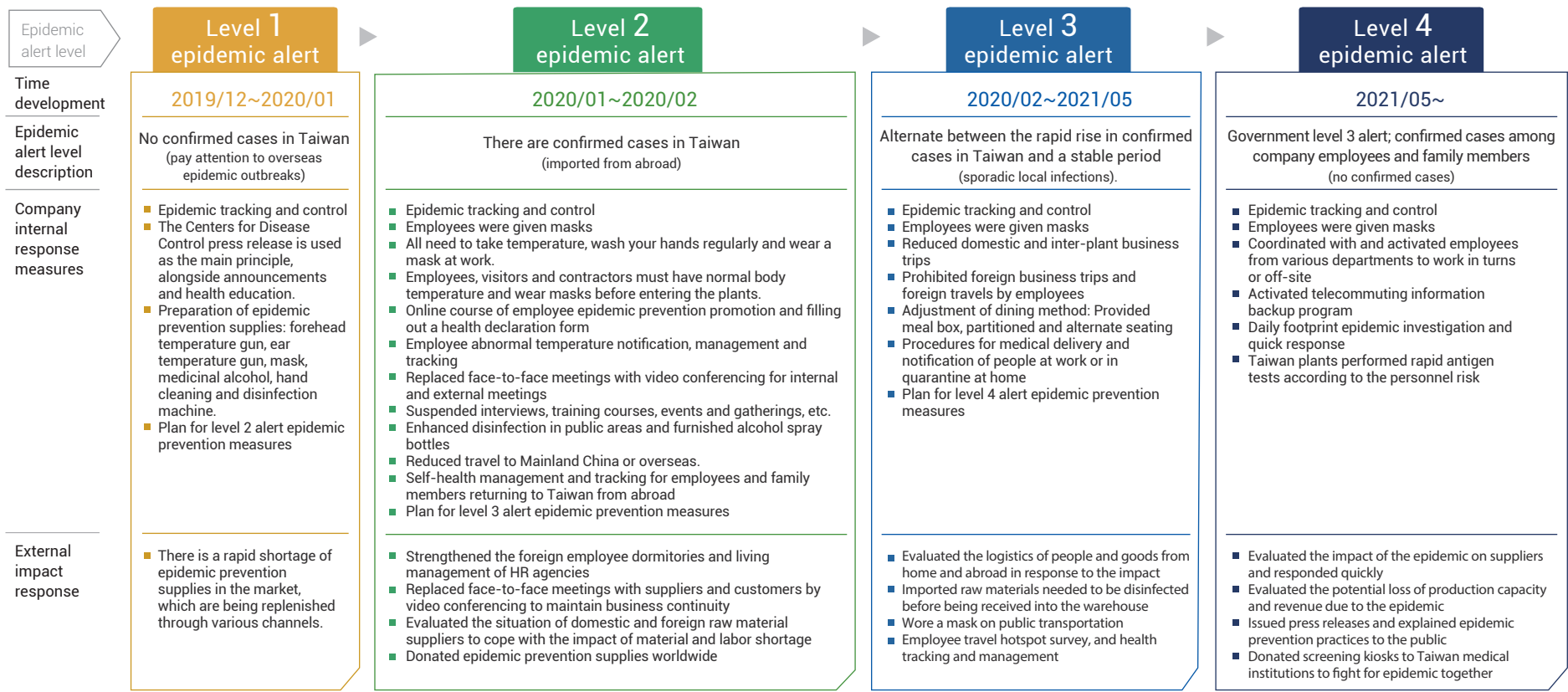
Proactiveness Communication and Practices



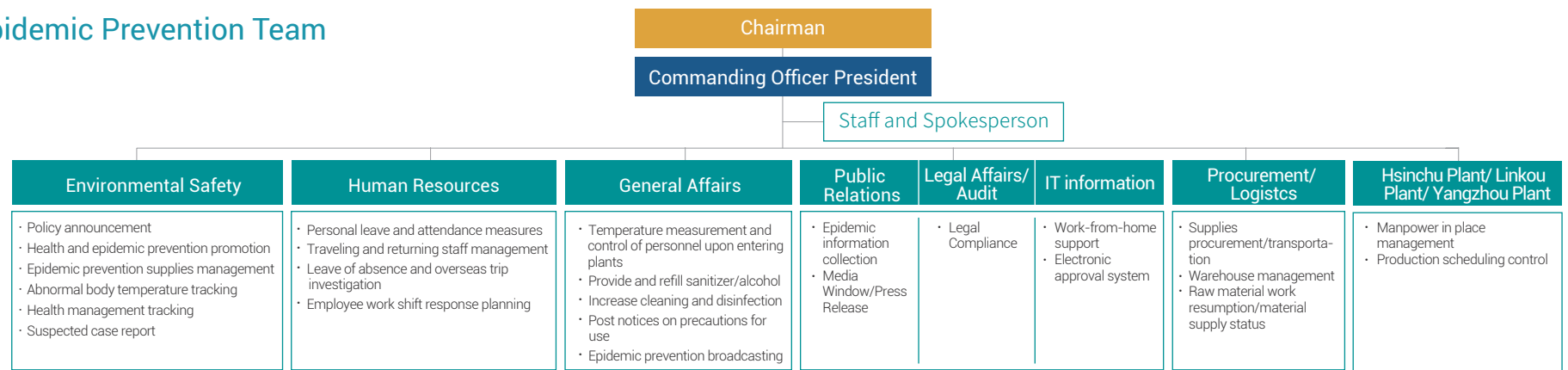
1-1 COVID-19 response

In response to the COVID-19 epidemic, E Ink issued an announcement at the end of December 2019 with reference to the press release issued by the Central Epidemic Command Center, alerting employees to the development of the epidemic and making preemptive deployment. Based on the experience of SARS epidemic prevention measures, the Chairman and the President convened an epidemic prevention meeting, set up an epidemic prevention working team immediately according to the authority and responsibility of each department, discussed the impact of various epidemic scenarios, and began to prepare various epidemic prevention supplies and internal corporate measures to ensure the health and safety of employees and the continuity of business operations.

The epidemic prevention measures were divided into six categories. Taking the internal and external impacts of the Company into account, we established practices according to different epidemic scenarios and strictly implemented them. We held a daily epidemic prevention meeting to track the progress of implementation, review the implementation status of each department, and review and adjust epidemic prevention measures on a rolling basis at any time. All colleagues worked together to ensure that there was no negligence in the epidemic prevention work.



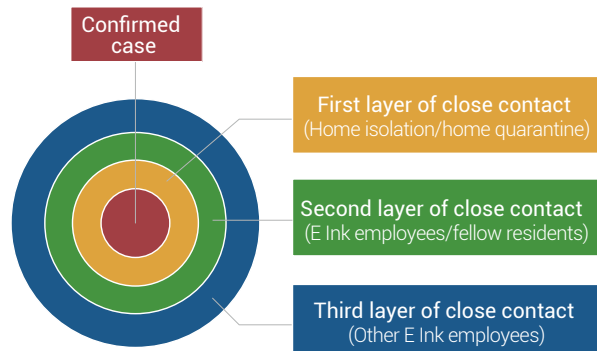
Epidemic Prevention Team



Concentric circle of epidemic prevention measures

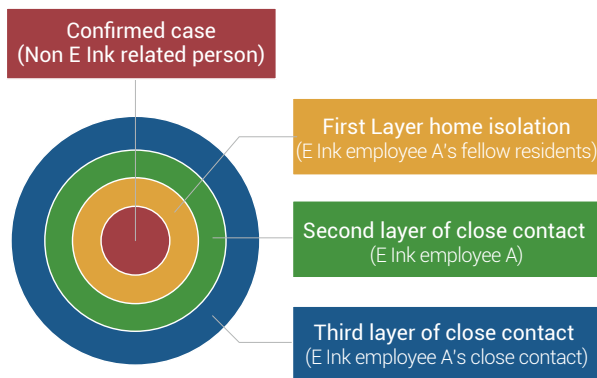
E Ink proposed a standard procedure of concentric circle theory for epidemic prevention measures to address the possible contact between plant employees and confirmed cases. The concentric circle structure can be followed to take preventive measures quickly in response.

Close contact investigation



- After receiving the notification for home isolation/home quarantine, compulsory staying at home for 14 days
- If there are clinical symptoms such as fever and epidemiological conditions (travel history/contact history), specimen collection and testing will be conducted after notification.
- The investigation of close contacts within the Company: (14-day contact history)
 - Fellow residents
 - Same department/same office/seat neighbors
 - Business interactions/meeting room gathering
 - Dining together
 - Commute carpool/business trip together
 - Clubs/Gatherings/Outings/Events/Courses

Close contact investigation - Scenario 1



Layer	Attribute	Action
Confirmed case	Non-related persons	Inpatient treatment
Layer-1	E Ink employee A's fellow residents	Notification of home isolation, compulsory staying at home for 14 days
Layer-2	E Ink employee A	<ul style="list-style-type: none"> · Homeself health management 14 days, medical office tracking management (preventive isolation) · Investigation of A's close contact (preventive investigation) · Cleaning and disinfection
Layer-3	E Ink employee A's close contact	<ul style="list-style-type: none"> · Maintain normal operation · Health tracking 14 days



Management Message

因應新冠疫情措施說明

各位同仁大家好：

相信大家自今年初以來感受新冠肺炎疫情，COVID-19 新冠肺炎大流行，對全球各國人民帶來巨大影響。自一月疫情爆發之後，公司即以董事會及總經理會議，成立了防疫應變小組，根據部門主管每日定時召開防疫會議，除了及時傳達各項防疫事項之外，同時也監控公司各項防疫狀況，每日進行健康與防疫培訓，以大幅降低疫情對公司營運可能帶來的潛在影響。

透過元人防疫應變小組每日防疫會議討論及準備，公司均如期對各項防疫應變與行動，並隨時進行內部調整，以維護同仁健康及公司的持續發展：

- 提供防疫物資：**公司前期備有防疫物資，於疫情擴大即增加足夠的口罩及酒精，並在所有報關口處，同仁們能在公司領取口罩，並隨時持有酒精消毒。公司也提供防疫物資，讓同仁在居家進行居家清潔消毒。同時，公司也備有公課清潔消毒器，讓大家在安心工作的環境。
- 嚴格佩戴口罩：**公司於疫情開始之際要求全體同事嚴格，對於防疫期間同仁進行健康檢查紀錄，並要求全體員工上班時佩戴口罩，公司也嚴格控制進出及客戶的進出，要求所有進出訪客均配合戴口罩、量體溫及填寫健康聲明書。此舉不但能大幅降低同仁的感染風險，也能保護同仁處於潛在的感染風險。
- 暫停國內外出差：**於農曆年後公司即主動取消所有同仁國外出差行程，避免同仁於公課旅行期間，接觸到感染源或傳染源，隨處傳播及海外移入風險提高。公司目前也暫停公課，即日起暫停國內出差，也要求同仁嚴格執行每日報關及每日出門的報關出城率，相關報關記錄以電腦系統進行，減少人員接觸，降低感染風險。
- 出國行程調查：**由於每日疫情數據及防疫會議討論，防疫小組及應變小組對出國行程可能產生感染風險，公司也針對同仁出國旅行計畫進行調查，並建議同仁取消、半年旅行計畫，可於防疫期間延期延期。目前，此舉也減少了同仁出國旅遊、中亞及歐美等區域傳播風險的危險之中，也請公司再進行同仁及家人海外行程的調查，目的也在於儘量降低傳染，以保護全體同仁的感染與安全。
- 多一層防護多一層安心：**隨著國內疫情逐步擴大，為了先兆預防，預防防疫應變小組之接觸紀錄，減少疫情擴大的風險，若各位同仁的家人同事者，收到國家防疫或居家隔離通知，請同仁主動告知部門主管及各項會議，同時，請同仁主動申請居家止，也同步進行同仁本人及同住者之居家健康與隔離。因此，將可讓公司內生活安心工作，也降低公司防疫應變的風險與空間。

面對全球疫情爆發的挑戰，公司已開始進行第二階段的預防與應變計畫，為了避免不因防疫應變造成人員健康及公司營運中斷，公司開始進行「分層辦公」機制，把功能屬性相同的部門同仁分成不同樓層或工作空間，採取物理方式安排，防止辦公空間、減少防疫的接觸風險。

針對防疫應變機制，公司防疫小組每日在現場監控中，並隨時進行防疫物資供應及安排，並可能對大眾進行宣傳的工作方式或工作應變造成不便，但為避免疫情對公司的營運造成影響，敬請全體同仁理解與配合，全力配合。

若同仁對於公司的防疫應變有任何問題或疑慮，或需到任何防疫應變的聯繫，請向所屬區域主管或醫務室反映，公司會立即進行處理，以避免不必要的防疫造成不必要的恐慌。

謝謝同仁的理解與配合，讓我們團結合作、戰勝病毒！

董事長 李政昊



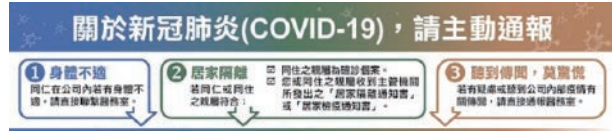
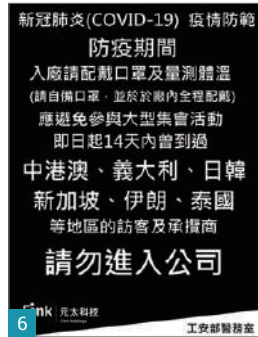
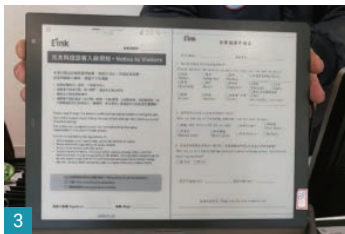
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2020年3月27日

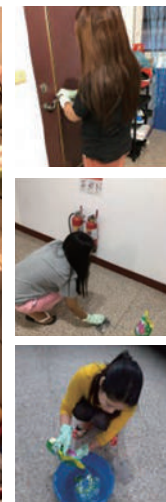
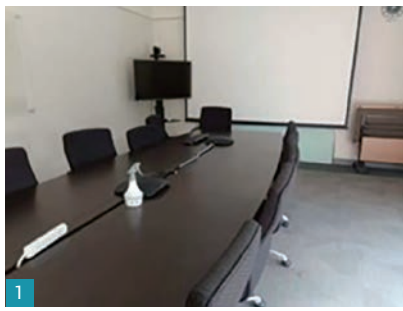


Management's explanation of the Company's epidemic prevention measures in response to the COVID-19 outbreak



1,2 Wear a mask and measure body temperature when entering the plants.
 3 Visitors to the plants needed to fill out the health declaration (eNote)
 4 Epidemic prevention promotion work (wireless mobile ePaper signage)

5 Epidemic prevention promotion work (ePaper signage)
 6 Visitor admission notice (ePaper signage announcement)
 7,8 Epidemic prevention promotion work (company intranet)



1,2 Public areas and meeting rooms furnished with alcohol disinfection
 3 Provided hypochlorite disinfection water for employee disinfection
 4,5 Partitioned seating for dining reminders
 6 Alternate seating in the lounge
 7 Foreign employee dormitories cleaning and epidemic prevention work

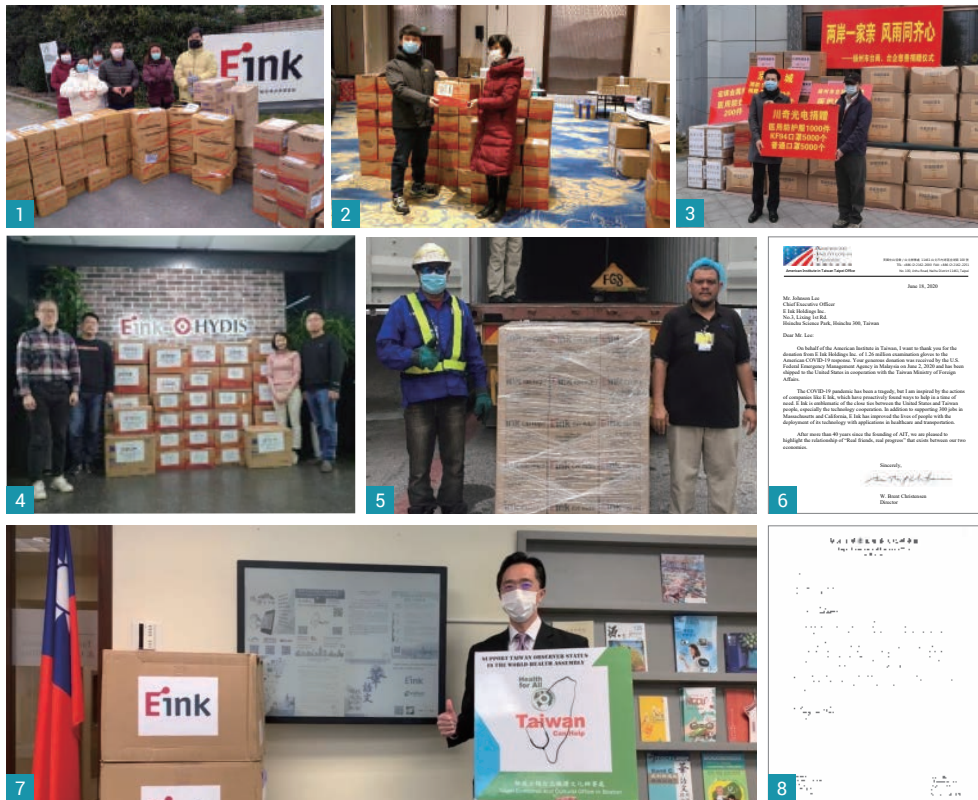
7,8 Foreign employee dormitories cleaning and epidemic prevention work



8 Foreign employee dormitories epidemic prevention promotion

In addition, with the severe development of the epidemic and the shortage of medical resources around the world, E Ink acquired epidemic prevention resources through the global network, with the slogan "E Ink Can Help!!" to support government and medical institutions in their epidemic prevention efforts. The Company donated 10,000 medical masks in Yangzhou China, together with 1000 protective suits to the Yangzhou Government as our way of supporting the frontline medical personnel. In Korea, we donated a total of 13,000 surgical masks to Daegu Catholic University Medical Center; in the U.S., the Company donated 1.26 million pairs of medical gloves for relevant inspections and placed orders with medical glove manufacturers in Malaysia to deliver the goods to the local Federal Emergency Management Agency (FEMA) before the goods were shipped to the States. Lastly, we have also donated 2,000 surgical masks to the Taipei Economic and Cultural Office in Boston to be used by visitors on official business as critical medical resources to prevent and control the epidemic. The aforementioned donations around the world have all been a part of E Ink's effort to fulfill its responsibility as a global corporate citizen by contributing to epidemic prevention and medical rescue across the world.

In May 2021, during the rapid outbreak of the epidemic in Taiwan, there was a need for a large number of rapid tests and sampling, and to help protect the safety of the community, the Company immediately contacted the government where the plants were located to understand the needs of the first-line medical personnel, took the initiative and joined the Group's donation of screening kiosks to protect frontline healthcare operations. A total of four positive pressure screening kiosks were donated to the Hsinchu City Government, Taoyuan City Government and Hualien City Government. They were set up at Hsinchu Science Park Screening Station, Taoyuan Minsheng Hospital, Taoyuan Zhongmei Hospital, and Hualien County Ruisui Township Health Center. These four independents, clean, safe and comfortable positive pressure screening kiosks were made with a positive pressure design where air could only be sent from the inside to the outside. The cleanliness was at cleanroom level to reduce the risk of exposure to viruses. At the same time, air-conditioning equipment was installed inside the positive pressure screening kiosks to maintain a constant temperature and humidity environment, so that medical personnel could carry out sampling work in a safe, protective, clean and comfortable environment to enhance the quarantine protection of front-line medical personnel, fight the epidemic together, and fulfill our ESG commitment to be a good corporate citizen.



- 1,2,3 Yangzhou plant donated 10,000 medical masks, 1,000 sets of protective clothing to the Yangzhou Government.
- 4 Korean subsidiary donated 13,000 medical masks to Daegu Medical Center in Korea
- 5 E Ink donated 1.26 million pairs of medical testing gloves, which were shipped to the U.S. through the Federal Emergency Management Agency
- 6 AIT Presented a letter of appreciation to E Ink Chairman, Johnson Lee
- 7 E Ink donated 2,000 masks to the Taipei Economic and Cultural Office in Boston, which Director Yu-tien Hsu accepted for emergency use by the public.
- 8 Letter of appreciation from the Taipei Economic and Cultural Office in Boston to E Ink Chairman, Johnson Lee
- 9 The first positive pressure screening kiosk used in the screening station in Hsinchu Science Park was donated by E Ink and inaugurated by the mayor of Hsinchu, Lin Chih-chien, to help provide a safe, protective, clean and comfortable environment for healthcare personnel to fight the epidemic together.

In May 2021, when the epidemic broke out rapidly in Taiwan, the Company immediately activated employees to work by shifts and in turns, except for the necessary production personnel in the production line, and planned for employees to work at home as much as possible. We also strictly controlled the entry of people into the plants to reduce the movement and contact of people, announced the footprints of confirmed cases in the living area and the plants daily, and conducted company-wide employee footprint surveys, together with the epidemic prevention concentric circle response measures, to strive for timely and early response, and to allow employees to immediately understand the high-risk places, so as to reduce unnecessary outings of employees and fellow residents. All of the aforementioned preventive measures effectively reduced the risk of epidemic infection among employees during the Level 3 alert period. As a result, because the Company's management attached great importance to the control of the epidemic and employees actively cooperated with the epidemic prevention measures, there were no confirmed cases among employees or their fellow residents. The Company was able to continue to operate without interruption. In the face of the epidemic, E Ink followed the epidemic prevention guidelines to protect the safety of its employees, supported frontline healthcare personnel with actions, fulfilled its corporate social citizenship responsibilities, and continued to be committed to its ESG goals.

1-2 ESG Vision and Organization

E Ink ESG policy

With the three ESG missions of "Transparent Integrity, Green Sustainability, and Local Care", E Ink has established four ESG policy directions as the basis for implementing corporate sustainability, hoping to continue contributing to changing human lives and creating social value.

It is our commitment to investing in resources and making aggressive contributions and continual improvement in consideration of the following aspects, hoping to fulfill our corporate social responsibilities and uphold our determination to sustainable development.



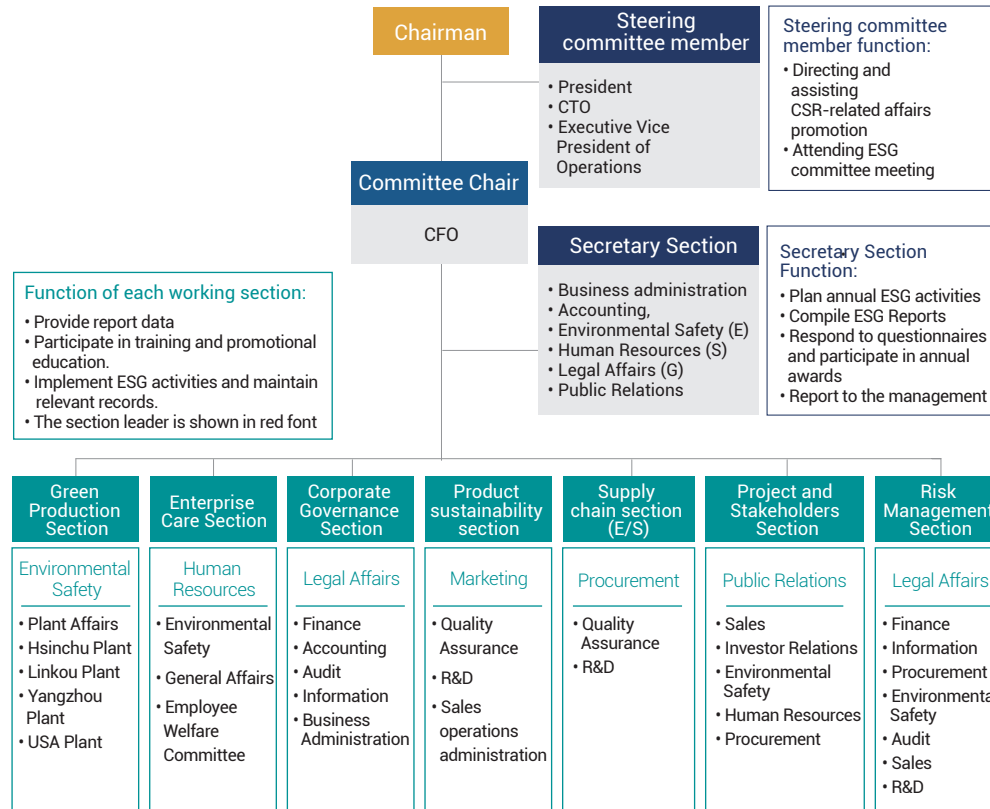
ESG sustainability committee

E Ink established a Corporate Social Responsibility Committee in early 2016 to promote and realize the vision of sustainable development through organized management. In order to continue to enhance the awareness of sustainable development among seed personnel, E Ink continued to promote relevant internal education and training and set up different divisions according to the duties of each functional group and held meetings to discuss their tasks, plan and implement sustainable activities, in order to constantly promote work relating to CSR and sustainable development.

In February 2016, the Company formed an interdepartmental "CSR Committee", a part-time functional unit for each department. The Committee has 30 to 40 members, with the Executive Vice President of the Operations Center as the Chairman and reports to the Chairman of the Board. The committee consists of a secretary section to promote related administrative affairs and six working sections: Green Manufacturing Section, Corporate Care Section, Corporate Governance Section, Product Marketing Section, Supply Chain Section, and Project Section, which are composed of the Company's industrial safety, environmental protection, human resources, finance, accounting, legal affairs, auditing, manufacturing, purchasing, quality assurance, R&D, product, sales, marketing, and public relations departments.

The "ESG Sustainability Committee" was transformed in 2021 and will remain as a part-time functional unit for each department, with 40 to 50 members and CFO serving as the chairperson and reporting to the Chairman of the Board. The committee consists of a secretary section to promote related administrative affairs and seven working sections: Green Manufacturing Section, Corporate Care Section, Corporate Governance Section, Product Sustainability Section, Supply Chain Section, Stakeholder and Project Section, and Risk Management Section, which are composed of the Company's industrial safety, environmental protection, human resources, business administration, general affairs, finance, accounting, legal affairs, auditing, information, manufacturing, purchasing, quality assurance, R&D, product, sales, marketing, and public relations departments. In addition, we also extended the membership of the "ESG Sustainability Committee" to all major locations around the world. Through the planning and operation of the committee and communication and cooperation, corporate social responsibility and sustainable inclusion are implemented in all aspects and corners of the Company, responding to the sustainability vision of "building a deeply rooted local business network, carrying through social care with innovative thinking and teamwork, and creating global friendly products and diversified, sustainable values".

ESG Committee



1-3 Identification of Stakeholders

At E Ink, we identify stakeholders and material issues with respect to the AA 1000 Stakeholder Engagement Standard (AA 1000 SES) to understand the material environmental, social, and governance issues that concern stakeholders. Through the CSR Committee, E Ink called on representatives from various departments to identify stakeholders based on their reliance on E Ink, responsibility, influence, diversified perspectives and tension, and finally named nine major categories of stakeholders according to their importance: government agencies, employees, suppliers/contractors/outsourcers, customers, group and affiliates, shareholders, media, other companies in the industry and trade associations, community and society.

Evaluation Attributes of Stakeholders

Responsibility	Stakeholders to whom the organization has, or in the future may have, legal, commercial, operational or ethical/moral responsibilities.
Influence	Stakeholders who can have an impact on the organization's or a stakeholder's strategic or operational decision-making.
Tension	Stakeholders who need immediate attention from the organization with regard to financial, wider economic, social or environmental issues.
Diverse Perspectives	Stakeholders whose different views can lead to a new understanding of the situation and the identification of opportunities for the reference of the organization to develop action plans
Dependency	Stakeholders who are directly or indirectly dependent on the organization's activities, products or services and associated performance, or on whom the organization is dependent in order to operate.

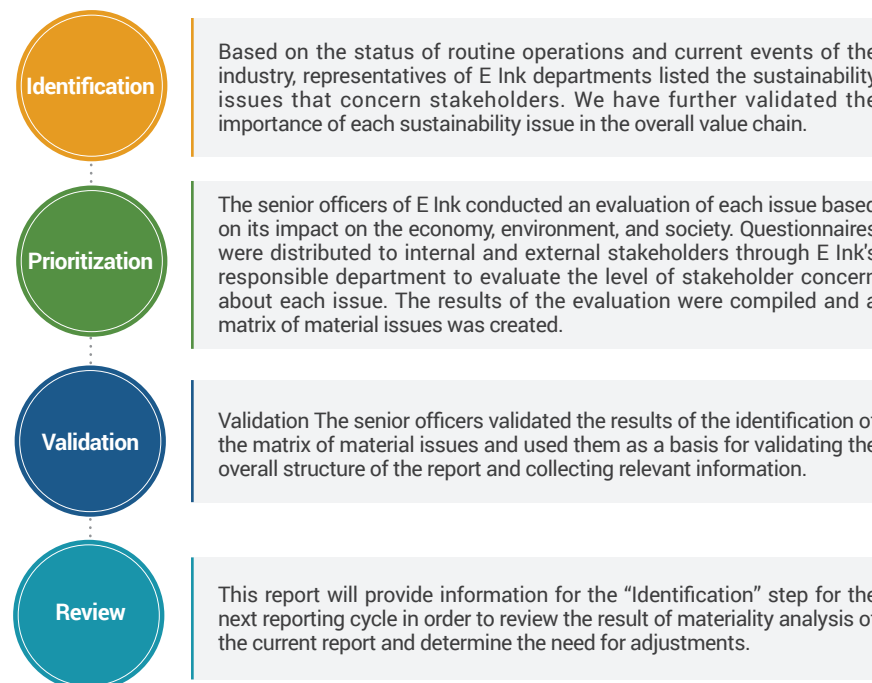
Prioritization	Types of Stakeholders	Significance to E Ink
1	Government agencies	E Ink complies with the related laws and regulations of the government and competent authorities strictly and proactively cooperates with the government policies to fulfill our corporate social responsibilities.
2	Employees	Employees are an important asset that enables E Ink to engage in continual innovation and advancement. Establishing a harmonious labor-management relationship is the only way to constantly create value.
3	Suppliers/contractors/outsourcers	Suppliers/contractors/outsourcers are important partners of E Ink. Through persistent management, interaction, and cooperation, we can create a more sustainable value chain.
4	Customers	By insisting on product quality and services, we hope to provide customers with the best solutions, develop the market, and grow together.
5	Group and affiliates	We maintain constant interaction with the group and affiliates and follow related development policies.
6	Shareholders	We respect the opinions of shareholders and treat such opinions as an important reference for continuous progress.
7	The Media	We proactively respond to the public through the media and strive for information transparency.
8	Other companies in the industry and consortium	We continuously participate in the operation of trade associations and interact with other companies in the industry, hoping to contribute our value to the industrial chain.
9	Community and society	By expressing persistent care about local communities, vulnerable groups, and schools, etc. We demonstrate the corporate responsibility spirit and make constant, positive contributions to society.

1-4 Identification of Material Issues and Strategy Management

Material Issues Identification Process and Results

To identify the report boundary and to ensure that the information disclosed in this report can best cover the issues and aspects that concern stakeholders, we have identified material issues with regard to the identified stakeholder groups. Based on the GRI Standards for defining the content of reports and the principles for judging material topics, four senior officers of E Ink conducted an evaluation of major risk impact issues using "the impact of the issues on the economy, environment and society" as the X-axis and "the impact of the issues on stakeholders' evaluation and decision making" as the Y-axis. A total of 141 questionnaires were distributed and collected by the responsible department of E Ink to internal and external stakeholders to understand their level of interest in the issues. Finally, the evaluation results were compiled to identify the material issues of E Ink.

Information disclosures and future operational strategies in this report emphasize the response to the material issues and timely demonstrate the effectiveness of other material issues to fulfill the expectations on the part of stakeholders.



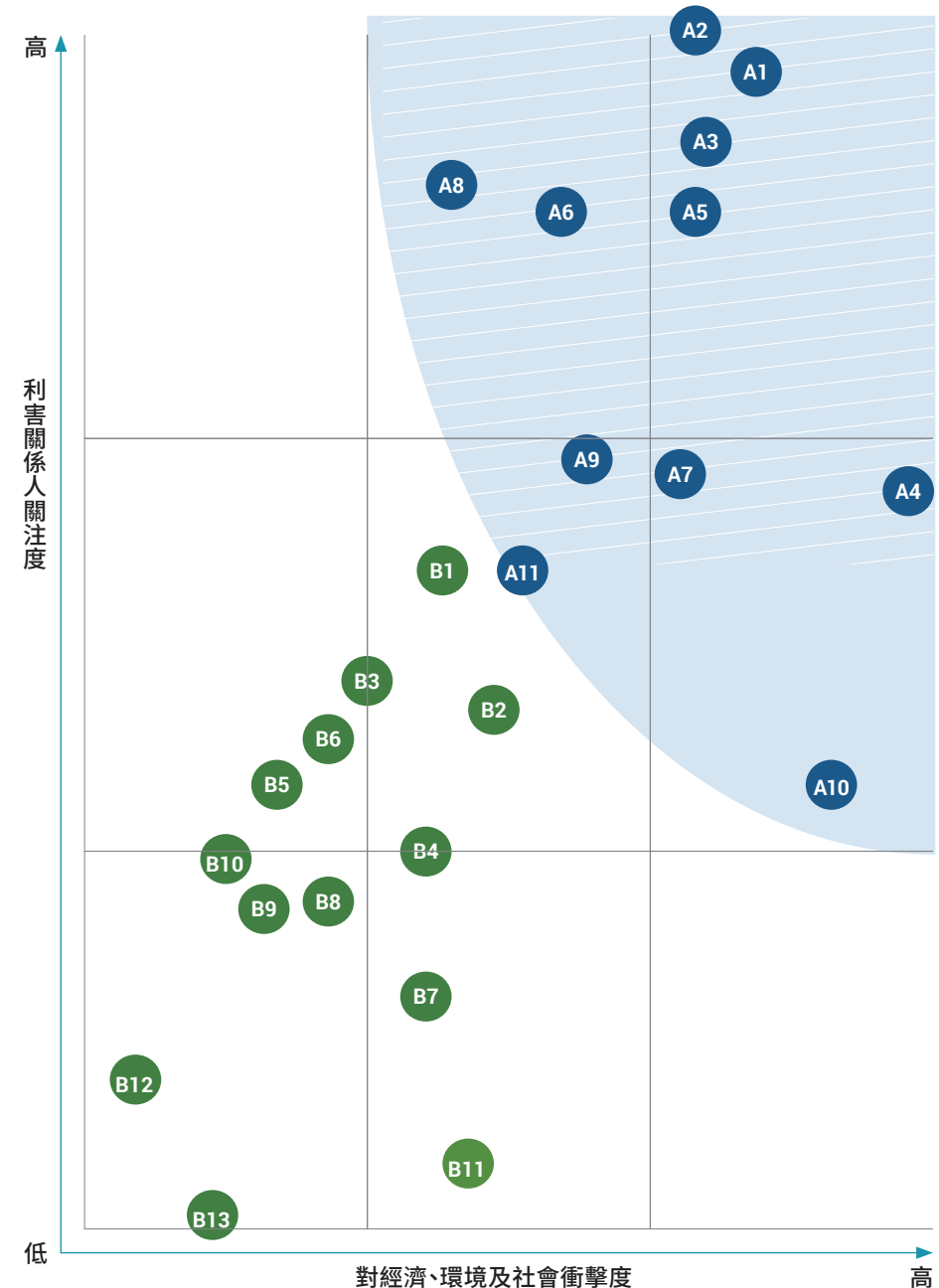
The matrix below shows the 24 sustainability issues disclosed in our 2020 ESG report. After identification and prioritization, we have categorized them into 11 material issues and 13 supplementary issues.

In this report, we have disclosed all management approaches, strategies, and performance of core topics that are related to E Ink's key business items.

A Material issues (11)			
<ul style="list-style-type: none"> • Issues with greater economic, environmental, and social impacts. • Issues of high interest to stakeholders 			
A1	Legal compliance	A7	Response to climate change, energy conservation, and carbon reduction
A2	Strategy for sustainable development.	A8	Product quality and liability
A3	R&D innovation and expansion of product application	A9	Development of green and sustainable products
A4	Ethical management	A10	Corporate governance
A5	Management of corporate brand and image	A11	Work environment safety and employee health
A6	Risk management and response		

To fully respond to the needs of stakeholders, we have presented the relevant performance of supplementary topics.

B Supplementary issues (13)			
<ul style="list-style-type: none"> • Issues with medium or low significant economic, environmental, and social impact but still a concern on the part of stakeholders. 			
B1	Information disclosure and communication	B8	Remuneration, benefits and employee care
B2	Resource management and pollution prevention	B9	Human rights and equality.
B3	Raw materials management	B10	Promoting harmonious labor relations
B4	Operating performance and financial performance	B11	Supply chain management
B5	Strategic collaboration and partner alliances	B12	Social welfare and care
B6	Customer relationship management	B13	Integrating social participation with a core competency
B7	Employee development and career development		



Material issues and their comparison with the GRI Standards topics and value chains boundaries

Note: ● represents direct impact; ○ represents indirect impact/business relationship

Material issues	Material topics	Significance to E Ink	Value chain					Responding chapters
			Group and affiliates	Customers	Shareholders	Suppliers/contractors/outsourcers	Community and society	
Compliance	Legal compliance on environmental protection, social and economic regulations	E Ink follows and treats legal compliance as the most basic principle and publicly discloses and responds to penalties in major events such as environmental regulations, product regulations, and labor regulations.	●	●	●			2-3 Ethical management and sustainable governance 4-2 Quality persistence 5-1 Environmental protection philosophy
Strategy for sustainable development	N/A	In order to ensure the Company's sustainable operation, E Ink has formulated relevant policies and strategic plans, including setting short-, medium- and long-term goals and taking actions in various economic, environmental and social aspects.	●	●	●	●	○	1-2 ESG Vision and Organization
R&D innovation and expansion of product application	N/A	The main product of E Ink is ePaper. It has always been one of the key strategies of the Company to pursue R&D innovation and expand product applications in order to continuously generate revenue growth and build brand image. In addition to investing corporate resources in R&D, we continue to innovate our products and technologies and collaborate with partners to expand our product applications and continue to promote market development.	●	●	●	●		3-2 Demonstration of Technology and Innovation Power
Ethical management	Anti-corruption, Anti-competitive behavior	E Ink understands the importance of ethical management in business operations. It adheres to its philosophy, including establishing and following a code of ethics, internal controls, insider trading, intellectual property management, personal data protection, and prohibiting corruption and competitive behavior.	●	●	●	●	○	2-3 Ethical management and sustainable governance
Management of corporate brand and market presence	Indirect Economic Impacts	E Ink continues to engage in branding and image enhancement activities to show its business philosophy, values, and corporate culture to the public and increase stakeholders' understanding and support.	●	●	●		●	3-2 Technical and innovation capacity 6-2 Building a positive, beautiful and happy workplace 7-2 Join hands in eAction care
Risk management and response	N/A	In order to respond to important trends and risks in a timely manner, E Ink identifies, manages and prevents various operational risks and conducts business activities within an acceptable level of risk to ensure operational stability.	●	●	●	●		2-5 Risk response 5-1 Environmental Protection Concept 6-4 Maintaining a safe and healthy work environment
Response to climate change, energy conservation, and carbon reduction	Energy, emission	E Ink has an "Environment, Safety, Health and Energy Policy" that uses TCFD to evaluate the risks and opportunities of climate change, set energy-saving targets, and continuously promote energy-saving and carbon-reduction programs and measures.	●	●	●	●		5-1 Environmental protection philosophy 5-2 Climate change response
Product quality and liability	Marketing and labeling	E Ink insists on continuous improvement and R&D innovation to provide high quality products and services to meet customers' needs. It has obtained relevant quality or customer audit certifications such as ISO 9001, SONY GP and Amazon.	●	●	●	●		4-2 Quality persistence
Development of green and sustainable products	N/A	As the main product of E Ink is ePaper, it has sustainable features compared with similar products, including energy saving and carbon reduction, and consumer health protection. In the future, we will continue to incorporate sustainability into product design to reduce the negative impact of our products.	●	●	●			Sustainability Column 3-1 User-Centered Brand New Experience
Corporate governance	N/A	We uphold the spirit of governance and practice governance, insist on operation and information transparency, and care about stakeholder interest.	●	●	●	●	●	2-3 Ethical management and sustainable governance
Work environment safety and employee health	Occupational safety and health	Employees have always been the most important asset of E Ink. In order to protect the health and safety of our employees, we have established occupational safety and health management measures and policies, and obtained ISO 45001 certification to maintain a safe work environment and create a healthy workplace.	●	○		●		6-4 Maintaining a safe and healthy work environment

Proactiveness Communication and Practices
 Forward Looking Navigation strategy
 Innovation Smart experience
 Link Value co-existence
 Sustainability Green co-prosperity
 Happiness Workplace Growth
 Care: Moving Forward
 Appendix

Stakeholder communication and engagement

Based on interactions with stakeholders in routine operations, representatives of E Ink departments identify and gather the issues of concern raised by different stakeholder groups. In this report, we will respond to the concerns and expectations of stakeholders in respective sections in accordance with the GRI Standards covered by relevant issues. We will also disclose clear and complete information for special issues.

We have established individualized communication channels for different stakeholder groups, and accept and respond to the concerns and requirements raised by stakeholders.

Stakeholder communication channels and communication results

Stakeholders	Issues of Concern	Communication Channels and Frequency	2020 Concrete Communication Results
Government agencies	<ul style="list-style-type: none"> Compliance Response to climate change, energy conservation, and carbon reduction Development of green and sustainable products Work environment safety and employee health Social welfare and care 	<ul style="list-style-type: none"> Correspondence of official documents (irregular) MOPS (uploading and disclosing relevant contents in accordance with the law) Gathering information from government websites (quarterly) Pollution control awareness meeting, regulation presentations, in-plant audit and interview (irregularly) Government routine/unannounced inspections (irregularly) 	<ul style="list-style-type: none"> Participated in over 50 regulation presentations organized by government agencies 7 government in-plant inspections (Yangzhou), no major non-compliance found.
Employees	<ul style="list-style-type: none"> Remuneration, benefits and employee care Work environment safety and employee health Promoting harmonious labor relations Employee development and career development Ethical management 	<ul style="list-style-type: none"> Labor-management seminar between employees and the management (quarterly). Labor-management meeting (quarterly) Employee Welfare Committee meeting/Union Committee meeting (regularly) Performance evaluation (monthly/yearly) Employee education and training (irregularly) E Inker internal publication (irregularly) / monthly union publication (monthly) Talks and seminars (irregularly) Department head mailbox, labor union suggestion box, audit box (irregularly) Intern welcome party/farewell party (irregularly) Employee health preservation knowledge promotion (quarterly) Internal mails and announcements (irregularly) 	<ul style="list-style-type: none"> 3 full staff seminars (Taiwan) and 2 staff seminars (Yangzhou) were held. 4 labor-management meetings were held and consensus on 21 proposals was reached (Taiwan). 4 Employee Welfare Committee meetings were held and resolutions on 12 proposals were made (Taiwan). 1 (Taiwan)/2 (Yangzhou) annual performance evaluations were conducted. 1 announcement by the Chairman, Johnson message, was made. A total of 150 employee education and training courses were organized. E Inker issued 1 publication (Taiwan) / 12 monthly union publication (Yangzhou) 7 health talks were organized. (Taiwan) 1 suggestion was received from the suggestion mailbox, and the case was resolved (Taiwan). Intern welcome parties/farewell parties were organized 89 times. Issued employee living promotion announcement 59 times (Yangzhou).
Suppliers/contractors/outsourcers	<ul style="list-style-type: none"> Ethical management Strategy for sustainable development R&D innovation and expansion of product application Compliance Product quality and liability 	<ul style="list-style-type: none"> Supplier audit and visit (irregularly) Quality review (regularly) meeting (weekly) Supplier guidance and audit (annually) Production-sales coordination meeting (weekly). Cost Down Meeting (annually) Procurement contracts, industrial safety training, in-house tour inspection (irregularly) Routine security work discussion meeting (weekly) 	<ul style="list-style-type: none"> More than 2 suppliers were audited and visited every monthly. A weekly quality meeting was held with major material suppliers, with a total of 9 participating suppliers. Supplier Quality Process Audits (QPA audits) were conducted for 14 suppliers (8 on-site audits and 6 written audits). A total of 6 new suppliers had QSA audits (3 on-site audits, 3 written audits). On-site personnel from 6 suppliers were arranged to handle raw material problems at the Yangzhou plant. About 2-3 suppliers visited Taiwan plants and Yangzhou plant every month for business visits or work meetings. Safety education and training sessions were given to 31 construction contractors (Yangzhou).
Customers	<ul style="list-style-type: none"> Strategy for sustainable development Risk management and response Compliance Management of corporate brand and market presence Product quality and liability Strategic collaboration and partner alliances Supply chain management Raw materials management Response to climate change, energy conservation, and carbon reduction 	<ul style="list-style-type: none"> Visits by sales personnel and senior officers (irregularly) Business review meeting (weekly) Quarter Business Review (QBR) for suppliers(quarterly) Customer Satisfaction Survey Form (annually) In-house audit by customers (irregularly) Customer questionnaire response (irregularly) Sales Order Seminars and trade shows (irregularly) Corporate website information disclosure (regularly) 	<ul style="list-style-type: none"> Sales personnel and senior officers visited each other 24 times to discuss technology development, product shipping, and key parts and components delivery dates. Organized 3 QBR for heavyweight customers with 84 participants from both sides; weekly conference calls/weekly onsite visits and discussions/improvement of the most immediate quality problems with important customers. The recovery rate of the customer satisfaction survey form was 94%, and the average score was excellent. The customer questionnaire response rate was 100%.

Stakeholders	Issues of Concern	Communication Channels and Frequency	2020 Concrete Communication Results
Group and affiliates	<ul style="list-style-type: none"> • Corporate governance • Compliance • Resource management and pollution prevention • Information disclosure and communication • Risk management and response • R&D innovation and expansion of product application • Strategic collaboration and partner alliances 	<ul style="list-style-type: none"> • Board Meeting (at least once every quarter) • Senior officers meetings (weekly) • Project meetings (irregularly) 	<ul style="list-style-type: none"> • Held 5 board meetings, with actual attendance of 100%.
Shareholders	<ul style="list-style-type: none"> • Operating performance and financial performance • R&D innovation and expansion of product application • Remuneration, benefits and employee care • Management of corporate brand and market presence • Development of green and sustainable products 	<ul style="list-style-type: none"> • Board Meeting (at least once every quarter) • Shareholders' meeting (annually) • Earning calls (quarterly) • Monthly revenue announcement (monthly) • Financial statement (quarterly) • Investors section on the corporate website (irregularly) • Disclosures of material information and financial statements on MOPS (irregularly) • PR press release (irregularly) • Face-to-face and telephone communication meetings (irregularly) • E-mail (irregularly) 	<ul style="list-style-type: none"> • Held one shareholders' meeting attended by shareholders representing 80.48% of the total issued shares. • Held quarterly earning calls, 4 times in total, and was invited to attend 6 earning calls, and presented financial and business-related information at 32 investor face-to-face meetings and conference calls • Handled filing of financial statements in accordance with the law 4 times. • Published 62 material messages in accordance with the law. • Immediate response to investor questions
The Media	<ul style="list-style-type: none"> • R&D innovation and expansion of product application • Product quality and liability • Strategic collaboration and partner alliances 	<ul style="list-style-type: none"> • Press release: Focus on ePaper technology and application, corporate operation strategy and deployment, and financial statements (irregularly) • Media events: earning calls (quarterly), shareholders' meetings(annually), trade show visits (irregularly) • Media interviews (irregularly) • Real-time media demand service: Use real-time communication software, telephone (company desk and cell phone) and e-mail as the main media communication channels, and handle the demand immediately (irregularly). 	<ul style="list-style-type: none"> • A total of 24 press releases were issued • 6 media events were held, including 1 press conference, 4 earning calls, and 1 shareholders' meeting • A total of 5 media interviews • Real-time response with media demand service
Other companies in the industry and trade associations	<ul style="list-style-type: none"> • Strategy for sustainable development • Compliance • Response to climate change, energy conservation, and carbon reduction • Development of green and sustainable products • Risk management and response 	<ul style="list-style-type: none"> • Taiwan Panel & Solution Association, (TPSA) • Trade association. 	<ul style="list-style-type: none"> • Attended 6 TPSA industrial safety and environmental protection committee meetings. • Attended more than 12 meetings of the Industrial Safety Committee and Environmental Protection Committee of the Trade Association (Taiwan)
Community and society	<ul style="list-style-type: none"> • Remuneration, benefits and employee care • Compliance • Work environment safety and employee health • Management of corporate brand and market presence • Development of green and sustainable products 	<ul style="list-style-type: none"> • Whistleblowing to government agencies (anytime) • Compliant line (anytime) • Nearby resident surveys on construction projects (irregularly) 	<ul style="list-style-type: none"> • Participated in the industrial safety and environmental activities organized by the HSP Bureau. • Received no complaint from neighboring/nearby residents.

Material topic management approaches



At E Ink, we have established processes or countermeasures for the routine management of various material issues. The table below shows these processes and countermeasures presented in accordance with relevant requirements in the GRI Standards DMAs. Please refer to the corresponding sections for the details of respective management approaches.














Aspects		DMAs overview	Evaluation Mechanism / Results	Corresponding chapters	Page
Economic	Indirect Economic Impacts	<ul style="list-style-type: none"> Draw up plans for participation in social, charitable activities and launch cooperation with NGOs, schools. 	<ul style="list-style-type: none"> The Social Return on Investment (SROI) was introduced to the eReading for the future project and it was estimated to generate \$2.63 in social benefits for every \$1 invested. 	7-1 Social Inclusion 7-2 Join hands in eAction care	120-129
	Anti-Corruption	<ul style="list-style-type: none"> Established the code of business conduct, reinforced awareness education, and included the code in the annual audit program for management. 	<ul style="list-style-type: none"> No whistleblowing reports were received during the year 	2-3 Ethical management and sustainable governance	36-38
	Anti-competitive Behavior	<ul style="list-style-type: none"> Established whistleblowing and complaint mechanism 			
Environment	Legal compliance with environmental protection	<ul style="list-style-type: none"> Keep track of legal requirements and update relevant regulations periodically, and organize education and training activities. Established an environmental complaint mechanism that gives priority to compliance with local laws and regulations 	<ul style="list-style-type: none"> The Taiwan and Yangzhou plants conduct annual legal compliance audits. No significant penalties were imposed during the year 	5-1 Environmental protection philosophy	78-80
	Energy	<ul style="list-style-type: none"> Implemented ISO 50001 and set annual energy saving and carbon reduction plans and targets Regularly conduct filing of greenhouse gas emissions and energy consumption in accordance with the law Increasing renewable energy use Monitor air pollution emissions and declare them in accordance with the law 	<ul style="list-style-type: none"> In 2020, the energy-saving project focused on electricity-saving, with 743,012 kWh of electricity saved, equivalent to 2,674 GJ, which is equivalent to a carbon reduction of 378.19 tons of CO₂e. As of April 30, 2020, E Ink has traded a total of 1,917 renewable energy certificates and 7 direct supply and wheeling certificates. 	5-2 Climate change response	83-92
	Emissions				
Society	Occupational Health and Safety	<ul style="list-style-type: none"> Established the ESHE policy and arrange employee health examinations, occupational hazard health examinations, and relevant talks and education/training activities. 	<ul style="list-style-type: none"> Accumulated disaster-free working hours at the Hsinchu plant reached 1,058,010 hours Accumulated disaster-free working hours at Linkou plant reached 292,649 hours Accumulated disaster-free working hours at USA plant reached for 63 days. 	6-4 Maintaining a safe and healthy work environment	112-119
	Marketing and labeling	<ul style="list-style-type: none"> Conduct customer satisfaction periodically and include customer feedback as the reference for future planning. 	<ul style="list-style-type: none"> Manage and verify the content of marketing communications with the internal audit mechanism. 	4-2 Quality persistence	71-75
	Compliance with social and economic laws and regulations	<ul style="list-style-type: none"> Keep track of legal requirements and update relevant regulations periodically, and organize education and training activities. Established whistleblowing and complaint mechanism 	<ul style="list-style-type: none"> No significant penalties were imposed during the year 	2-3 Ethical management and sustainable governance	36-38

Sustainability Development Promotion Campaign and Short, Medium and Long-term Goals

We have drawn up related strategies, promotional approaches, and implementation plans in response to our CSR vision and policy. We have also reviewed the status of implementation regularly to progressively practice business sustainability in collaboration with the CSR committee.

E Ink's Sustainability Development Promotion Campaign and Goals for 2021

Functional groups	Corresponding material issues	Promotion Campaign for 2020	Status of achievement	Goals for 2021	Direction of medium and long-term strategy	Corresponding SDGs
Corporate Governance Division	<ul style="list-style-type: none"> Compliance the rules Strategy for sustainable development Ethical management Risk management and response Corporate governance 	Corporate governance evaluation	Placed in the top 6~20% of all listed companies	Maintained our place in the top 6~20% of all listed companies	<ul style="list-style-type: none"> Develop a corporate culture of ethics and integrity Strictly comply with global laws and regulations 	 
		Strengthen corporate governance ¹	<ul style="list-style-type: none"> Implemented Board Performance Evaluation. Transition of CSR Committee to ESG Sustainability Committee. 	Evaluate the feasibility of hosting anti-corruption and anti-trust training and online-courses		

Functional groups	Corresponding material issues	Promotion Campaign for 2020	Status of achievement	Goals for 2021	Direction of medium and long-term strategy	Corresponding SDGs	
Green Production Division	Response to climate change, energy conservation, and carbon reduction	Green power and renewable energy	Acquired a total of 1,917 renewable energy certificates, 7 certificates for direct supply and wheeling.	Continued to acquire 150 additional renewable energy certificates and continued to subscribe to green energy direct supply and wheeling certificate with green power agent.	<ul style="list-style-type: none"> Design low-carbon and sustainable products Promote low-carbon processes and resource management Implement supply chain management for sustainability and co-prosperity 	     	
		Energy-saving solutions	Renewal of A/C air compressors, adjustments to pure water system operation mode, implemented wastewater TOC UV removal device shutdown for energy conservation and repaired outdoor explosion-proof light fixtures, saving a total of 743,012 kWh/year	Continued to promote relevant energy-saving projects at various plants in an effort to increase the overall power conservation rate.			
		Update of ISO management systems	Complete external certification for ISO 14001 environmental management system	Continued to pass external certification for ISO 14001 environmental management system			
		Product carbon footprint	Evaluate and plan product carbon footprints.	Promote product carbon footprint			
		Climate risks and opportunity evaluation	Introduced Task Force on Climate-related Financial Disclosures (TCFD), refer to 5-2 Address to Climate Change for details.	Continued to identify climate-related risks and opportunities.			
		GHG inventory	Acquired Scope I and Scope II Inventory Verification Statements.	Promote Scope III GHG inventory by collecting and preparing relevant statistics.			
Product Marketing Division	<ul style="list-style-type: none"> R&D innovation and expansion of product application Product quality and liability Development of green and sustainable products 	Verify and establish patent development mechanism and promote talent cultivation ²	Implement an R&D talent certification program and design an R&D talent classification and certification mechanism.	Increase the number of patents owned to achieve technical and innovative breakthroughs.	<ul style="list-style-type: none"> Build a workplace for adaptive development of talents Maintain a safe and healthy work environment Deepen trust relationship with stakeholders and maintain local contributions Maintain community participation through core competency integration 	  	
		Optimization of E Ink's electronic platform processes	Improvement of electronic application and approval processes for better productivity	Continue to promote internal electronic processes to boost productivity			
Supply Chain Division	Product quality and liability	Supply chain management	Fleshed out items of supplier assessment to be incorporated into sustainability and CSR items	Continue to deepen and optimize E Ink's sustainable supply chain management system			   
Enterprise Care Division	Work environment safety and employee health	E Ink University	Complete E Ink's e-Learning online training platform	Increase the overall hours of training across the group			
		Boost cohesion for employees		Evaluate the feasibility of initiating an employee participation survey and introduce an employee assistance program (EAP)			
		Renovation of the administration building ³	Completion of renovation for the office area, public area, conference rooms, and demo room	The new Hsinchu plant + office building adopted green building planning and design			
		Promote a healthy workplace	Acquire health-promoting workplace certification/safe workplace certification	Participate in health workplace related certifications and competitions			
Project division	Management of corporate brand and market presence	eRead for the Future	Donated a total of 506 eReaders and 27,830 ebooks to 18 junior high schools in New Taipei City, organized e-reader training and hosted an ingrain reading competition in Changhua County	With ecosystem partners, evaluate and plan to donate eBook readers to an additional county.			

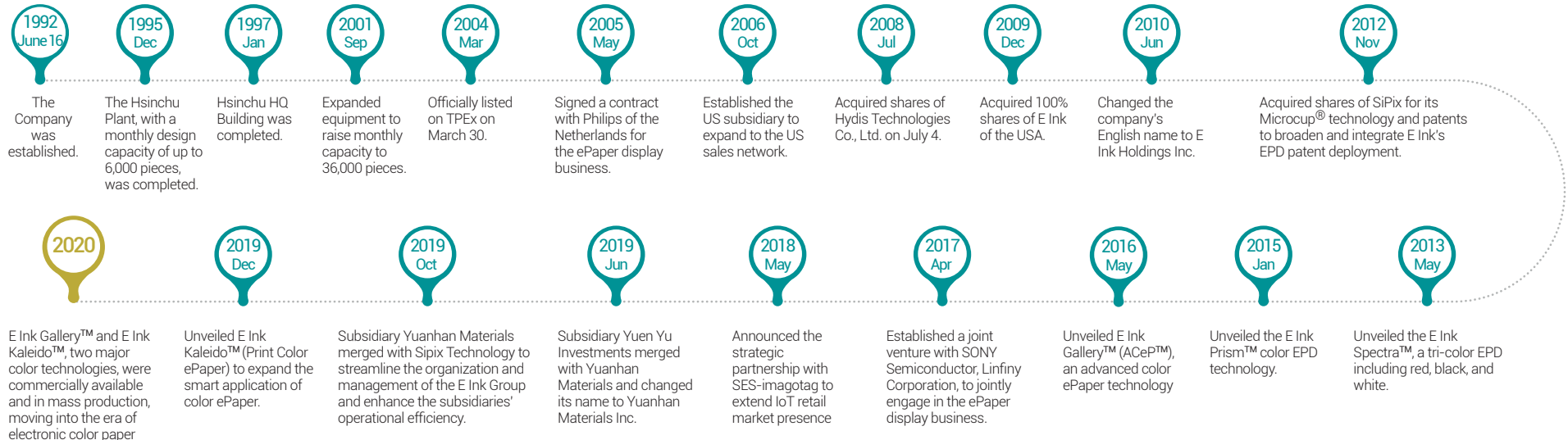
1 Jointly prompted by Corporate Governance Division and Enterprise Care Division 2 Jointly prompted by Product Marketing Division and Enterprise Care Division 3 Jointly prompted by Enterprise Care Division and Product Marketing Division



Chapter 02

Forward Looking Navigation strategy

2-1 E Ink Chronicle



滾滾長江東逝水

2-2 Global deployment

In 1992, E Ink was established in Hsinchu Science Park as the first TFT LCD manufacturing plant in Taiwan. In view of the rising demand for TFT-LCD in 2002, E Ink established Transcend Optronics in Yangzhou, Mainland China, to produce and manufacture back-end modules for end-use equipment manufacturers.

In the 1990s, at the beginning of the development of digital publishing, the concept of "ePaper", an emerging display, was born. ePaper has started a new trend across the world for its great number of useful characteristics: paper-like legibility, easy-on-the-eyes, energy-efficient, ultra-low power consumption, and viewable under sunlight. Foreseeing the future development of ePaper, E Ink ventured into the research, development, and production of ePaper. It acquired Philip's ePaper business in 2005, becoming the world's largest ePaper manufacturer and supplier. Later in 2009, the Company again acquired E Ink - the key e-ink technology proprietor in the US, followed by the acquisition of SiPix in 2012 - a producer of micro-cup e-ink film in Linkou, Taiwan. At this point, we have effectively completed the integration of ePaper production chain covering e-ink, ePaper panel, and ePaper module manufacturing.

Through our sales offices in major markets (Hsinchu operating headquarters, Linkou, Shenzhen, Tokyo, Japan, Seoul, South Korea, and Billerica, USA) and our R&D centers (Hsinchu operating headquarters, Linkou, Fremont, USA, Tokyo, Japan, and Yangzhou, Mainland China) where we continue to invest in technology breakthrough, we have integrated R&D, manufacturing, and sales with leading technology, excellent products, and mature mass production capabilities. We have been steadily supplying to well-known companies such as Amazon, Kobo, etc. The ePaper modules used in the world's most famous eBook readers are all produced by E Ink Group.

After establishing a firm foothold in the eBook reader market, E Ink began to plan for applications in other fields. Starting from the development of three major technologies in 2015: color, flexible, and reference design (development and evaluation kit), and after the maturity and stability of the related technology and capabilities, in 2016, Electronic Shelf Label (ESL), eNote, and eSignage were the three major growth engines of the Company, which gradually drive the steady growth of the Company's business. Between 2017 and 2019, on top of maintaining steady growth in our ESL sales, we also launched e-Note related products in collaboration with renowned brand names such as Sony and Fujitsu in Japan, reMarkable of Europe, Lenovo, iFLYTEK, Zhangyue, and Hisense in China and achieved considerable success in the domains of education and professional applications. Our digital signage also enjoyed considerable growth in the field of transportation, with our products chosen for info panel at demo bus stops in Taipei City and New Taipei City, Boston, Shanghai, Fuzhou, and Naju (South Korea), along with digital license plates in California and transit advertising in Germany and so forth.

In recent years, with the trend of the Internet of Things (IoT) growing strong, relevant products have begun to thrive. The fact that IoT products are more demanding in terms of power consumption and operation in outdoor environments, the trend only makes the strengths of ePaper (i.e. ultra-low power consumption, viewability under direct/strong light, continuous display without power consumption) stand out even more and will definitely lead to more diverse applications in the future.

In addition to the continuous refinement of existing strengths, E Ink continues to invest in research and development resources. Its R&D personnel integrates expertise in materials, chemistry, electronics and mechanics to break through technological bottlenecks. In 2019, E Ink announced the first year of color ePaper with two major color ePaper technologies, Advanced Color ePaper (E Ink Gallery™, Advanced Color ePaper, ACeP™) and Print Color ePaper (E Ink Kaleido™, Print Color ePaper), which broke through the limits of black and white display.

In 2020, color ePaper technology entered the commercial and mass production stage. With E Ink Gallery advanced color ePaper and E Ink Kaleido color printing ePaper, We further expanded the application of ePaper.

- E Ink Gallery is built with E Ink ACeP™ full-color ePaper display technology. The paper-like texture of the advanced color ePaper gives it the visual effect of a printed poster, making it suitable for use in public display signages, commercial signage, and digital display carriers for museums and galleries.
- Using Color Filter Layer technology, E Ink Kaleido converts black-and-white ePaper into 4096 rich colors with a warm color display using the RGB color mixing principle, bringing a new digital reading and writing option to educational and professional applications for eBook readers and ePaper notebooks.



Color ePaper video

Looking ahead, E Ink will continue to invest in technology research and development, so that our technology energy will be more solid and continue to lead, and that the ePaper will continue to grow in the fields of smart retail, smart transportation, and smart education, and expand into new applications in smart offices, smart logistics, smart factories, smart healthcare, smart buildings, and smart homes.

Worldwide Presence



E Ink Transcend Optronics



E Ink Linkou Plant



E Ink Holdings (Headquarters)

Asia

E Ink Holdings (Headquarters)

HQ for R&D, sales, and application service.
No.3, Lixing 1st Rd., Hsinchu Science Park,
Hsinchu 300, Taiwan

E Ink Linkou Plant

ePaper thin film manufacturing plant
Sales and application service office
No.199, Hwaya Road 2, Kueishan, Taoyuan
33383, Taiwan

E Ink Transcend Optronics

Module Manufacturing Plant
No.8, Wuzhou West Road, Economic
and Technological Development Zone,
Yangzhou, Jiangsu Province, PRC, 225009

E Ink Shenzhen Office

Sales and application service office
9F, Financial Service & Technological
Innovation Building 1, Sci-Tech. Park, No.8,
Kefa Road, Nanshan District, Shenzhen, PRC

E Ink Japan Office

Sales and application service office
6F, Shinjuku Mitsui Building No.2
3-2-11 Nishishinjuku Shinjuku-ku,
Tokyo,160-0023, Japan

E Ink South Korea Office

Sales and application service office
9F, Urbanbench Bldg., 325, Teheran-
ro,Gangnamgu, Seoul, 06151, Korea

North America

E Ink Corporation

(Billerica, MA USA)
R&D, sales, and application service
office
1000 Technology Park Drive,
Billerica, MA 01821 USA



E Ink South Hadley Site

Business Locations
7 Gaylord Street South Hadley, MA
01075 USA



E Ink Fremont Site

R&D Center and Business Locations
47485 Seabridge Drive Fremont, CA
94538 USA



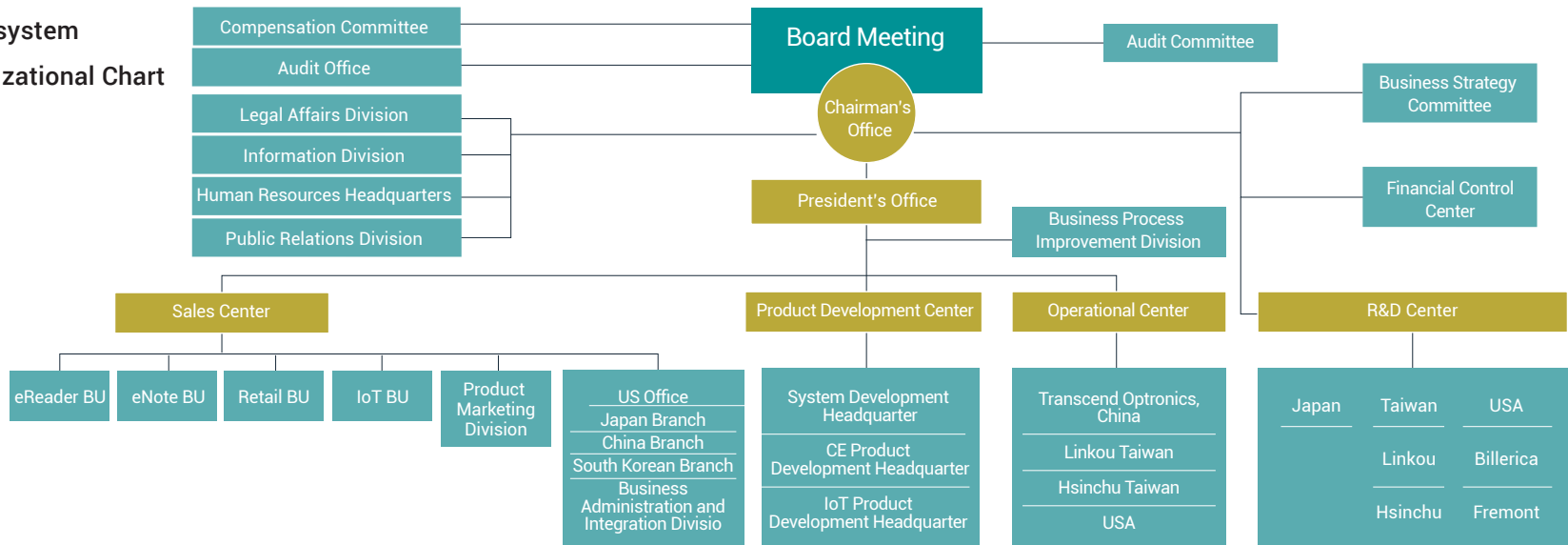
Official company name	E Ink Holdings Inc.
HQ location	Taiwan Hsinchu Science Park (HSP), No. 3, Lixing 1st Road, Hsinchu Science Park, Hsinchu City, Taiwan (R.O.C.)
Major product or service ranges	Research, development, manufacture, and sale of ePaper technology-related materials and products, such as FPL film, E-Paper Display (EPD) and so forth
Major countries or markets served	The USA, Europe (Germany and France), Russia, Japan, and China
Number and distribution of business locations	We have eight business locations, including Hsinchu and Linkou in Taiwan, Yangzhou and Shenzhen in China, Billerica and Fremont in the USA, Japan, and South Korea.
Nature of ownership and legal form	E Ink Holdings is a company limited by shares founded in Taiwan in June 1992 and was officially listed on the Taipei Stock Exchange (TEPx: 8069) in March 2004.
Total number of employees	Taiwan: E Ink (876), YHMI (33) Mainland China: Yangzhou Plant (765)* and Shenzhen Office: (14) USA-EIC (382) South Korea-Hydis, EIK (14) Japan-EIJ+Linfinity (26)
Total Assets	Total Equity 31,044,773,000 Total Liabilities 14,755,860,000 Total Assets 45,800,633,000
Product Sales	Domestic: 1,003K units Export: 41,835K units

* Including former employees and interns

2-3 Ethical management and sustainable governance

I. Organizational system

(1) E Ink Organizational Chart



(2) Organizational Function Introduction

Chairman's Office (including the Management Strategy Committee, Legal Division, IT Division, Human Resources Central Division, Public Relations Division, R&D Division, Financial Control Center, President's Office, and its subordinating units)

Plan operational strategies and goals; plan and implement internal control; administer legal affairs and plan and manage document control; plan and implement human resources affairs; plan IT deployment and implement new IT; develop market presence and contact the media; plan, implement, and supervise public affairs, such as international exhibitions and product promotional activities; command the direction of product design and application, have overall control of the Company's financial situation, and authorize the president to execute the decisions of the board of directors to achieve the management goals set by the board.

President's Office (including Business Center, Product Development Center, Operations Center, Business Process Improvement Division)

Responsible for leading the Company's operations centers, business centers, product development centers, and branch offices, coordinating and operating to achieve company goals and strategies. Lead the Company's overall business development, make decisions and promote policies and assessments, and formulate operational rules and regulations.

R&D centers (Taiwan, Japan, USA)

Research, develop, and innovate e Paper-related technologies and products and implement mass production, including the R&D of new types of ePaper; patent deployment and planning; design of leading-edge panels and R&D of process technology; development of process technology for new platforms and modules; and introduction of key materials, parts, and components.

Operations centers (Taiwan, Japan, USA)

Plan, implement, and supervise the procurement of raw materials for products, equipment, and projects; plan raw material requirements and manage bonds and logistics; ensure the quality and reliability of raw materials and products; manage and implement production planning; analyze the production process in the product manufacturing process and plan and implement process management.

Financial Control Center

Responsible for finance, accounting, operations management and public affairs planning and execution.

Business Center (including the eReader BU, eNote BU, Retail BU, IoT BU, Product Marketing Division, Sales Management Integration Division)

In charge of global business management and strategic direction, in charge of global product planning and strategic direction, collaborating with product application engineering departments to propose efficient product development timelines for customers, shortening customer development time, developing product development road maps, achieving company performance goals, and planning and implementing new product and new market ecosystem construction for the Company.

II. Board member diversity

The Company has established its Board Diversity Policy pursuant to the Corporate Governance Best Practice Principles, which stipulates that board composition ought to reflect the diversity of members. Apart from the restriction that directors concurrently serving as company officers may not exceed one-third of the total number of the board members, the Company should also formulate suitable guidelines for diversity based on the needs for corporate operation, business type and business development. These include general guidelines (not exhaustive) in two specific aspects:

1. Basic requirements and values: this would include gender, age, nationality, cultural background of members and so forth.
2. Professional knowledge and expertise: this would include professional background (i.e. in law, accounting, sector, finance, marketing or technology), specific expertise and previous experience in relevant sectors.

E Ink's 11th Board of Directors comprises 9 directors and they are well equipped with profound experience and expertise in relevant fields of specialization. At present, three members on the board are serving concurrently as managers in other companies and they make up 33% of all board members. In addition, the Company has stipulated that the board must have no less than 1/3 of the seats of the board. E Ink currently has three independent directors, and they also make up 33% of all board members. Incidentally, no independent directors shall serve no more than three consecutive terms on the board. Presently, the Company has one female director and she accounts for 11% of the board composition. In terms of age distribution, the average age of our board members falls in the 40-70 (and over) age group, with 2 directors in the 40-50 age group, 2 directors in the 50-60 age group, 3 directors in the 60-70 age group and 2 directors over the age of 70.

Title	Name	Gender	First Elected Date	Academic credentials	Notable experience	Previous experience in sectors classified under GICS Level 1 sectors	Serving concurrently as director in companies (Publicly listed company)
Chairman	Johnson Lee, representative of Aidatek Electronics, Inc.	Male	2008/6/13	BA/BS in Economics and Electrical Engineering, Tufts University, USA.	Chairman of E Ink Holdings Inc. Chairman and Director of E Ink Holdings Inc. Subsidiaries Managing Director of Shin Lung Natural Gas Co. Director of Boardtek Electronics Corporation	Tech Industry	2
Director	S. C. Ho, representative of Aidatek Electronics, Inc.	Male	2002/6/20	MS in Mechanical Engineering, University of Wisconsin, USA.	Director of YFY Inc. and Director/Supervisor of YFY Inc.'s subsidiary Director of Chung Hwa Pulp Corp Director of TaiGen Biopharmaceuticals Holdings Limited Director of Shen's Art Printing Co., Ltd. Director of E Ink Holdings Inc. Subsidiaries (note 1)	Tech Industry	5
Director	Felix Ho, representative of Aidatek Electronics, Inc.	Male	2002/6/20	MA in Financial Management, MIT Sloan School of Management	Director of Chung Hwa Pulp Corp Chairman of YFYCPG Director of YFY Packaging Inc. Chairman of YFY Global Investment Ltd. and Director/Supervisor of its subsidiary YFYCPG President of YFYCPG President of Yeon Technologies Co., Ltd.	Consumer Product Industry Tech Industry	3
Director	Feng-Yuan Gan, representative of Hsin Yi Enterprise Corp.	Male	2017/6/20	PhD in Electrical Engineering, McGill University, Canada	President of E Ink Holdings Inc. Director of E Ink Holdings Inc. Subsidiaries	Tech Industry	0
Director	Chuang-Chuang Tsai, representative of Hsin Yi Enterprise Corp.	Female	2008/6/13	Academic credential: PhD, University of Chicago	Science Consultant of E Ink Holdings Inc.	Tech Industry	0
Director	Luke Chen, representative of Hsin Yi Enterprise Corp.	Male	2019/9/9	MEng in Electrical Engineering and Industrial Engineering, New Mexico State University	Executive VP of E Ink Holdings Inc.'s Operational Center Chairman or Director of E Ink Holdings Inc. Subsidiaries	Tech Industry	0
Independent Director	Po-Yung Chu	Male	2019/6/20	Academic credential: PhD, Purdue University	Professor, Department of Management Science, National Chiao Tung University Independent Director of Shin Foong Specialty and Applied Materials Co., Ltd. Independent Director of Hkssteel Co., Ltd. Independent Director of Polytronics Technology Corp.	Tech Industry	3
Independent Director	Shi-Chern Yen	Male	2020/6/18	Academic credential: PhD in Chemical Engineering, University of Wisconsin System	Adjunct Professor, Department of Chemical Engineering, National Taiwan University Independent Director of Taiflex Scientific Co., Ltd Independent Director of Shin Foong Specialty and Applied Materials Co., Ltd Independent Director of Subtron Technology Co., Ltd	Raw Materials Industry	3
Independent Director	Donald Chang	Male	2020/6/18	Academic credential: BS, Department of Chemical Engineering, Chinese Culture University	Independent Director of Chung Hwa Pulp Corp. Director of Advantech Co., Ltd. President, 3M China Region	Industrial Sector	2

Note 1: For more information on board members, please refer to E Ink's Annual Report for 2020 and our official website.

Note 2: The average tenure of board members is at 7.44 years.

Note 3: Pursuant to Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, no independent director of a public company may concurrently serve as an independent director of more than three other public companies.

Note 4: The determination of a director's independence shall be performed in accordance with the following principle: compliance with no less than 4 out of the 9 criteria and compliance with at least 2 criteria out of the first 3: (For information on the criteria as stipulated by the laws of R.O.C., please refer to relevant sections in E Ink's Annual Report for 2020)

(1). In the past five years, none of our directors have served as a member of E Ink's senior management. (2). For the current fiscal year and the past three years, none of the board members and their family members have received amount in excess of US\$ 60,000 from the Company or any of its subsidiary. However, this restriction does not apply to those who meet the requirements of U.S. SEC Rules 4200. (3). For the current fiscal year and the past three years, none of the board members' family members have served as a member of E Ink or any of its subsidiary's senior management. (4). None of the directors are acting as the Company or its management's advisor. In addition, they have no stake with the Company's consultants/advisors. (5). None of the directors have any stake in the Company's primary customers or suppliers. (6). None of the directors are bound by contractual relationships with other enterprises or their management. (7). None of the directors have any stake in NPO that are recipients of donation/contribution from E Ink. (8). None of the directors have served at an external auditing body or acted as partners at such body within the past 3 years. (9). None of the directors have personal interests that conflict with the independent operation of the board.

III. Operation of the Board of Directors, Audit Committee, and Compensation Committee

Board of Directors

E Ink upholds the spirit of governance and practices governance, insists on operational and information transparency, and cares about shareholder interest. Therefore, we have established our articles of incorporation, governance framework, and code of practice in accordance with the Company Act, Securities and Exchange Act, the best practice principles for TWSE/TPEX listed companies, the law and regulation interpretations and rules of competent authorities such as the Financial Supervisory Commission, Taiwan Stock Exchange, and Taipei Stock Exchange. The board of directors has also established the rule of procedures for board meetings to define the duties and operation of the board meetings. The board of directors holds a board meeting at least once a quarter. Major duties include establishing organizational strategies and policies, resolving major business affairs, and selecting, supervising, and instructing the management. Board members are elected by the general meeting of shareholders and the board is formed by professionals in different fields. Each board member has rich experience in related industries and higher education in related fields, such as technology, business, finance, accounting, and corporate operations. After the re-election of directors in the 2020 annual general meeting of directors, the board currently has nine directors, including three independent directors and one female director, with an average age of 61.44. The term of all current directors is three years, from June 18, 2020 to June 17, 2023.

Audit Committee

To optimize the audit and supervision functions and strengthen management adequacy, the Audit Committee assists the board of directors in implementing its supervision duty and exercising the authority specified in the Securities and Exchange Act, Company Act, and other laws and regulations. The Audit Committee communicates and exchanges with certified public accountants (CPAs) periodically and audits the selection, independence, and performance of CPAs. At the same time, internal auditors periodically submit summary audit reports to the Audit Committee based on the annual audit program. Audit Committee members also periodically assess the company's internal control system and internal auditors and their work.

The Audit Committee is formed by three independent directors who comply with the professionalism, independence, work experience, and the number of companies where they are also independent directors concurrently as specified in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."

The Audit Committee is operated to achieve the following supervisory goals:

- The fair presentation of the Company's financial statements.
- Selection (dismissal), independence, and performance CPAs.
- The effective implementation of the Company's internal control.
- The Company's performance in legal compliance.
- The Company's control over existing or potential risks.

Compensation Committee

The Compensation Committee is established to make a reasonable, impartial, and competitive compensation strategy according to the external competitive environment of the industry, pay on the benchmark market, and operational performance by external professionals. This is done in order to strengthen management strategies, operational performance, and the internal audit system of the company, and co-supervise the reasonable remuneration for directors and higher level managers. In doing so, we hope to attract, retain, and encourage outstanding talents and thereby enhance the company's overall competitiveness.

The table below shows the number of meetings and attendances of the Board of Directors, Audit Committee, and Compensation Committee in 2020.

	Board Meeting	Audit Committee	Compensation Committee
Number of Meetings in 2020	6	5	2

Title	Name	Board Meeting Actual Attendance Rate (%)	Audit Committee (Note 1) Actual Attendance Rate (%)	Compensation Committee (Note 1) Actual Attendance Rate (%)
Director	Johnson Lee, representative of Aidatek Electronics, Inc.	100%	-	-
Director	S. C. Ho, representative of Aidatek Electronics, Inc.	100%	-	-
Director	Felix Ho, representative of Aidatek Electronics, Inc.	100%	-	-
Director	Luke Chen, representative of Hsin Yi Enterprise Corp.	100%	-	-
Director	Feng-Yuan Gan, representative of Hsin Yi Enterprise Corp.	100%	-	-
Director	Chuang-Chuang Tsai, representative of Hsin Yi Enterprise Corp.	100%	-	-
Independent Director	Po-Yung Chu	(Note 2)	100%	100%
Independent Director	Shi-Chern Yen	(Note 2)	100%	100%
Independent Director	Donald Chang	(Note 2)	100%	100%
Independent Director	Ten-Chung Chen	(Note 3)	100%	100%
Independent Director	Chao-Tung Wen	(Note 3)	100%	100%

Note 1: The Audit and Remuneration Committees comprise all independent directors.

Note 2: Independent director Po-Yung Chu was elected to become a director on the election held on June 18, 2020. He attended 6 board of director meetings with an attendance rate of 100%; independent directors Shi-Chern Yen and Donald Chang were elected to become directors on the election held on June 18, 2020. They attended 4 board of director meetings with an attendance rate of 100%.

Note 3: Independent directors Ten-Chung Chen and Chao-Tung Wen resigned as directors on June 18, 2020. Both attended 2 board of director meetings with an attendance rate of 100%.

Note 4: In an effort to boost board performance, the Company requires all board members to achieve no lower than 80% in attendance rate at board meetings. For 2020, all board members had 100% attendance rate for board meetings.

Avoidance of Conflicts of Interest for Directors

We have included provisions regarding the avoidance of conflicts of interest in both the Rules of Procedure for the BOD Meeting and the Articles of Organization of the Audit Committee. When a director or the corporation he/she represents has a conflict of interest with a proposal discussed at a board meeting, and such a conflict of interest may harm the company's interest, this director must not participate in the discussion or voting of the proposal and vote for other directors.

The statistics on the avoidance of conflicts of interest at 2020 board meetings are shown below (Please refer to the details of implementation).

- Board of Directors: There were 4 times of avoidance of conflicts of interest involving 7 proposals in the 6 board meetings.
- Audit Committee: No such situation for the year



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IV. Status of Board Performance Evaluation

The Company has established the "Procedure Governing Board Performance Evaluation," and an evaluation of board performance has been held in accordance with this procedure in 2020. The following is the summary of the result of evaluation:

Aspect of evaluation	Board Meeting	Individual board members	Functional Committee - Audit Committee	Functional Committee - Remuneration Committee
Method of Evaluation	Self-Evaluation of the Board of Directors			
Period of evaluation	From January 1 2020 through December 31			
Contents				
Results	<ol style="list-style-type: none"> 1. Overall results of evaluation: All board members had positive reviews. 2. Scoring of individual items: "Board members are expected to show good attendance at shareholders' meetings", "No more than two board members may have a spousal or familial relationship within the second degree of kinship to ensure that board members can operate subjectively and independently" and "Establishment of a stringent and transparent process for director appointment and succession plan" were the three items that board members generally scored lower. 	<ol style="list-style-type: none"> 1. Overall results of evaluation: All board members had positive reviews. 2. Scoring for individual items: Board members scores were reasonably average and even for all items. 	<ol style="list-style-type: none"> 1. Overall results of evaluation: All committee members gave positive reviews. 2. Scoring of individual items: "The Audit Committee has the capacity to accurately evaluate and supervise the Company by identifying existing or potential risks" was the only item singled out for the need of continual improvement. 	<ol style="list-style-type: none"> 1. Overall results of evaluation: All committee members gave positive reviews. 2. "The Remuneration Committee has routinely reviewed the basis for Board of Directors' performance evaluation to be submitted and approved by the Board of Directors and that the outcome of their performance evaluation shall serve as the basis of remuneration for the directors" was the only item singled out for the need of continual improvement.


V. Further Education of Directors

Training date	Organizer	Course	Training hours	Name	Title
2020/11/17	Taiwan Corporate Governance Association	5G Shapes the New Landscape of Corporate Digital Transformation and Competition	3.0	Johnson Lee	Representative of institutional director
2020/11/17	Taiwan Corporate Governance Association	Digital Supply Chain Management under the Transformation Wave	3.0	Johnson Lee	Representative of institutional director
2020/11/17	Taiwan Corporate Governance Association	5G Shapes the New Landscape of Corporate Digital Transformation and Competition	3.0	S. C. Ho	Representative of institutional director
2020/11/17	Taiwan Corporate Governance Association	Digital Supply Chain Management under the Transformation Wave	3.0	S. C. Ho	Representative of institutional director
2020/11/17	Taiwan Corporate Governance Association	5G Shapes the New Landscape of Corporate Digital Transformation and Competition	3.0	Felix Ho	Representative of institutional director
2020/11/17	Taiwan Corporate Governance Association	Digital Supply Chain Management under the Transformation Wave	3.0	Felix Ho	Representative of institutional director
2020/07/17	Taiwan Corporate Governance Association	The Function of Independent Directors and the Operational Practice of Audit Committee	3.0	Feng-Yuan Gan	Representative of institutional director
2020/11/17	Taiwan Corporate Governance Association	5G Shapes the New Landscape of Corporate Digital Transformation and Competition	3.0	Feng-Yuan Gan	Representative of institutional director
2020/08/17	Taiwan Corporate Governance Association	Key Technologies and Market Applications of 5G and IoT	3.0	Chuang-Chuang Tsai	Representative of institutional director
2020/11/17	Taiwan Corporate Governance Association	5G Shapes the New Landscape of Corporate Digital Transformation and Competition	3.0	Chuang-Chuang Tsai	Representative of institutional director
2020/08/18	Taiwan Corporate Governance Association	Is it a violation of the Trade Secrets Act to join a competitor with key resources?	3.0	Donald Chang	Independent Director
2020/08/25	Taiwan Corporate Governance Association	Liability of directors and supervisors for inaccurate financial statements	3.0	Donald Chang	Independent Director
2020/05/22	Taiwan Corporate Governance Association	Protection of Trade Secrets and Prohibition of Competition	3.0	Shi-Chern Yen	Independent Director
2020/06/09	Taiwan Corporate Governance Association	Criminal Legal Risks and Responses for Corporate Directors and Supervisors - From Corporate Fraud and Money Laundering Prevention	3.0	Shi-Chern Yen	Independent Director
2020/08/07	Taiwan Corporate Governance Association	Evaluation of Board Functions and Effectiveness	3.0	Shi-Chern Yen	Independent Director
2020/11/17	Securities and Futures Institute	5G Shapes the New Landscape of Corporate Digital Transformation and Competition	3.0	Shi-Chern Yen	Independent Director
2020/08/07	Taiwan Corporate Governance Association	Evaluation of Board Functions and Effectiveness	3.0	Po-Yung Chu	Independent Director
2020/09/17	Taiwan Corporate Governance Association	Board Effectiveness and Multi-Oriented Decision-Making Model	3.0	Po-Yung Chu	Independent Director
2020/11/10	Taiwan Corporate Governance Association	Global economic trends of low growth, high risk and multiple opportunities	3.0	Po-Yung Chu	Independent Director

Ethical management

Ethics and integrity are the core values of E Ink. Upholding ethical business practices, we keep reminding ourselves of the importance of integrity, honesty, fairness, accuracy, and transparency while carrying out our promises and practices. Based on the framework of organizational codes and regulations, we establish relevant policies or guidelines in respect of legal compliance in different areas, including business ethics, sexual harassment prevention, financial statement production, internal control, insider trading, intellectual property management, and personal information protection. We believe that these defined policies and guidelines can help enhance operational efficiency and effectiveness, maintain regulatory consistency, and improve business ethics.

Important company regulations

Item	Regulation name	Key points of the regulations	URL
1	Corporate Governance Principles	In order to promote the Company's sound development and establish a good corporate governance system, the Company has formulated the principles with reference to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies".	
2	Sustainability and CSR principles	In order to promote the Company's corporate social responsibility and the sustainable development of the economy, society and the environment, the Company has formulated the principles with reference to the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies".	
3	Board of Directors' Performance Evaluation Measures	In order to implement corporate governance and enhance the functions of the Company's Board of Directors, and establish performance targets to strengthen the efficiency of the Board of Directors' operations, the Company has established the principles in accordance with Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.	
4	Ethical Corporate Management Best Practice Principles	In order to maintain the corporate culture of ethical management and its sound development, the Company has established the principles with reference to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".	

Note: Important company regulations can be found at http://www.ir-cloud.com/taiwan/8069/irwebsite_c/about-us.php?t=rule

Ethical Corporate Management Best Practice Principles

These principles have been established in reference to "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" in order to uphold our corporate culture for ethical management and sound development. These principles are applicable to E Ink and all its subsidiaries that appear on its consolidated income statement. The Company's operation is based on ethical corporate management practices. We endeavor to establish a comprehensive control mechanism for corporate and risk management to create an ideal environment for sustainable development.

In accordance with the principles, the Company may establish regulations for preventing unethical behaviors (the "prevention program"), which shall analyze business activities within the scope of business with a higher risk of unethical behaviors and strengthen relevant preventive measures. The above prevention program should cover at least the prevention measures for the following behaviors:

- I. Offering and accepting bribery
- II. Provision of illegal political contributions.
- III. Improper charitable donations or sponsorships.
- IV. Offering or accepting unreasonable gifts, entertainments or other improper benefits.
- V. Infringement of trade secrets, trademarks, patents, copyrights and other intellectual property rights.
- VI. Engaging in unfair competitive practices.
- VII. The products and services are developed, procured, manufactured, provided or sold in a manner that directly or indirectly harms the rights, health and safety of consumers or other interested parties.

In support of a culture featuring transparent and ethical practices, we have established various reporting channels for employees and outsiders to report corruption by email (Appeal@eink.com), by letter, or over our website. After receiving a report, the HR Headquarters will conduct an investigation to verify the incident. If the reported unethical business practice is confirmed, we will take serious actions to handle the incident in order to eliminate corruption. In 2020, we received no grievances relating to the violation of our Ethical Corporate Management Best Practice Principles. The Company was also not involved in alleged violation/lawsuits or penalties for relevant violations, corruptions, bribes, fraud, insider trading, anti-competitive behaviors, breach of anti-trust/monopoly/market manipulation regulations.

E Ink arranges education and training activities for employees and asks them to strictly comply with our code of conduct. In Taiwan, all newcomers are requested to receive education and training relating to anti-corruption, including introducing and advocating the code of business conduct and whistleblowing regulations. Not only that, employees are also required to sign specific agreements on non-disclosure of sensitive information, protection of Company IP and prevention of insider trading. By doing so, we aim to enable all employees to understand our operational management policy and reach a consensus. In 2020, E Ink held its Ethical Corporate Management Best Practice Principles training in Taiwan and a total of 811 employees have completed this training. Not only that, the Company has planned for employees to go on periodical job rotation for incumbent employees in 2021 and arranged for employees to complete online training on E Ink's anti-corruption policy. We hope that by helping employees better understand pertinent anti-corruption laws and presenting real cases of corruption that had already received legal decisions, employees will stay prudent and adhere to anti-corruption guidelines while carrying out their duties. Hopefully, the highlighted cases would serve as reminders for employees to not risk violating pertinent laws for petty advantages and to refrain from any behaviors that may constitute legal violations. The Company will continue to promote relevant training to other operating locations around the world in 2021.

Corporate governance evaluation

To strengthen corporate governance, the FSC has included corporate governance evaluation as a key evaluation item in recent years, and corporate governance is also the goal we have been pursuing over the years. We implemented decent board meeting operations by establishing the Rules of Procedures for Board Meetings and the independent director post. We also established the Audit Committee, which holds committee meetings periodically. The committee also invites CPAs and internal audit officers to the meeting to practically implement the committee's supervision functions in order to put corporate governance into practice.

A total of 1,617 TWSE or TPEX listed companies participated in the 7th Corporate Governance Evaluation, which evaluated those companies with 4 types of indicators.

E Ink was ranked 6% to 20% in this year's evaluation, which is an outstanding achievement. In addition, for the parts that are not well taken care of, we will continue to evaluate the feasibility of future improvements and actively implement them in order to earn points and improve the overall image of the Company. Priorities and measures for enhancement are as follows:

the 7th Corporate Governance Evaluation results	Ranking range of TPEX listed companies: 6%~20% Industry: Electronics with a market capitalization over \$10 billion Ranking range: 41%~60%
2020 Corporate Governance Key Measures and Performance	<p>I. In accordance with the Board of Directors' Performance Evaluation Measures, the Company conducts self-evaluation of the performance of the Board of Directors, Board members and functional committees, and commenced the evaluation of the Company's Board of Directors on December 31, 2020 in accordance with the Company's Board of Directors' Performance Evaluation Measures, which was conducted through questionnaires, in order to establish performance targets and enhance the efficiency of the Board of Directors' operations.</p> <p>II. Planned the ESG Sustainability Committee in 2020, which was formally transformed in 2021. The ESG Sustainability Committee consists of 40 to 50 members, with the CFO serving as the chairperson and reporting to the Chairman of the Board.</p>
2021 Goals and Refinement Measures	<p>I. Strengthen communication channels and methods between the Company and the Board of Directors</p> <p>II. Improve information transparency for investors</p>

Protection of confidential information

As a leading global brand of EPD technology, E Ink must maintain the value and keep absolute confidentiality of material information to maintain corporate competitiveness. And as such, we continue to verify and optimize the effectiveness of key technologies and information while passing down and managing relevant know-how while strengthening relevant training for our employees in order to help them foster the right mindset for the protection of confidential information and alertness to reduce the risks of confidential information loss. We engage our customers and suppliers in the joint effort for confidential information protection through the signing of confidentiality agreements in order to ensure proper protection of best interests for the Company, our shareholders, employees, customers, and suppliers.

Currently, the following approaches are applied to ensure the appropriate and effective protection of confidential information.

Access Management	Awareness Education and Training	Stringent Controls
<ul style="list-style-type: none"> We constantly monitor and control personnel and vehicle access to the company, taking steps to prevent personnel from carrying confidential information out of the company with personal devices. 	<ul style="list-style-type: none"> We arrange periodic awareness education on the topic of confidential information protection, with relevant internal audits carried out regularly We also arrange security education/training and management courses for suppliers and assist them in complying with E Ink's security management system 	<ul style="list-style-type: none"> For those committing serious violations of the non-disclosure policy, strict disciplinary actions will be taken. We ask customers and suppliers that have business dealings with the Company to sign confidentiality agreements

In addition, we have established codes for processing internal material information and communicate this message to our directors, managers, and all employees to prevent insider trading due to violations of the Procedure for Handling Material Inside Information

Anti-Trust

As the global leader of ePaper technology, we are committed to complying with antitrust-related regulations across the world. Currently, we have begun planning and promoting our antitrust compliance policy. We have arranged relevant education and education activities both regularly and irregularly to educate higher-level managers and general employees on the basic code of conduct at work. Through education and training, we hope that employees can understand the concept of antitrust to comply with and further understand the relevant laws to prevent any alleged violation of the law.

Compliance

We insist on ethical business practices in governance. Therefore, legal compliance is our basic principle and spirit. In legal compliance, each E Ink unit carries out its duty according to the laws and regulations of the competent local authorities and internalizes them in the company's code of business practice and routine operations as guidelines for all business activities.

In addition, the internal audit unit conducts internal audits every year according to the relevant laws and regulations and the company's internal operating standards. It promptly revises the scope and items of the audits to prevent illegal activities and thereby ensure E Ink's sustainability operations. After detecting any illegal activities, we will honestly disclose their cause(s) according to the regulatory requirements and codes of the competent authorities without hiding.

With regards to issues pertaining to environmental protection, effective from 2019, E Ink has implemented its "Full Cycle Policy" for all manufacturing processes. In addition, during the 3rd Board of Directors' meeting for the 11th Term of Directors held on November 4, 2020, the board reiterated the Company's goal of generating "zero" wastes in its productions and achieving cyclic use of energy resources. On top of that, the Company also believes that the S in "ESG" ought to also incorporate the concept of Safety. And as such, the Company has emphasized the importance of safety when it comes to the storage and use of chemical solvents and gases. We ask all new employees to complete a general awareness training on potential hazards as a way to ensure the safety of product manufacturing so as to reduce the likelihood of occupational accidents.

In order to achieve rapid response to the latest changes in the global environment, it is crucial for the Company to identify potential risks in advance, avoid exposure to major risks and respond accordingly by taking appropriate action should we be exposed to specific risks. And as such, we must be prepared in advance for such a situation. The Company has followed the Corporate Governance 3.0 blueprint as spelled out in the ESG Management Guidelines and made the first step by working on E Ink's Risk Management Taskforce charter. As proposed by board members during the 5th meeting of the 11th Term of Directors held on March 16, 2021, an independent director has proposed a motion for the Company to set up a Risk Management Committee, which shall be expanded as a functional committee under the Board of Directors in the near future. The Board of Directors shall seek assistance and advice from think tanks and consultants to achieve effective risk aversion in different dimensions.

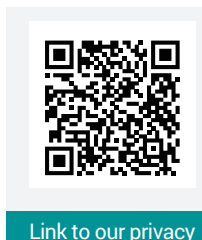
There had been no instance of penalties due to economic, environmental, or social violations for the Company in 2020.

Protection of personal information

In addition to placing major emphasis on the protection of personal information for all stakeholders, we have made it a point to ensure that all departments will take adequate protective measures when collecting, processing and using personal information. Each year, the Company would host routine personal information group meetings to examine and review each department's status of personal information management and usage and highlight case studies of personal information leakage. With regards to compliance with the EU's General Data Protection Regulation, we have completed updating our privacy policy and terms of use (in both Chinese and English) on the Company website in 2020. Not only that, we have also established our Cookie policy and followed up on the control of internal/external flows of personal information to ensure legal compliance. Thus far, there has been no incident involving unauthorized use of customers' information for unrelated purposes and we had zero incidents of personal data leakage in 2020.

For our Personal Information Protection Meeting, the Legal Affairs Department has been entrusted to host the meeting. Each year, relevant departments that may be involved in matters of personal information such as Legal Affairs, General Affairs, Occupational Safety, Finance, IT, Human Resources, Document Control, Management Control and Audit, would be reminded to take relevant steps to ensure adequate protection of personal information belonging to stakeholders. This is achieved by engaging the aforementioned departments to complete the Personal Information Security Checklist and having each department self-evaluate and determine if they have had access to any process involving the flow of personal information. After each department submitted their initial processing method, their input was collected and given to the Personal Information Taskforce for compilation.

As for the protection of trade secrets, the Legal Affairs Department had also planned and launched relevant online courses, which became officially available to employees as of April 6, 2021. Naturally, the Company asks that all new employees complete the training course on the protection of E Ink's trade secrets.



2-4 Strategy focus and growth

Business Strategy and Performance

I. Business Strategy

In 2020, the world was affected by the COVID-19 epidemic outbreak. The global economy and supply chain were facing severe impacts and challenges. In the midst of the epidemic, E Ink was cautious and proactive in planning and grew steadily. In addition to reaching a seven-year high of NT\$15.36 billion in consolidated revenue for 2020, E Ink also achieved a nine-year high-profit margin of 12.0% and a net profit margin of 23.4%, as well as a net profit after tax of NT\$3.6 billion and EPS of NT\$3.18.

The impact of the 2020 COVID-19 epidemic led to the lockdown of cities and countries, which exacerbated the difficulties in transportation, logistics, and retail storage. This also gave rise to a series of situations such as material shortages upstream, labor shortages in production, and inability to ship goods downstream. Fortunately, E Ink was well prepared in terms of production capacity, manpower and supply chain to meet the needs of customers in this difficult environment with the concerted efforts of all employees.

Looking back at the business development in 2020, the growth of eReader and eNote benefited from the stay-at-home economy and remote teaching created by the COVID-19 epidemic. In the post-epidemic era, the new retail format continued to play out and further pushed up the demand for electronic shelf labels. In addition, color ePaper was launched in 2020, and various color applications were expected to gain momentum in 2021. In addition to paying attention to the impact in the post-epidemic era on future business development, E Ink continues to launch new products, strives to serve our customers, and develop product ecosystems with our partners.

With respect to the product development in 2020, E Ink launched E Ink Kaleido™, a color printed ePaper technology, which was applied in color eBook readers and color ePaper cell phones to meet the needs of the color digital reading market. While the color ePaper was named "The 100 Greatest Innovations of 2020" by POPULAR SCIENCE magazine, E Ink continued to make progress by introducing color printed ePaper with better color performance and larger size to meet the product design and market demand of eco-partners and to continue the growth of its business with large size color eBook readers and In response to the demand of the ecosystem partner product design and market to drive the next wave of replacements and continue the growth momentum with large size color eBook readers and ePaper notebooks.

In Retail applications, with many cities around the world locking down to prevent epidemics and a significant reduction in retail store staff, Electronic Shelf Labels (ESL) with dynamic display and real-time synchronization of online and offline price changes

have significantly replaced traditional paper labels that need to be replaced by manpower, bringing significant operational benefits to retail channels. As a result of the fact that The long-developed new retail operation model was further stepped up by the epidemic, retailers accelerated the installation of ePaper shelf labels, fueling the growth of the retail applications, but also actively introduced more colors into a variety of retail applications.

Signage for Internet of Things (IoT) applications, with the features of ePaper including ultra-low power consumption, ready-to-use, and sustainable display even when the power is off, can be quickly and conveniently installed in important areas to provide real-time dynamic information dissemination when the epidemic is spreading. There is no need to worry about the disappearance of important information display due to short-term power infrastructure problems. E Ink will continue to work with its ecosystem partners on smart city and smart medical applications and colorful Signage applications.

In addition, E Ink has continued to refine its R&D capabilities and has been recognized with awards in the technology and technique categories. The Advanced Color ePaper Display System (E Ink Gallery™) won the "Gold Award" in the 29th Taiwan Excellence Awards in 2020, and the self-developed E Ink MeeNote (Mobile Expandable ePaper The E Ink MeeNote (Mobile Expandable ePaper Notebook) application was awarded the Outstanding New Product Innovation Award by Hsinchu Science Park. At the same time, E Ink also achieved excellent results in sustainable development in ESG (Environmental, Social and Corporate Governance) principles, and was recognized with the Taiwan Corporate Sustainability Award for four consecutive years, and received 4 awards, including the TCSA 2020 Corporate Sustainability Report Gold Award in the Electronic Information and Manufacturing Industry, the Taiwan Corporate Sustainability Performance Award, the Single Performance Award - Social Inclusion, and the Single Performance Award - Innovation and Growth Award.

2021 Business Highlights

The COVID-19 epidemic continues to make impact in 2021. In addition to maintaining a high degree of vigilance in the prevention of the epidemic to ensure the smooth operation of the Company, E Ink will keep maintaining close cooperation and communication with customers and the supply chain to make the best use of resources in a timely manner to carry on smooth production and shipment. In addition, in an environment of high global economic uncertainty, E Ink will leverage its existing sound operational basis to drive business development, enhance R&D coverage and improve operational efficiency.

In terms of business development, we will continue to cultivate the eBook reader, ePaper notebook, retail and Internet of Things markets, continue to develop various applications of color ePaper, and actively work with partners to expand the ePaper ecosystem. The eBook reader will be further upgraded toward color, large size, and multi-layers, and will also include a pen-writing function to enhance product capability and meet the market demand for digital reading and writing. The electronic shelf label business for retail applications is expanding from module sales to more upstream sales of ePaper films to facilitate the collaboration with more ecosystem module partners to meet the growing market demand and develop more diversified products. In the Internet of Things related business, with the development of color printed ePaper towards large size, we will enrich the product portfolio of electronic digital signage to meet different customer needs. We will explore the medical care and transportation fields, while actively expanding the smart logistics market to drive ePaper's logistics label business.

For technology development, we will continue to upgrade the core technology of ePaper. We have invested R&D resources in four key areas, including wireless power supply technology, ePaper timing control chip, and product reference design, for ePaper thin film and material, color, soft and ePaper ecosystem related technologies, and have been well-positioned in ePaper related patented technologies, and are committed to technology transfer and mass production in the end market in order to consolidate E Ink's technology leadership.

For operations management, we will expand production capacity to meet the strong market demand. We will also shorten the product development cycle, accelerate the time to market, and enhance production automation and operations management flexibility to improve production efficiency and reduce manufacturing defects to meet customers' capacity needs, in order to stabilize E Ink's operational capability.

Future outlook

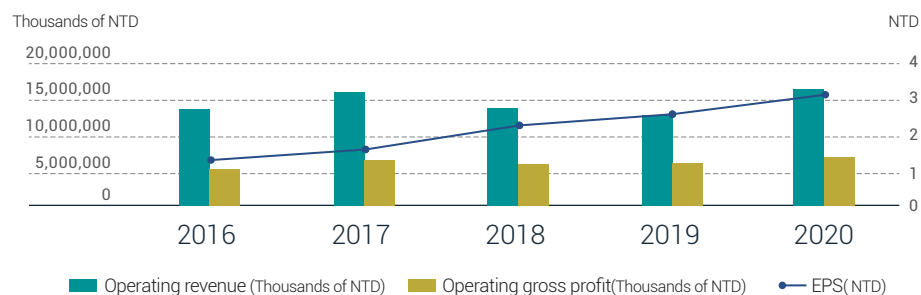
Although the overall environment continues to be affected by the COVID-19 epidemic and by factors such as shortages and price increases of raw materials, E Ink is still cautiously optimistic. It will follow the ESG principle of sustainable development to ensure smooth production and shipment of ePaper through prudent and efficient operations management, advanced technology development and manufacturing, and close communication with customers and supply chain partners to steadily build the Company's growth momentum. At the same time, with the help of the mass production of two major color technologies, advanced color ePaper technology and color printed ePaper, we will create a new market blueprint for ePaper applications and help develop a sustainable, smart and beautiful "paperless" future.

II. Consolidated Financial Performance for 2020

The consolidated financial results of E Ink and its subsidiaries are as follows: In 2020, E Ink's total equity amounted to NT\$31,044,773 thousand. Although the global economy and supply chain was severely impacted and challenged by the COVID-19 epidemic, E Ink responded prudently and made preemptive arrangements proactively. In 2020, the Company's business continued to grow steadily, with consolidated revenue of NT\$15,362,855 thousand; even with the challenge towards revenue growth, the Company still actively improved its operational efficiency and strengthened its business constitution, and achieved a record gross profit of NT\$7,021,881 thousand with a gross margin of 46% and earnings per share after tax of NT\$3.18, a record profit for the eighth consecutive year.

Unit: In Thousands of NTD except Earnings per share (losses) in NTD

Item \ Year	2016	2017	2018	2019	2020
Operating revenue	14,006,206	15,203,334	14,208,661	13,601,676	15,362,855
Operating gross profit	5,120,546	6,284,416	5,930,176	6,038,586	7,021,881
Earnings per share (losses)	1.69	1.85	2.32	2.72	3.18



Type	Item	Amount In Thousands of NTD except Earnings per share (losses) in NTD
Economic Value Produced	Operating revenue	15,362,855
	Net operating profit (loss)	1,847,252
	Other Income and Gain	2,980,216
	Other Expense and Loss	587,515
Economic Value Allocated	Operating cost and expense	13,515,603
	Cash Dividend Per Share	2.7
	Shareholder's Cash Dividend and Bonus	2,062,779
	Income Taxes	566,265
Economic Value Retained	Employee Salary and Benefit	3,615,704
	Social Expenditure	1,444
	Retained Earnings	8,760,870
	Net profit for the period (after tax)	3,602,589

Note 1: Cash dividends per share had been approved by the Board of Directors on March 16, 2021 and would be paid upon the approval of the shareholders' meeting on July 7, 2021.

Note 2: Financial data is extracted from the 2020 Consolidated Financial Statement of E Ink Holdings Inc. and Affiliates and audited and verified by Deloitte Taiwan after auditing.

In accordance with the "Regulations Governing Investment Tax Credits for Research and Development Expenditures of Companies", the amount of R&D investment tax credit applied for by E Ink Taiwan was NT\$518,493,357 in 2020, while the amount of government subsidy applied for by the Yangzhou plant was RMB 920,075.44.

Year	Item	Subsidy amount/RMB	
2020	2019 Municipal Advanced Manufacturing Industry Development Guidance Fund	178,000.00	
	2018 Business Development Special Funds	100,000.00	
	2017 and 2018 Qualified Enterprise for the Integration of Informatization and Industrialization Standardization System	25,000.00	
	Social Security Administration subsidized for job stabilization during the epidemic	1,139.60	
	Social Security Subsidies for the Third and Fourth Quarters of 2019	11,122.08	
	Recruiting subsidies during the epidemic	1,000.00	
	2019 Yangzhou Domestic Authorized Patent Subsidy	2,000.00	
	Enterprise Service Voucher and Dual Innovation Demonstration Award Subsidy Project Funds	194,000.00	
	Social Security Subsidies for the First and Second Quarters of 2020	7,813.76	
	District-level awards for the recognition of high-tech enterprise funds in 2019	50,000.00	
	In 2019, approved for the municipal-level annual incentive fund for high-tech enterprises	50,000.00	
	Mayor's Quality Award	300,000.00	
		Total in 2020	920,075.44

III. Tax governance

Group tax policy and management measures

E Ink Holdings Inc. (hereinafter referred to as E Ink) is the world's leading developer and supplier of electrophoretic electronic paper display technology and occupies an important position in the global electronic paper industry with its subsidiaries located in Taiwan, the United States, Japan, Mainland China and Korea. E Ink attaches importance to tax governance. In response to the international trend of tax governance and sustainable development of tax management policies, E Ink will follow the regulations and fulfill its corporate citizenship obligations. It will proactively pay attention to the changes in tax regulations and possible tax risks in its operating locations.

The tax management guideline of E Ink is as follows.

1. Comply with local tax laws and regulations and the spirit of their legislation, calculate the tax amount correctly, file and pay the tax liability according to the law, and fulfill the social responsibility of the taxpayers.
2. Deal with tax-related matters in an ethical manner
3. Follow the internationally recognized transfer pricing standards published by the Organization for Economic Cooperation and Development ("OECD") and the disclosure requirements.
4. Support the government's policy of promoting innovation, research and development, and reinvestment in sustainable development.
5. Plan the tax structure in an economically realistic manner and avoid aggressive tax measures.
6. Consider related tax risks and tax implications for daily operating activities or major operating decisions
7. Assess carefully the impact of changes in tax laws and regulations in different countries, formulate countermeasures and strengthen internal education.
8. Maintain friendly, trusting and honest communication with tax authorities and establish good communication channels to ensure efficient and effective cooperation between the two parties.
9. Disclose tax information in financial statements in accordance with relevant regulations and standards.

Major risks:

1. Uncertainty in tax regulations leads to tax disputes.
2. Changes in tax regulations may adversely affect the performance of business operations and increase the cost of taxation for enterprises.
3. Changes in tax laws or tax incentives may have an impact on corporate tax planning.
4. Enterprises carrying out cross-border investment and economic and trade activities can hardly avoid being engaged in more types of transactions, and different transaction types may face different tax returns and tax payment issues under different countries' tax laws
5. Tax authorities in many countries are actively responding to the anti-tax avoidance regulations implemented by the OECD and strengthening anti-tax avoidance measures and tax investigations, which may increase taxpayers' compliance costs in response to tax investigations and regulations.
6. The changing economic environment, such as the tariff war between the United States and China, will lead to changes in international investment competition and investment locations, accompanying tax implications.

Effective Tax Rate Description

Fiscal year	Net profit before tax (Thousands of NTD)	Income tax expense (Thousands of NTD)	Effective tax rate (before adjustment)	Adjustment (Thousands of NTD)	Effective tax rate (after adjustment)	Income taxes paid	Cash tax rate
2019	3,721,467	547,870	14.72%	(429,856)	26.27%	427,739	11.49%
2020	4,239,953	566,265	13.36%	(565,292)	26.69%	233,448	5.51%

Note: E Ink is a leading developer and supplier of ePaper based on electrophoretic technology around the world. Due to the unique character of the sector, and in order to ensure our technological lead, the Company has to commit substantial resources and funding towards the development of crucial or exclusive technologies even though the business had not grown to a scale that would generate proportionate income. Consequently, we had already accrued significant losses before arriving at this scale of operation. Each year, the Company had declared relevant R&D results for tax deductions and as a result, E Ink's cash tax rate has been lower than other competitors' average cash tax rate.

Memberships of Associations

As a founding member of the Taiwan Panel & Solution Association (TPSA) and a director/supervisor, E Ink has been actively contributing to the development of the domestic panel industry. Under TPSA, there are the Industrial Safety and Environmental Protection Committee, Technical Committee, Material Committee and Equipment Committee, all of which E Ink actively dispatches employees to participate in. At the same time, in response to the government's green power and energy policy and to promote the development of renewable energy, E Ink actively subscribes to renewable energy certificates and participates in the Taiwan Renewable Energy Certification Association as an executive director. As a member of The Institute of Internal Auditors, R.O.C., E Ink not only follows the International Standards on Internal Auditing and the Code of Ethics, but also focuses on the development of the internal control and auditing profession, integrating corporate governance, risk management and internal control; ensuring that the Company maintains an effective control environment and improves operational performance. In addition, we are also a member of The Allied Association for Science Park Industries, Taiwan Display Union Association (TDUA), Taiwan Electrical and Electronic Manufacturers' Association, Optoelectronics Industry and Technology Development Association, Semiconductor Equipment and Materials International (SEMI), Taipei Computer Association and Taiwan Elderly Care Industry Association, and regularly participate in a variety of discussion and negotiation meetings.

With the development of the Internet of Things and smart cities, E Ink is also actively participating in international associations and consortiums and initiating technology policy development in order to promote ePaper as the best display technology for reading, writing and Internet of Things applications.

- We participate in the Digital Stationery Consortium (DSC) to promote digital ink and handwriting recognition technologies, work with consortium members to refine related technologies, and actively develop common standards to accelerate the popularity of related technologies and provide better digital handwriting experience for a wide range of users.
- The Executive Yuan's "Digital Nation and Innovation Development Program (DIGI+)" serves as an advisory committee to the private sectors, bridging the gap between the government and the industry and advising on information and communication development strategies.
- Under the Executive Yuan's digital nation and innovation economy policy, the Industrial Development Bureau of the Ministry of Economic Affairs has planned and established the Smart Display Industrial Alliance (SDIA) under the direction of the "Taiwan Display Technology and Application Action Plan". The SDIA has committees on Smart Retail, Smart Medical, Smart Education & Entertainment, and Smart Mobile, with E Ink as the convener of the Smart Medical Committee to promote cross-industry, cross-unit, and cross-domain cooperation in display technology to enhance industry competitiveness.

Furthermore, E Ink Corporation, our US subsidiary, is a SID member. To encourage the continual innovation and technology breakthroughs of the flat display panel (FDP) industry, E Ink Corporation is a standing sponsor of SID's I-Zone.



2-5 Risk response

Operational Risk Identification Results

In the part of risk identification and management, each functional unit carries out detailed risk identification according to the division of profession and prepares management strategies and response plans to reduce, transfer or avoid risks in order to effectively reduce the Company's operational risks. In the event of an emergency or major incident, the crisis handling mechanism of E Ink is activated. The crisis handling team comprises all units, with functional teams, and an emergency handling meeting is held to immediately come up with an assessment of the incident and the affected target and prepare and publish communication messages to ensure information transparency and immediacy.

The below shows the controls of identified and captured risks within the organization:

Operational Risk Category	Item	Risk Description	Degree of Impact	Frequency of occurrence	Control Strategy
Continuing Operations	Compliance	Global political, economic and industrial trends fluctuate, indirectly affecting environmental and trade regulatory requirements and impacting enterprise costs and profitability	High	Low	Continuing operations management response capability.
Product technology	Technology R&D	Innovative technology R&D can promote the commercial development of the value chain, enhance product profitability and strengthen the Company's core competitiveness	High	High	Product differentiation and high quality technology to improve the competitive advantage of products; strategic alliance and cooperation.
Financial Risk	Exchange Rate Risk	This is because we use foreign currencies (mainly USD) in export trade.	High	Medium	1. Keep track of the exchange rate change and enhance capital utilization efficiency. 2. Offset with income and expense for the short run, and make timely hedging for new capital demand with a forward exchange.
	Group Capital Utilization Efficiency	1. Potentially ineffective fund dispatch or utilization among group members resulting from potential foreign exchange control or taxation consideration. 2. The placement and utilization of funds may affect the financial situation due to the financial structure and the status of underlying assets.	Medium	Low	Monitor the value of the company's financial assets in real-time to strengthen capital dispatch among the group members and enhance capital utilization efficiency. The value of the underlying assets is reviewed periodically.
Manufacturing Risk	Supply shortage risk	Supply shortage risks from a concentration of supply, such as supply shortages due to the under-capacity of suppliers, accidents to the plant, or natural disasters. Currently, we have established the "Business Continuity Management Regulations."	Low	Low	1. Check the stock of various raw materials and supplies every week to determine optimal stock planning. 2. Carefully assess suppliers and aggressively cultivate supply sources.
	Rapid changes in supply and demand	Stock and warehousing costs increase due to production-sales imbalances or loss of customers due to rapid changes in supply and demand.	Medium	Medium	Plan and simulate various production-sales situations based on purchase order estimation to dynamically adjust the production plan.
Information System Risk	Confidential Information Leakage	Theft, tampering, damage, loss, or leakage of trade secrets, patents, and research and development data.	Medium	Low	Strengthen the security of IT equipment firewalls, anomaly management, and reporting and detection mechanism
Safety and health risk	Disaster Risk	To prevent various disasters from causing critical business interruptions, we have established the "Business Continuity Management Regulations" and the disaster response team to achieve business continuity.	Medium	Low	1. Establish standard operating procedures and arrange employee education and training periodically. 2. Update hardware protection and conduct inspections periodically.

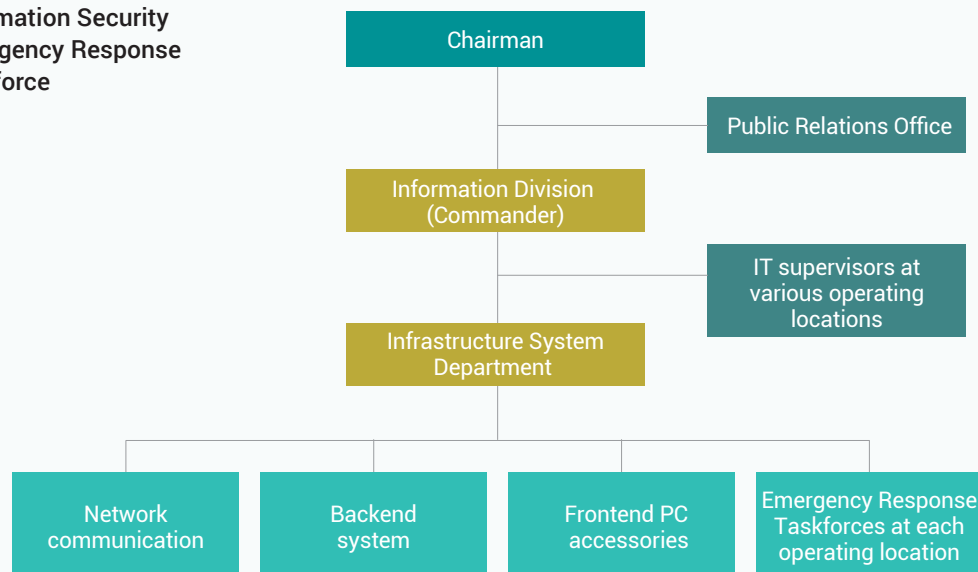
Impact of emerging risks and counter-strategies

The risks of E Ink's daily operations and management primarily encompass specific control operations pertaining to operation, manufacturing and asset management; with regards to external emerging risks that the group faces and according to the Global Risks Report published by the World Economic Forum (WEF), we have identified key emerging risks relating to the environment including global warming and extreme weather. For information security, our emerging risks include cyberattacks, data fraud or theft, emerging technology applications and so forth.

Information security risks

For information security related risks, large scale cyberattacks could potentially expose the Company to the risks of data loss and extortion but also lead to disruption in our production systems, resulting in severe operational losses. And as such, prudent management of information security has become more important than ever. In light of the application of emerging technologies, personal information, IP protection and moral hazard and so forth have become even more difficult to protect against. Due to such risks of information security, E Ink has already established a dedicated unit responsible for information security and an emergency response taskforce while appointing responsible custodians for various information systems in accordance with equipment systems and functional needs to take charge of relevant daily maintenance. These measures are intended to create a real-time monitoring system and daily inspection mechanism to ensure normal operation for all systems. The Company has implemented comprehensive bolstering of the group's architecture of information security. Not only that, we also continued to promote relevant training to raise employees' awareness for information security and enhanced our information control mechanisms for stakeholders such as our advisors, customers and suppliers.

Information Security Emergency Response Taskforce



The Company has established a seamless information system security protection network that encompasses server rooms, network equipment, network connection, personal information equipment (i.e. PCs, notebook PCs, tablet PCs, smartphones and so forth) management and so forth in order to ensure adequate protection of sensitive information such as employees' personal information, the Company's confidential information, information of our customers/suppliers and etc. In order to implement an effective information security management mechanism so that we can ensure the confidentiality, integrity and availability of information assets, the Company has established a PDCA (plan, do, check and act) cycle to establish, implement, maintain and improve its information security management system.

Risk category	Risk impact	Impact to E Ink	Counter measure
Information security	<p>Cyberattacks and data theft may disrupt the Company's operating systems and result in the leakage of the Company's business secrets, which in turn will impact the Company's operation and competitiveness in development.</p>	<p>Inappropriate use or leakage of the Company's secrets will lower the Company's competitiveness. In severe cases, such incident may result in major operational risks or loss of assets for the Company. Given existing trends of emerging technology, information and data have been extensively used in all sorts of applications. Consequently, such change makes it easier for hackers to launch cyberattacks through specific information or IoT device to steal, sabotage, extort or defraud their victims.</p>	<ul style="list-style-type: none"> • The Group has formulated its information security management policy and operations. Not only that, we have strengthened our promotion of information security and relevant training so as to bolster general awareness for information security for all employees and IT personnel. • Anti-virus software has been installed on all PCs and servers at the Company. In the event of a virus infection, the software is designed to automatically notify the responsible personnel about the breach of security. • The Company has also updated its firewall equipment, constructed an information security surveillance system and performed system vulnerability scans to prevent hackers from intruding into our systems and stealing confidential information. • Internet access control policy: through the cloud machine learning mechanism made available by specific equipment, we were able to prevent employees from unintentionally visiting malicious sites or running malware. Steps have been taken to control and prevent data leakage by restricting employees' access to web mails, cloud drives, remote operation, VPN sites and other sites for social media and pages that would impede their productivity. Steps have been taken so that all operating locations of E Ink around the world would adopt a standardized information security policy for all employees going on business trips. • Intrusion detection and defense technology: This is a component that protects all of the key services provided by E Ink's operating locations that are exposed to the internet to lower the likelihood of attacks of various advanced threats, DDOS, intrusions, infiltrations and so forth. • Cloud malicious threat analysis: We have integrated cloud big data analysis and machine learning with malware community databases to implement joint-defense measures across the globe against all known and unknown attacks. • Network forensics and audit tracking: By integrating the group's collective AD libraries, we were able to identify different internet surfing behaviors of different users and malicious threats so that we could analyze the traffic for network forensics and audit the tracking records. <p>Information security education and training</p> <ul style="list-style-type: none"> • Information security awareness promotion: In an effort to strengthen employees' awareness of information security, the Company has utilized different channels and meetings to disseminate relevant announcements and information. • New employees are required to go through the Company's training on information security so that they are adequately informed on E Ink's information security policies and requirements. • In addition, the Company also makes routine/sporadic announcements through the Intranet to boost their awareness for information security and internalize what they have learned in various operations in order to achieve stringent and seamless information security protection. • The Company has evaluated the feasibility of adopting ISO27001 ISMS international standard for information security management system, which would enable the Company to elevate its capacity for information security management and protection.

Climate Change Risk

In the Global Risks Report published by WEF, climate change has remained one of the top five risks for several years. According to a simulation conducted by the Ministry of Science and Technology on the worst-case scenario of climate risk at RCP 8.5 as established in IPCC's 5th Assessment Report, compared to the end of the 20th century, the temperature in Taiwan may go up by as much as 3.18 degrees Celsius by the end of 21st century, with the longest streak of rainless days increasing by 13%, the ratio of moderate/severe typhoons by 10% and maximum rainfall variability by as much as 129.86%.

In light of climate changes, we have studied materials including our internal/external stakeholder surveys and assessments, international researches and reports, trends in domestic/international sectors and so forth to identify the physical risks and transition risks that E Ink may face due to the effects of climate changes. For the risks and opportunities identified, we then carried out analyses on the chances of occurrence and severity of impact while assessing our corresponding countermeasures for each risk to establish a specific strategic direction for relevant climate changes.

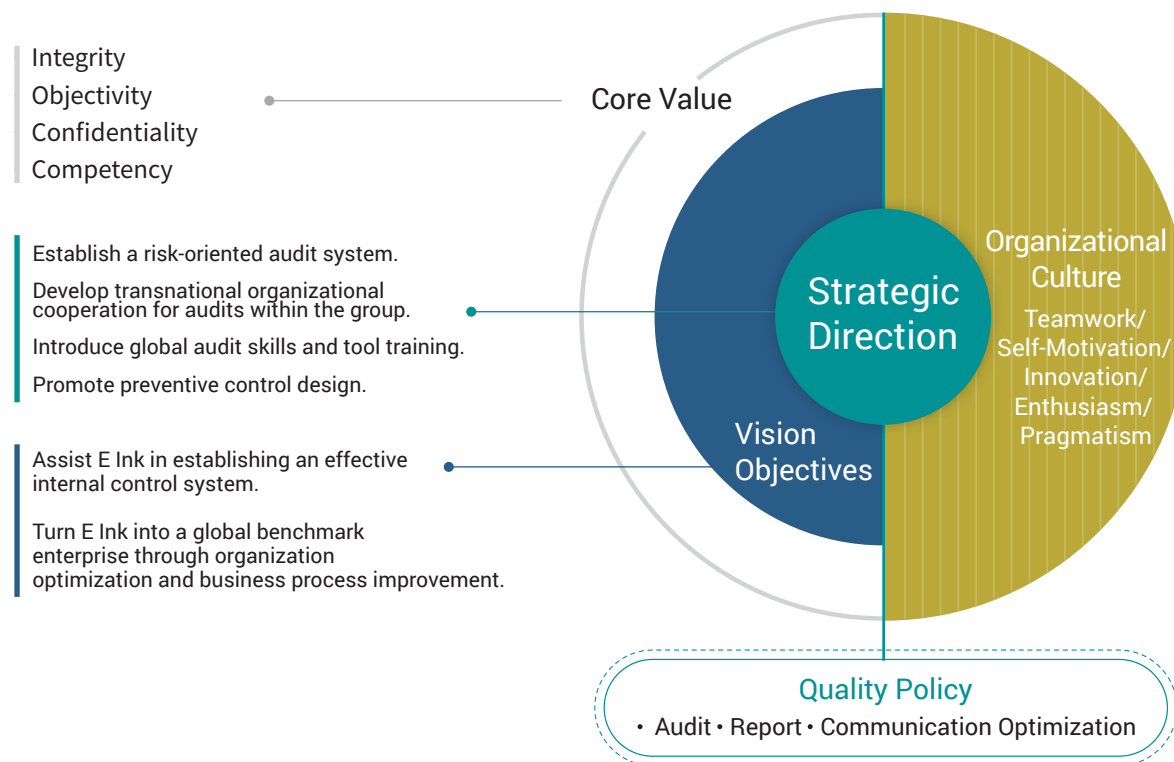
Risk category	Risk impact	Impact to E Ink	Counter measure
Climate Change Risk	With the increasing intensity and frequency of natural disasters, it is natural to assume that such weather incidents could lead to a shortage of water resources needed for production, potential damages to basic infrastructures, or disruption of energy supply that may disrupt the Company's operation.	<p>Each year, severe disasters such as typhoons, floods, storms and so forth have caused our plants to flood, disrupted power supply and led to disruption of operations.</p> <p>In light of the latest international trends, the current power market is strongly promoting renewable energy generation. Domestically, the government has legislated a clause for "high-energy users", which requires energy-heavy industries to achieve an installed capacity of 10% for renewable power generation within 5 years; industries that fail to achieve this requirement will face a significant surcharge for their power consumption.</p>	<ul style="list-style-type: none"> • And as such, the Company shall continue to analyze the potential risks that might result from natural disasters and establish appropriate response strategies. Presently, E Ink has already formulated disaster response plans for typhoons, chemical leakage and other incidents that may severely impact the Company's operations so that we can prepare for such risks. • E Ink has proactively planned for the use of renewable energies. Due to considerations for the diversity of renewable energies and distributing their sources, the Company has considered incorporating rooftop solar power, inland wind power, or even biomass power generation as potential renewable energy sources. We are expected to achieve the target of constructing 10% installed capacity for renewable energy at our Hsinchu HQ in 2021. • In addition, we have also introduced the TCFD framework and scenario analysis to prepare for potential climate risks that may emerge in the future while seeking opportunities for development despite climate change.

For more information on Climate-related Financial Disclosures (TCFD), refer to 5-2 Address to Climate Change for details.

Status of Audit Mechanism Operation

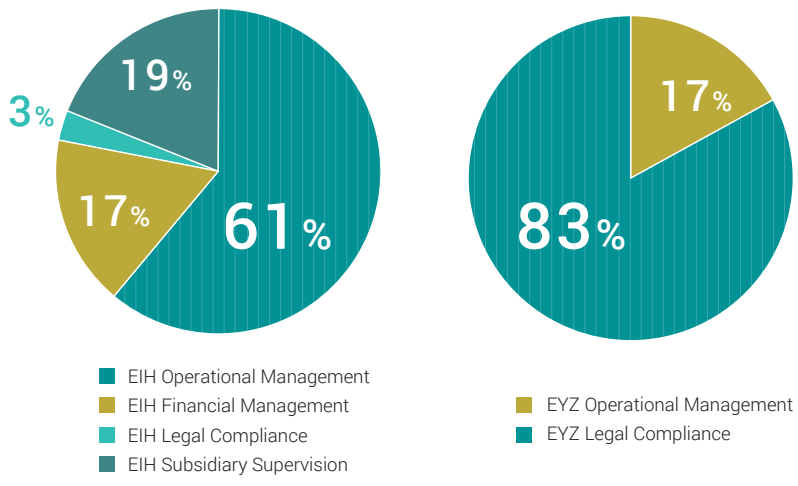
E Ink has set up an internal audit unit directly under the Board of Directors. to audit the financial and sales operational and management systems of E Ink and subsidiaries. In addition to reporting at the regular board meetings, the Company's auditors also submit reports to the Board of Directors and Audit Committee on a regular or irregular basis and track the subsequent improvements.

In addition to conducting annual audits in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies", the Audit Office also conducts project audits as necessary to assess and detect potential defects in the internal control system in real-time and to make recommendations for improvement. In addition, for the Yangzhou Plant, auditors should audit and supervise the entire process of large procurement projects; inventory returned finished and semi-finished products every quarter; and supervise the scrapping of raw materials and supplies to further reduce potential risks in the business process.





Ratio of audit item

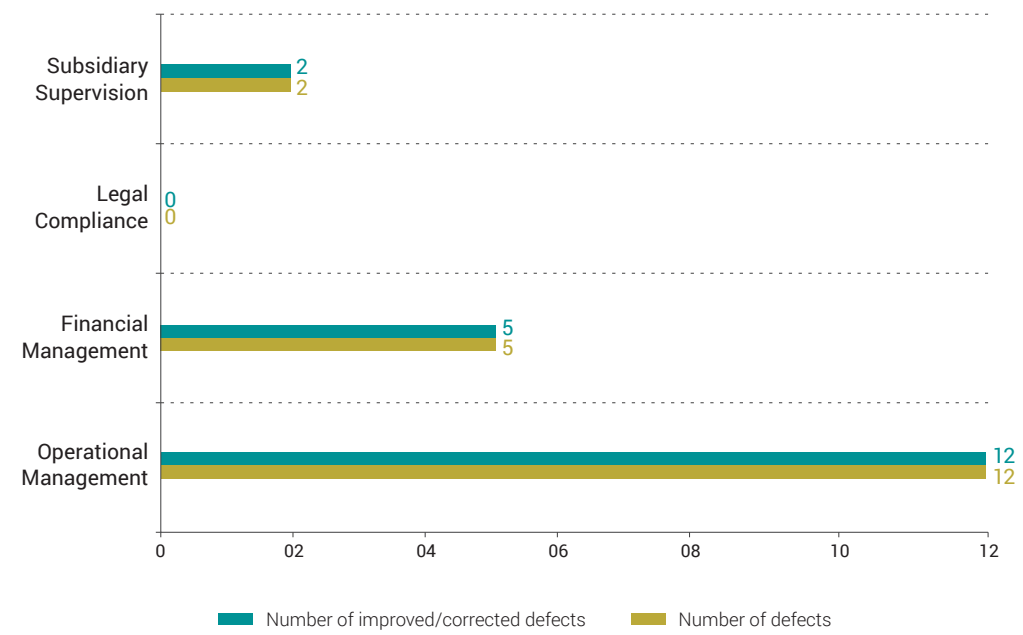


The audit performance and results of E Ink's Taiwan and Yangzhou plants in 2020 are as follows, all of which have been tracked and improved.

EIH Taiwan plants
36 audits were conducted

EYZ Yangzhou plant
12 audits were conducted

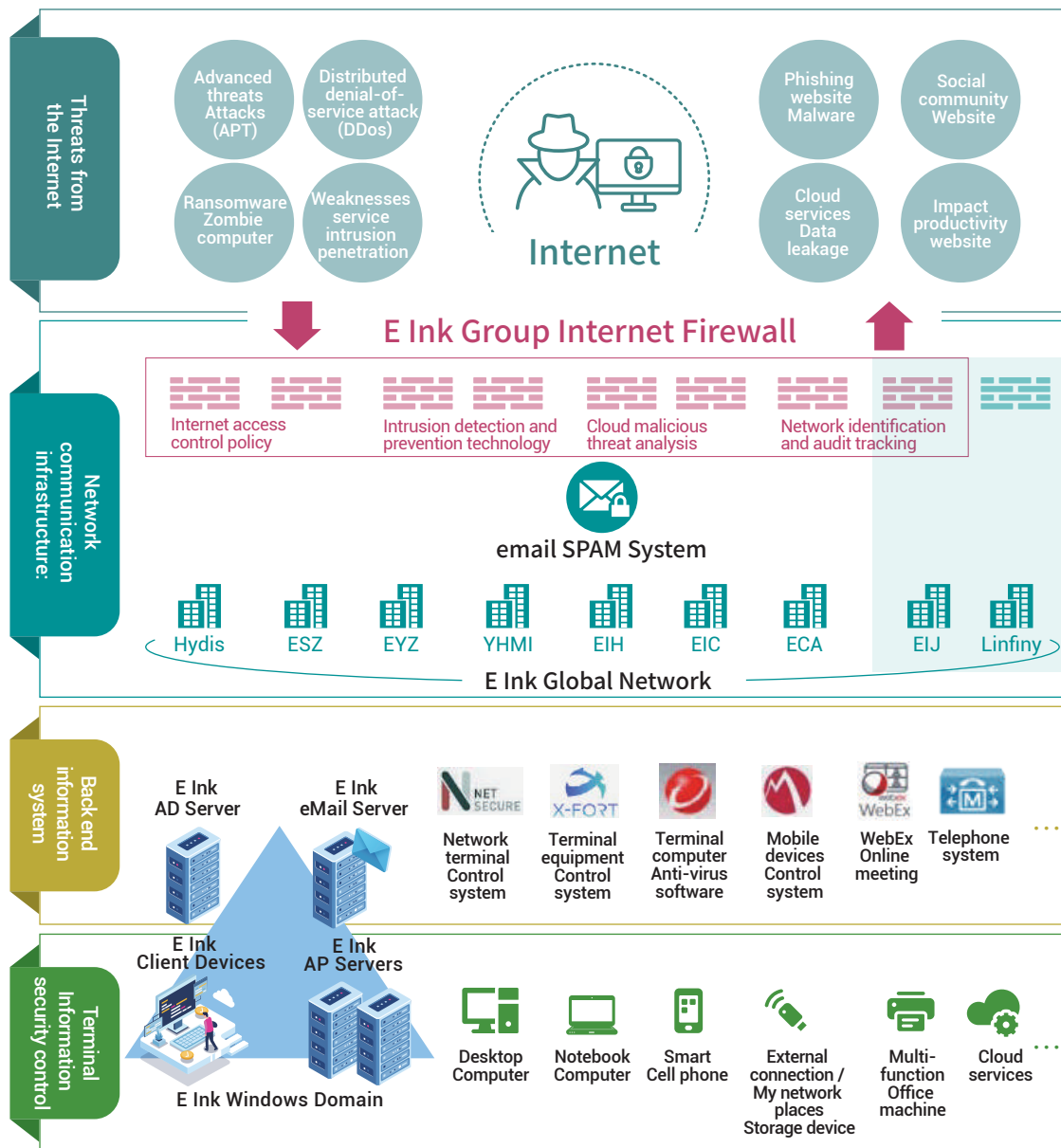
Number of audit defects and percentage of completed improvements



Information security column

E Ink has established thorough management procedures, strict management measures and practices to ensure that the operations of the Company's information system and information environment are safe and secure, to protect the security of the Company's business secrets, to maintain the Company's competitive advantage, and to ensure its sustainable operations. In the "Information Systems Management Process", we have defined the following.

- (1) The system clearly defines the rights and responsibilities of information system users and information system administrators, and also clearly regulates the behavior of employees that cannot be violated. In addition to training on information security and confidentiality for new employees, we also clearly inform employees of their obligations to maintain information security and confidentiality by signing non-disclosure contracts. We also remind employees of the importance of maintaining information security through daily announcements.
- (2) In terms of physical environment management, we have established the "Information Server Room Management Regulations" to regulate the operating environment standards of the information server room, maintain a good daily maintenance system, and establish a safe and reliable information center.
- (3) In the planning of information system backup, verification and recovery, the "Information Unit Information System Backup, Verification and Restoration Management Recovery" have been established. The Company has implemented EMC AVAMAR's backup solution to regularly replicate all IT systems, perform system recovery rehearsals and validate data. This allows IT systems to be quickly recovered and from a backup system and resumes service in the event of a corruption event. There are also off-site backup systems for important information systems, such as SAP ERP and databases.
- (4) In terms of the emergency handling mechanism for information system abnormalities, the Company has also established the "Information System Abnormalities Response and Correction Management Measures" so that employees know how to report and handle information system abnormalities or major information security incidents when they encounter them.
- (5) In terms of information terminal equipment control, we have established the "Information Terminal Equipment Management Measures" to specify the rules and security control mechanism for the use of information terminal equipment, so that employees are clearly aware of the regulations and restrictions on the use of official and private information equipment, as well as the relevant regulations for the use of the Company's various application systems and data access. This is how the security control of Company information can be enhanced and the risk of leakage of confidential corporate information to private devices can be reduced.
- (6) In preventing computer viruses and malicious attacks, the concept is that prevention is more important than treatment. Use functionally sound anti-virus software and set up relevant security control mechanisms to prevent computer viruses and malicious attacks. At the same time, constantly perform education promotion about information security to increase employees' awareness of computer viruses and malicious cyber attacks and enhance their alertness to ensure the security of the Company's information environment.
- (7) In order to have guidelines for account usage, we have established the "Windows AD and E-mail Account Password Management Measures" to advise employees that Windows AD and e-mail accounts are the accounts given to employees to communicate, publish messages, perform business and sign documents in the Company's information systems. They are also used to identify the user's identity and authority in each information system and represent the employee's identity in the Company's computerized operations. All matters performed by a computer account in the virtual world are the same as those performed by a user in the real environment in terms of legal effects. Of course, the user must also assume all responsibility.
- (8) Regarding Internet access, we have completed the construction of the Group's firewall joint defense network and formulated the Group's Internet access control policy. In Internet usage management, we have specified that we will provide our employees with Internet resources for external business communication, information collection and data exchange during work. Any request for access and privileges to a restricted website must be subject to certain approval procedures to effectively prevent malicious infringement from external networks.



► **Integration of network infrastructure:**

The E Ink Global Network has been completed, which is a platform for sharing and integrating all the Group's information/communication systems across locations, in addition to linking the networks of each location into one intranet.

► **Integration of communication infrastructure:**

- The integration of all the Group's telephone systems and call functions have been completed to provide free and convenient communication among the Group's employees and to achieve the goal of saving international communication costs among Taiwan, the United States, China and Korea.
- The integration of WebEx with the telecommunication system of the Group not only satisfies the needs of the Group's internal/external teleconferencing, but also solves the problem of unpredictable network control in Mainland China.

► **The integration of Information environment:**

Windows Domain has been implemented, not only used to structure the Group's information system environment, but also to enable the authentication and authorization of the Group's information systems with a single account.

► **Integration of information security control:**

- A joint firewall defense network and network access control policy have been established to effectively block malicious attacks from external networks.
- The Group's email protection system, which is protected by advanced features such as external message evaluation and sandboxing, strengthens the Group's ability to filter and protect against new forms of business fraud, multi-level URL phishing, and diverse malicious email attachments.
- A variety of terminal equipment information security control systems have been introduced and appropriate information security control policies have been formulated to avoid major information security violations by employees, which may cause losses or threaten the Company's competitiveness.



Chapter 03

Innovation Smart experience

E Ink is committed to promoting sustainable living in the “paperless” realm.

Over the past five years, E Ink’s partners have installed more than 400 million 2.9-inch ePaper shelf labels. If each ePaper label is updated with display twice a day, 1 million trees can be spared from being cut down. As there are about 6,000 trees in Da’an Forest Park, it is equivalent to 166 Da’an Forest Park (Note 1), which helped reduce 120,000 tons of CO2 emissions in 5 years (Note 2). According to statistics, the penetration rate of ePaper shelf labels in the global shelf label market is less than 5%, and the future market growth is still large. It is expected that the growth rate of 20-30% will be maintained in the next few years, and replacing traditional paper labels with more ePaper shelf labels will reduce the use of paper and help the sustainable development of the environment.

At the same time, there are more than 130 million eBook readers with ePaper module; if each eBook reader contains 50 eBooks, it is equivalent to 6.5 billion books. Over a five-year period, about 21 million trees will be spared of being cut down, and these trees will help absorb about 2.25 million tons of carbon dioxide emissions (Note 2); because two of the major applications that E Ink focuses on, ePaper shelf labels and eBook readers, allow trees to be spared from being cut down and about 2.37 million tons of carbon dioxide emissions worldwide to be absorbed in the past five years (Note 2).

According to research institutions, the global parcel volume in 2019 had exceeded 100 billion pieces. It is estimated that by 2026 the global parcel volume will reach about 220 billion to 260 billion pieces (Note 3). A large number of trees will be cut down worldwide for the production of cartons for e-commerce logistics and distribution. Global parcel volume reached 120 billion by 2020, if 1% of which used reusable logistic crates as an alternative to traditional paper cartons, coupled with ePaper to display the contents of the parcels; suppose each paper carton weigh about 250g on average, that means we could save almost 300,000 metric tonnes of pulp. That amount is roughly equivalent to approximately 7,200,000 trees saved in a year (Note 1), equivalent to 1200 Da’an Forest Park.

1. Claudia Thompson, 1992. Recycled Papers: The Essential Guide, MIT Press, Cambridge, MA
2. 2ea, 2020. Planting Trees – Carbon Offsetting (<https://www.2ea.co.uk/Planting-Trees---Understanding-its-Role-in-Carbon-Offsetting.html>)
3. Pitney Bowes, 2020. <https://www.pitneybowes.com/au/newsroom/press-releases/pitney-bowes-parcel-shipping-index-reports-continued-growth-as-global-parcel.html>

3-1 User-centered brand-new experience

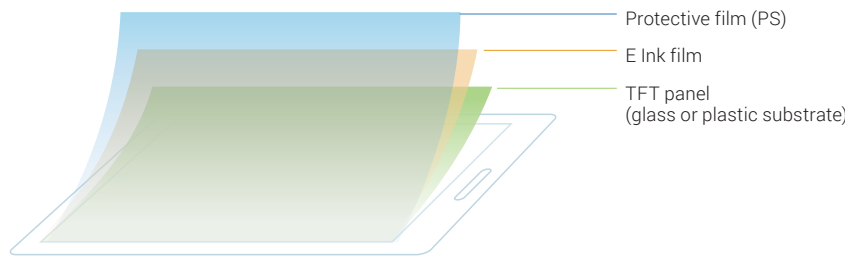
ePaper - our core product, is characterized by several native features including ultra-low energy consumption, outdoor visibility, backlight free, bluelight free, and easy on the eyes. All these features owe their origins to their reflexive and bi-stable nature:

Reflexive display uses light in the environment and external light sources without needing a backlight module, which requires constant energy use. And as such, in addition to reducing power consumption and being eco-friendly, the display also does not emit blue light that is harmful to the eye through direct exposure. In contrast, conventional display technologies require higher brightness from backlight modules to ensure decent visibility under sunlight. They use more power and are more harmful to the eyes, while reflexive displays offer better viewing quality the stronger the ambient lighting gets.

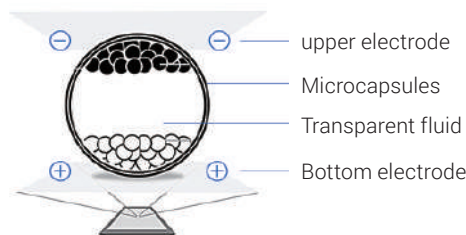
The bi-stable design drives the black and white (B/W) pigments of the ePaper to the desired position and holds them in place with the electronic field without consuming electricity. In other words, bi-stability enables a screen to maintain its state without the need for power. This makes ePaper more energy-saving and environmentally friendly compared to other conventional displays.

ePaper: Paper-like display.

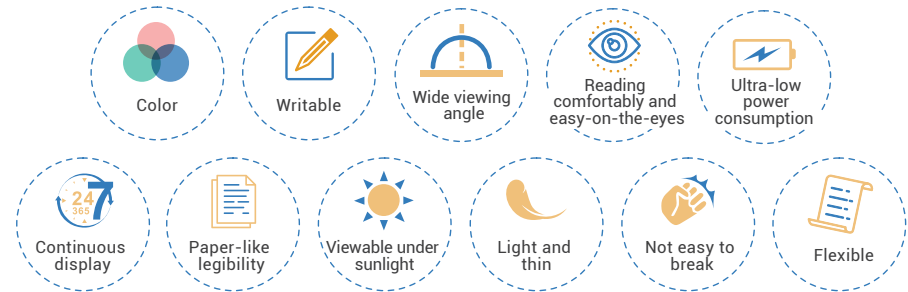
Composed of the E Ink film, thin-film transistor (TFT) panel, and protective film (PS)



E Ink Film Operating Principles



ePaper - dual-stable / reflective / soft



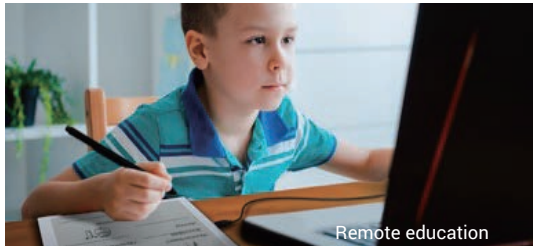
E Ink has been committed to the development and refinement of its core product - "ePaper". The company initially began with its B/W ePaper and gradually developed tri-color ePapers (B/W/R and B/W/Y) ePapers. In 2019, E Ink has declared the year to be the very first year in a new era of color electronic ink and launched our advanced color ePaper technology (ACeP™) and print color technology. In 2020, thanks to the mass production for products featuring the E Ink Kaleido™ technology, the Company was able to launch an assortment of color e-Readers and eNotes that feature the E Ink Kaleido™ technology in the end-consumer market. These products quickly became the optimal display solutions for e-readers and education sectors. They help users around the world benefit from the optimal reading experience and eyesight protection while reading or writing digitally without being restricted to color limitations.

Because of its unique characteristics of close resemblance to paper, easy-on-the-eye even with an extended period of exposure, ePaper is well suited for applications in reading and education

As ePaper is ultra energy-saving, with paper-like quality that is suitable for extended reading, coupled with digital handwriting technology, it is now possible to achieve authentic handwriting experience on ePaper, making it an ideal carrier as a student's "e-school bag" and the display device for their homework. ePaper has effectively evolved into a prime medium for smart learning and teaching experience, minus the potential threat to students' vision.

Due to the impact of COVID-19 around the world in 2020, numerous nations around the world have opted for enclosed management to contain the pandemic from spreading. Consequently, the approach has brought a drastic impact on the global market and different sectors. Nevertheless, it has also led to the emergence of a "contactless economy", which in turn brought about relevant changes in education, employment and even day-to-day life for the average consumer. Incidentally, the contactless economy had also propelled the development of ePaper in applications such as distance education, home office and reading, resulting in sustained growth in the sales and distribution of e-readers and eNotes. eNote is a great tool for users who find themselves working extended periods of time from home or carrying out academic research. Given how suitable eNote is for distance education, the product has become an indispensable component for distance education during this era of the pandemic.

Proactiveness
Communication
and Practices
Forward Looking
Navigation strategy
Innovation
Smart experience
Link Value
co-existence
Sustainability
Green
co-prosperity
Happiness
Workplace Growth
Care, Moving
Forward
Appendix



Remote education



Work from home

ePaper technology has always been a popular product and an object of focus in the consumer and education markets. With the mass production of our ACeP products in 2020, customers have adopted our latest color ePaper products, which have been met with substantial success in the consumer market for e-readers and the education market. Our latest ACeP products not only offer the advantages of physical space saving, compact and lightweight, easy-on-the-eye, but they are also now equipped with new color technology so that users will be able to read e-books in color, make colored notations, highlight content with highlighters and so forth. We have successfully created market segmentation between backlight/organic light emitting technology akin to the LCD/OLED contrast with these products.

Not only that, in the smartphone market that is all about high brightness and dazzling color, the bi-stable and reflexive qualities of ePaper, which also offers the advantages of low power consumption, easy-on-the-eye to the users. ePaper has thus gradually influenced product design philosophy for smartphones in the market. In light of ePaper's advantage of being easy on the users' eyes and how well suited it is suited for modern users' habit of spending too much time on their phones and people who would prefer to use their fragmented time during a commute to read, E Ink's partner Hisense has also instead chosen to focus on mobile readers and users with eye ailments by launching multiple colors and B/W eReader for smartphones. These products not only feature the same functionalities one would expect from conventional smartphones but they offer the additional advantages of being easy on the eye and superior reading experience thanks to ePaper. For users who are avid readers or those working on the go looking for digital mobile devices that do not strain their eyes, these products are hard to beat.

Innovative interdisciplinary collaboration between the domains of healthcare and technology - a new application for smart medicine with ePaper

Following the latest advancements in medical technology and demands for improvement in healthcare quality, smart medicine has become a global trend. Personalization, predictive medicine, and digital healthcare are poised to become the focus of relevant developments in the near future.

In contrast to the viewing difficulties that have been associated with conventional light-emitting display technologies, ePaper features reflexive display technologies that deliver a superior and more comfortable viewing experience that is akin to reading on real paper and as such, it poses no additional strain on patients in their rest and recovery period, with eco-friendly and sustainable benefits thanks to its ultralow power consumption as an alternative to physical paper. At present, ePaper has already been featured in a number of applications for smart healthcare, including smart pillbox, ePaper door sign for patient wards, bed cards, patients' medical records on ePaper, smart medicine cabinet tags, large healthcare information signage and other products. These all feature E Ink's ePaper as the display interface.

Landmark Hospital in Florida became the first medical institution in the world to adopt ePaper displays - the fruit of innovative joint development from E Ink and its partners in the healthcare ecosphere. Through wireless data transmission, medical personnel would be able to update critical information such as dosage, care records, patient information, and so forth via a Central Management System. This helps to shorten the time that is needed by medical personnel to update relevant information manually so that they can focus more on caring for the patients and thereby creating better patient care experiences.



Video



E Ink shall continue to work with the healthcare industry and commit to innovative development of smart care solutions and aggressively promote relevant applications of ePaper in healthcare so as to promote convenient healthcare and improved quality of life for the users.

ePaper in smart logistics

The goal of smart logistics is to monitor the flow and preservation of products throughout the entire transit process, be it from the factory to warehouse, or from the order-picking warehouse to retailers/end users. Since it involves constant updates on the products' latest status while they are in transit, the application has higher requirements for low-power consumption.

ePaper is always on without requiring power with relevant wireless transmission technologies such as NFC or UHF. Power can be delivered to the ePaper to refresh the screen without the need for additional power. Batteryless solution coupled with EPD makes it possible to achieve a clear and visible display of relevant logistic information and bar codes. This solution is an ideal match with smart logistics tags as it enables the real-time update of information to reduce manpower costs, lower error rates, and boost operational efficiency.

By utilizing wireless transmission and batteryless ePaper technology coupled with flexible ePaper, E Ink was able to create luggage labels for the aviation industry and created a new model for smart logistics, which brought added values of safety and improved efficiency. Although the global aviation industry has faced significant challenges due to COVID-19, E Ink and its ecosphere partners have been actively developing relevant software and hardware to achieve more technological breakthroughs to make early deployment before the aviation sector recovers from its current slump.

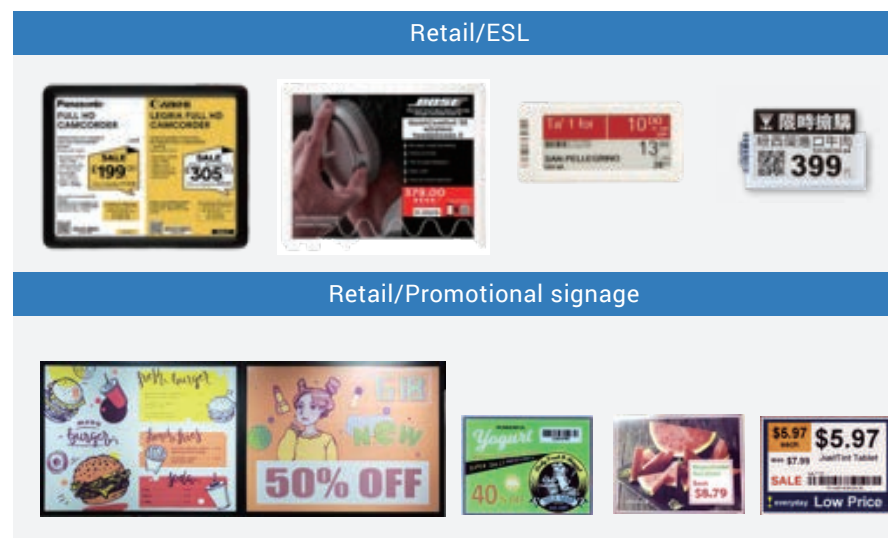


Ongoing efforts in containing the COVID-19 pandemic have also propelled growth in e-commerce. Consequently, the demand for product packaging and relevant consumables has also grown considerably. But as the demand for packaging material grows, it also meant a proportional increase in waste created, resulting in a greater burden on the natural environment. Incidentally, ePaper has become an invaluable item that makes it possible to achieve carbon reduction goals and cyclic use of materials for “green logistics”. To illustrate, E Ink has collaborated with our partners in Europe to create a reusable packaging solution that can be used up to 1,000 times. Not only that, this packaging solution is built with recyclable materials, featuring ePaper as the primary display interface for the product. The ePaper is used to show the information of the sender/recipient and it is both reusable and recyclable. We are looking forward to find more customers in the e-commerce and logistics sectors to adopt this solution.



ePaper in smart retail

In light of the trend of accelerated digital transition for retailers around the world, E Ink has sped up the integration and launch of its Omni Channel retail solution, which features electronic shelf labels (ESL) with an automatic price updating system to effectively overcome the challenges of manpower shortage, increasing customer service requests/inquiries, product shortage, increasing volume of online orders and so forth for retail business customers. More and more stores in foreign markets including Europe, U.S., Japan, China have adopted ESL, and other emerging markets in Southeast Asia are also beginning to adopt ESL solutions and the outlook for the global market definitely appears to be positive.



E Ink has launched an assortment of color ePaper tags and color ePaper advertising signage for event promotion at shopping malls, delivering diverse applications to the smart retailing market.

The epidemic's impact on retailers' cash flow has made them more focused on the effectiveness of advertising. The advertising benefits of color, large size ePaper to provide diverse, real-time product information are increasingly favored by brick-and-mortar retailers. By combining our ecosystem partners' hardware and software systems, we have created a solution that can synchronize the electronic shelf label and ePaper signboard at the front desk with the update system at a remote site from wireless to enhance the shopping experience for consumers.

ePaper in smart transportation

Out of all IoT devices featured in the domain of a smart city, transportation, and public display devices stand to face the toughest tests from the outdoor environment, with features such as ultralow power consumption, wireless networking, wireless power supply, and outdoor viewability becoming common key requirements. The exclusive characteristics of ultra-low power consumption and great visibility even under direct sunlight of ePaper make it an ideal target of integration with a solar energy system - it would become ready for operation upon installation without additional connection to power supply or having to dig up the road to bury the power cables. And as such, the solution is great for applications such as smart bus stops, parking meters, parking signs, oil price signs, electronic car plates and other display interfaces that relate to smart transportation.



As the COVID-19 pandemic remains a significant threat, the use of power saving ePaper signage for the display of relevant disease prevention information and promotion would no doubt improve the efficacy of disease prevention. For example, public ePaper signage and bus stop signs can be used to provide real-time and relevant emergency response information on top of last-minute changes to bus schedules. For venues such as medical institutions and airports that require stringent controls and prevention for potential infection, ePaper signage can be used for relevant disease prevention promotion efforts, there by sparing the staff at the venues from having to replace the posters and saving the manpower needed to control visitor access, thereby freeing up the manpower to focus on other more important tasks for disease prevention.

Due to its various advantages and features, ePaper and E Ink's solutions have been adopted by numerous countries around the world in a variety of applications. In the domain of smart transportation, ePaper has already witnessed diverse applications with continual growth. Not only that, the technology has also helped numerous cities speed up the process of smart and digital transition while contributing to environmental protection and sustainable development.



Building the ePaper ecosystem and creating value with strategic partners

Due to the impact of COVID-19 around the world in 2020, numerous nations around the world have opted for enclosed management to contain the pandemic from spreading. Consequently, the approach has brought a drastic impact on the global market and different sectors. Nevertheless, it has also led to the emergence of a “contactless economy”, which in turn brought about relevant changes in education, employment, retail and even day-to-day life for the average consumer. Inadvertently, the pandemic has also propelled the development of ePaper in applications such as distance education, work-from-home, reading, physical retail operations with low manpower demands, high-efficiency green logistics and so forth. With its advantage of bi-stability, reflexive display, low energy consumption, easy-on-the-eyes, ePaper coupled with other emerging technologies such as AIoT, big data computation, 5G promotion and so forth, can become a significant propellant in the redefinition of the post-COVID global consumer market and business models in relevant sectors. Not only that, we have also optimized and leveraged our strengths in ePaper to aggressively create opportunities by creating specific smart venues with better-aligned demands with our ecosystem partners to achieve concrete success in various domains of application such as retail, transportation, public display, education, healthcare, logistics, outdoor signage and so forth. By establishing our presence with various applications in the niche market, we have successfully ventured into other domains where LCD and LED displays become less favorable solutions.

As the ePaper technology and products continue to innovate and expand, we hope to team up with hardware and software developers and both upstream and downstream supply chains of all application industries to build a complete ePaper ecosystem and resolve the problems of end-users more quickly to achieve smart application diversity and continue to steer the development of ePaper application in smart lifestyle and sustainable cities.

Smart medical equipment rental solution

Following the rapid development of digitization and gradual introduction of digitized solutions in the domain of medicine to improve communication between patients and medical personnel, ePaper also serves as an ideal solution that does not disrupt the rest of patients in relevant applications for medical information display and care facilities because it is not light-emitting. As medical institutions introduce IT solutions or digitize relevant processes, ePaper makes it possible to prevent such transition from compromising the quality of medical care in the wards. Because of its low power consumption features and ease of installation, ePaper stands out as a great display solution in medical settings.

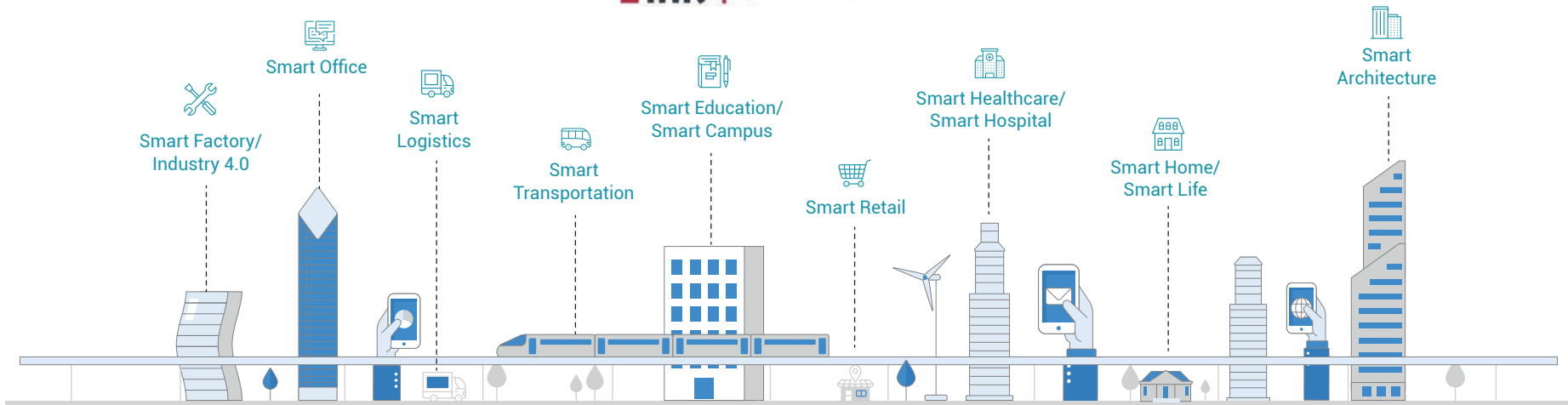
One important concept emerged as we transition from linear economy to cyclic economy - the conventional thinking of “buy, use, dispose” that stemmed from the traditional linear economy has in fact evolved into “purchasing services rather than buying products” that characterizes the rationale in the cyclic economy. In 2020, E Ink’s USA plants worked with their partners to provide ePaper equipment rental service for venues that have adopted smart medicine solutions. Such solutions not only deliver superior medical care to patients while sparing medical institutions from the burden of maintenance costs for relevant equipment and disposal as products reach the end of their lifecycles. Once the rental period expires, the ePaper products would be returned for disposal or reuse, thereby helping medical institutions reduce their waste.



7.8" hospital ward information card / doctor's instruction label



42" health care information signage



E Ink received various technological and product awards around the world in 2020

Recipient of Gold Quality Award in the 29th Taiwan Excellence Award: Advanced Color ePaper Display System

Our Advanced Color ePaper Display System - E Ink Gallery™ features the bi-stable and power-saving advantages of ePaper. When powered by batteries, the solution will be able to operate over extended periods of time without the need for a fixed power source or cables. This ease of portability enables versatile deployment based on the needs of commercial venues by changing the location of the signage. In other words, the electronic signage solution is suitable for public venues such as a MRT carriage, next to escalators and so forth without the need to change other hardware facilities/equipment placement. Apart from public display, ePaper signage system also works wonderfully for other applications such as retail advertising, art galleries, museums, schools and so forth by delivering the benefits (i.e. easy-on-the-eyes and eco-friendliness) of ePaper to more people.

Not only that, E Ink Gallery also features the latest E Ink ACeP display technology. From the perspective of the system product, the solution also incorporates the T1000 chipset that E Ink has developed and the Waveform controller driver with relevant reference design so that E Ink Gallery signage systems are easier to introduce into consumer application settings by speeding up the product integration process.



Scan the QR Code to learn more about Color ePaper technology

Hsinchu Science Park Innovative Product Award: E Ink MeeNote

E Ink MeeNote (Mobile Expandable ePaper Notebook) is a convenient eNote system that offers easy file sharing and management features independently developed by E Ink. The MeeNote is innovative because it does not have a SOC (system on a chip); instead, it is designed to be connected to smartphones running Android OS/PCs running Windows systems via USB connectivity. By connecting to the operating system on a smartphone/PC, users will be able to project the display onto the ePaper screen, which serves as an additional interface for comfortable reading and intuitive handwriting for smartphone/PC users.



E Ink MeeNote is suitable for applications in education/learning and office work. In terms of application in education and learning, teachers will be able to assign homework and course contents using regular communication software to students' tablets/PCs. E Ink MeeNote enables students to display the course contents/homework directly on the ePaper, and students can do their homework or take notes directly on E Ink MeeNote and sync the file on their tablets/PCs before sending the file back to be checked by the teacher. The entire process does not require any additional printing on paper and significantly improves teaching efficacy. The advantage of being easy on users' eyes even over extended use of ePaper also helps students achieve a healthy balance between their digital education and eye health.

Popular Science, the American magazine on scientific knowledge and technology, has named E Ink Kaleido™ Color ePaper Technology as one of “The 100 greatest innovations of 2020”

In an article featured in Popular Science titled “Colorful e-readers for the real world”, the magazine noted, “The black and white, slow-refreshing displays commonly found in e-readers rely on a technology called E Ink, which has a few advantages over typical screens: First, it's much more efficient in terms of battery life. Second, the sharp text is easier to read without fatiguing your eyes. But the big downside is the lack of color. But that has changed with E Ink's launch of its Kaleido Color ePaper technology. Its introduction to the market has brought e-Readers from monochrome colors to the world of color in 2020. Incidentally, many color e-Readers by other brand names in the market also feature E Ink's Kaleido technology. E Ink Kaleido features the combination of E Ink technology with Color Filter Array based on the principles of RGB mixing, enabling black and white ePaper to display an impressive gamut of 4096 colors. This basic concept of color filter has been floating around for longer than a decade, but this is the first time color e-readers have been ready to hit the market as a popular product.”



Scan the QR Code to learn more about Color ePaper technology

Co-creation and Sharing - Customer Glory

reMarkable 2 received "THE BEST INVENTIONS OF 2020"* from The Times magazine.

Time Magazine named reMarkable 2 as THE BEST INVENTIONS OF 2020, and the Times reported that.

In 2013, reMarkable founder and CEO Magnus Wanberg observed that despite the availability of smartphones and computers, colleagues were still accustomed to writing down notes on paper and wondered, "Why isn't anyone using technology to replace paper? And this gave him the idea to develop reMarkable Paper.

Launched in 2016, reMarkable's first product features an ultra-thin design, a paper-like writing experience, and the ability for users to convert handwritten content into digital content. The reMarkable 2 was launched in 2020 with an ultra-thin design of only 0.19 inches thick and a battery life of up to two weeks per charge.



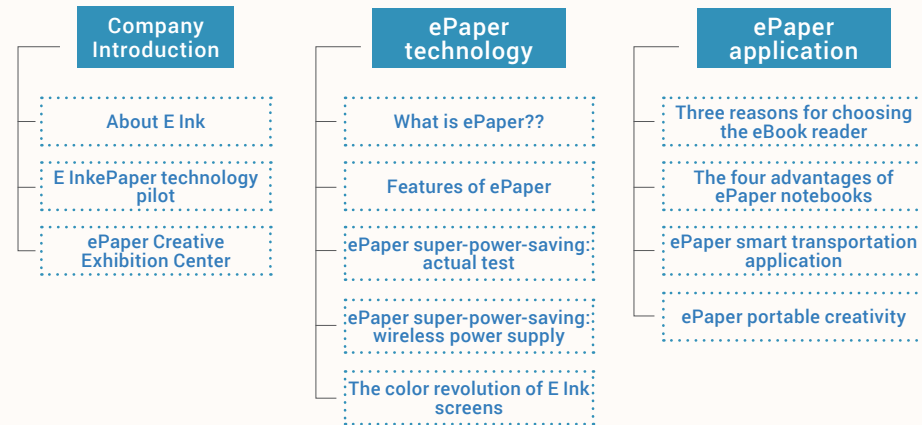
*Excerpt from Time's website. For more information, please refer to the news link: <https://time.com/collection/best-inventions-2020/5911408/remarkable-2/>

Creative thinking in the "paperless" realm - Online Video: Science popularization ePaper technology and product applications

In 2020, as a result of the COVID-19 epidemic, city lockdown, quarantines, and bans on gatherings were implemented around the world to prevent the spread of the epidemic. With the cancellation of physical exhibitions and marketing events around the world, and the inconvenience of traveling to other places, E Ink used digital technology and the Internet to break the geographical and time constraints and was the first to use video and online seminars to communicate with markets, customers, and professionals interested in ePaper through global social media such as Facebook, YouTube, WeChat, and bilibili.to promote the latest ePaper technology and applications. At the same time, we took this opportunity to continue educating the market on the unique dual-stable and reflective display features of ePaper with the theme of science popularization.

In 2020, E Ink, together with its ecosphere partners, produced a total of 12 Chinese and 5 English videos to share the principles of ePaper technology, ePaper display features, color ePaper technology, and even introduction of product applications of ePaper in smart applications such as reading and writing, smart transportation, and mobile wear. The creative thinking in the "paperless" realm series video had accumulated 66,734 views as of May 2021.

Creative thinking in the paperless realm series video



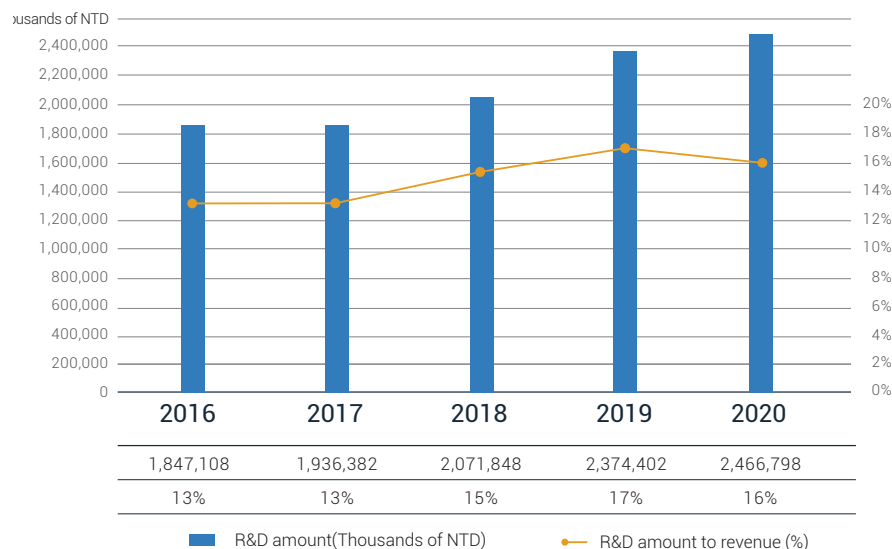
E Ink YouTube Channel - Creative thinking in the "paperless" realm series video



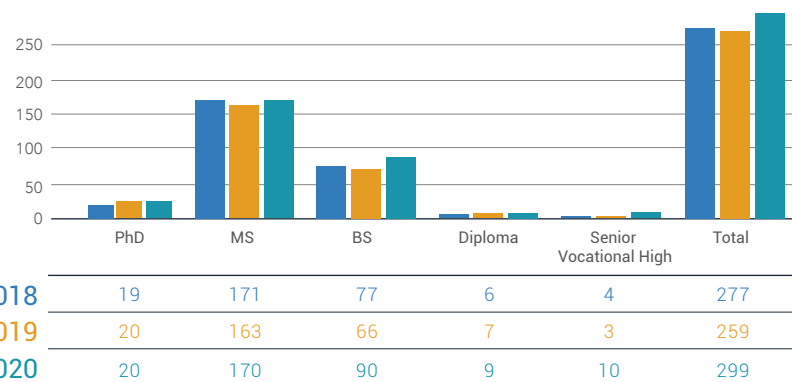
3-2 Technical and innovation capacity

Product and Technology Innovation

In 2020, we continued to research and develop ePaper-related products and technology. Apart from continuously optimizing the original black and white ePaper module, we aggressively engage in commodifying color ePaper applications by combining with ESL, flexible display, rollable display, and touch functions. Increasing new products in the ePaper field have won good market feedback. In addition, by actively expanding the capacity to fortify our leadership in the ePaper market, we managed to maintain sustainable and leading development in the highly competitive display industry. In 2020 we invested about NT\$2.467 billion in R&D, commanding 16% of the company's sales turnover. This suggests that technology innovation and product development are very important to E Ink. We understand that only incessant injection of R&D energy can achieve our goal of sustainable development. In the coming year, the total investment in R&D related projects will be about 12-15% of the revenue.



In terms of the number of R&D personnel, 277 in 2018, 259 in 2019, and 299 in 2020, the number of R&D personnel is maintained at a certain level.



External unit cooperative development

In addition to investing a lot of R&D resources on its own, E Ink has also strengthened cooperation with a number of industrial and academic institutions to develop numerous technologies. It has obtained very fruitful and concrete results.

Cooperation partners	Development technology content	Specific development results
Domestic academic institutions	ePaper advertising signage application promotion	Install large ePaper signages in university campuses to promote the use of ePaper
Domestic academic institutions	Development of wireless charging control chip design	1. Complete verification of the first version of RF-DC (Radio Frequency-DC) chip 2. Conduct the evaluation of the second version of the RF-DC (Radio Frequency-DC) chip
Domestic manufacturers	Development of amorphous silicon thin-film transistor (a-Si TFT) flexible substrate technology and its introduction into eBook display applications	Amorphous silicon thin film transistor (a-Si TFT) flexible substrate technology has been introduced into 8", 10.3" and 13.3" eBook products
Domestic manufacturers	Evaluation of metal oxide semiconductors for ePaper display applications	Completed sample verification of ePaper display module driven by the metal oxide semiconductor

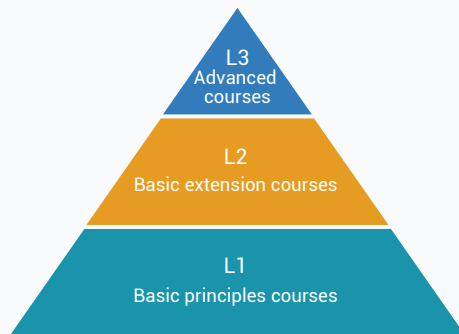
E Ink attaches great importance to patent portfolio, and has set up a patent committee formed by senior management of the R&D unit above director level, which formulates the measures for rewarding patents and trade secrets, holds regular patent review meetings to screen out high-value patent and trade secret proposals, offers incentives to those that are approved, and files patent applications externally through the assistance of our patent agencies.

The number of patents granted in 2018, 2019 and 2020 is 93, 97 and 87, respectively, and the number of patent proposals is maintained at a certain number each year. In addition to the number of patents, we will continue to improve the quality of patents granted in the future to strengthen our competitiveness in ePaper.

Number of patents granted	2018	2019	2020
Domestic	38	29	26
Overseas	55	68	61
Total	93	97	87

R&D personnel leveled training

Yangzhou plant continues to bring in R&D technical personnel and works closely with Taiwan's R&D departments to strengthen the training of Yangzhou's R&D personnel. We have designed three levels of training for the personnel of each department, from the basic principles of R&D design to advanced courses, to gradually improve the design and development ability of the personnel and accumulate the R&D energy of the Yangzhou plant.



Yangzhou Plant R&D personnel training	Training stage			Supplementary training materials	Total number of courses
	L1	L2	L3		
Training course (number of sessions)	21	38	35	36	130

New R&D and testing building

Yangzhou plant started to build a professional ePaper R&D center in 2019, with the hope to move toward the goal of transforming into a color ePaper R&D production base. It is expected that the R&D and testing of ePaper technology will be carried out in this building, and we will strive to establish a CNAS laboratory to build the Yangzhou plant into a national ePaper R&D and manufacturing center, to achieve an integrated multi-functional operation from R&D to production, and to gradually realize a full-featured operation. The building officially started operations in May 2021, with a total floor area of 5,600m² and the total investment was RMB 100 million.

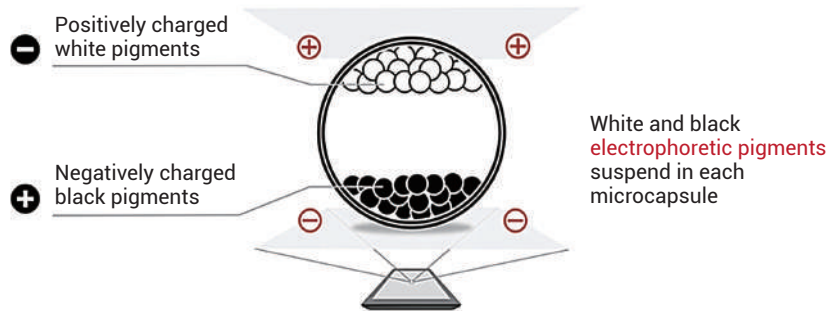


The building was designed to be green, using thermal insulation materials for the exterior walls and reserving an area for solar panels on the roof, which will be evaluated in the future. In addition, the overall environment was arranged with the comfort of the employees taken into account to ensure excellent lighting and ventilation, and employee recreation and activity areas were planned to create a good work environment.

Important technology and application R&D results







1. E Ink technology

E Ink consists of millions of microcapsules or microcups, and the size of a microcapsule is about the diameter of a human hair. Each microcapsule contains positively charged white particles and negatively charged black particles that are suspended in a transparent liquid. Using the principle of positive and negative attraction, when the electric field is on, the black or white particles corresponding to that block will move to the top of the microcapsule, and users will be able to see white or black on that block. ePaper display (EPD) is created by coating E Ink on a layer of plastic thin film and laminating it with a thin-film transistor (TFT) circuit, which is controlled by a driver IC to form a pixel pattern.



E Ink uses a single substrate and material and waveform driving technology to achieve the control of pigments in multiple colors. To meet the needs of various applications, in addition to the original two-color ePaper Carta™ with black and white particles, E Ink has developed the three or four color ePaper Spectra™ with three or four color particles (black, white, red / black, white, yellow / black, white, red, yellow) and Advanced Color ePaper (ACeP) with four color particles (cyan, magenta, yellow, white). Compared to the 3-color Spectra™, the 4-color Spectra 3100 not only improves the screen refresh speed, but also has a wider temperature range and longer color performance, making the barcode and QR code characters more stable in terms of clarity and color saturation to meet the needs of multiple applications in retail stores. ACeP is the first display technology that allows ePaper displays to achieve a full color gamut without the use of color filters using pigment particles, which dramatically eliminates the brightness reduction caused by color filters to produce vivid colors. Its display effect is comparable to that of a traditional paper poster, with a delicate, oil-like texture of a paper-like color page, setting a new milestone for reflective color ePaper displays.

2019 was the first year of E Ink's color ePaper, ACeP was applied to advertising signage in 2019, and the advanced color ePaper signage system was honored with the 29th Taiwan Excellence Award in 2020. In 2020, we accelerated the development of the second generation of advanced color ePaper, shortened the refresh speed again, and expanded the application opportunities of color ePaper in eBook readers.

ePaper name	Carta	Spectra	ACeP
E Ink			
Product photo			
Color	Two colors	Three colors / four colors	Color
Particle color	Black and white	Black, white, red Black, white, yellow Black, white, red, yellow	Cyan, magenta, yellow, white
Special features	<ul style="list-style-type: none"> • Highest reflectivity • Fast response time • High Contrast 	<ul style="list-style-type: none"> • High Contrast • an extra new color 	<ul style="list-style-type: none"> • No need for color filters to solve the problem of light fading • Full color gamut display
Major applications	<ul style="list-style-type: none"> • Applications requiring dynamic display: • eBook reader • eNotebook • Mobile devices • Electronic shelf labels • Wearable devices • eSignage 	<ul style="list-style-type: none"> • Applications requiring prominent display: • Electronic shelf labels • Logistic labels • Retail signages • Medical applications 	<ul style="list-style-type: none"> • Applications requiring color display: • eSignage • eLabels • eBook reader

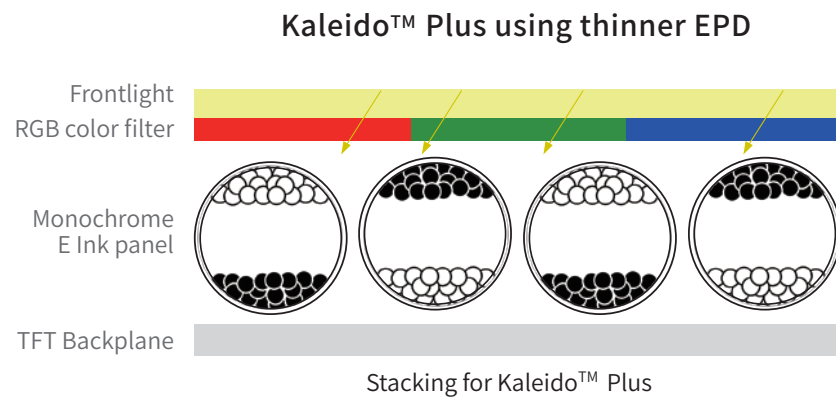


28" color ePaper signage

2. Color printed ePaper (Kaleido™)

Color ePaper has the advantages of eye protection, power-saving and paper-like texture compared to traditional liquid crystal display (LCD). E Ink's R&D team has successfully developed Kaleido™ color ePaper with a printed color filter, which has excellent color performance and text effect, and started mass production in 2020. The latest generation of Kaleido™ Plus color ePaper uses a new thin E Ink thin film developed in 2020 to further improve the viewing angle of color ePaper, as shown in the figure below. Compared to its predecessor, Kaleido™ color ePaper offers superior color saturation and enhances the reliability and durability of color ePaper products, making it more likely to replace traditional paper applications, while reducing paper consumption, significantly reducing wood cutting, and achieving the ultimate goal of environmental protection.

Kaleido™ Plus's slim E Ink thin film and large viewing angle benefits



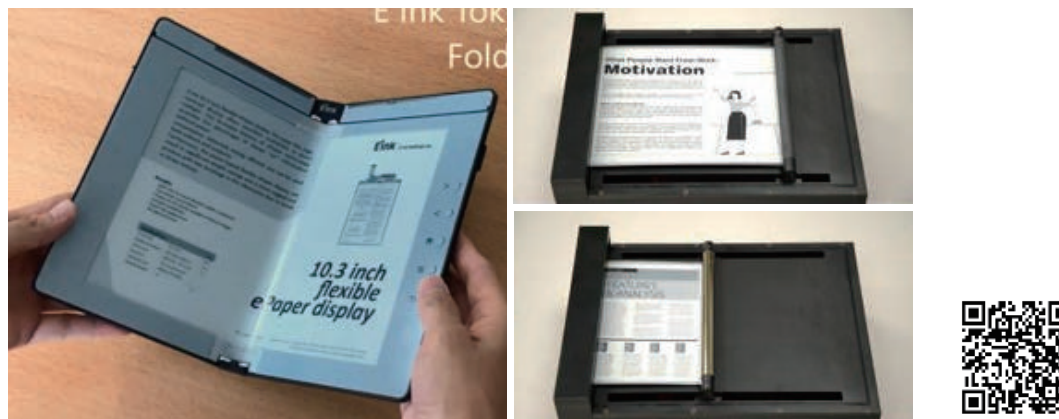
45~60 degree viewing angle



Kaleido™ Plus shows outstanding viewing angle

3. Foldable ePaper and curable ePaper

With the increasing demand for portable electronic devices, we have developed foldable ePaper technology through thinner ePaper, new material development, stress simulation, and mechanism design, which allows a flat panel-sized ePaper display to be folded to the size of a cell phone. This greatly enhances the portability of ePaper display and combining large display and portability. In addition, the foldable ePaper display still has a paper-like texture, writing and touch functions with a front light, and can be used in eReaders, eNotebooks, or other innovative applications to enhance product value and differentiation. In addition, the technology was further enhanced in 2020 with the display of 10.3" curable ePaper, which can be rolled up to the size of a ball-point pen, opening up more opportunities for ePaper applications.



10.3" foldable ePaper with front light and writing function 10.3" curable ePaper

4. Wireless power transfer EPD technology

Our wireless power transfer EPD is a perfect combination of ePaper and wireless power transfer technology. By leveraging and matching the ultra-low power consumption of ePaper with the micropower generated through wireless signal transfer, we were able to supply sufficient power to power the EPD to change display only on-demand to save power consumption from the prolonged duration of standby. Wireless power transfer EPD technology is suitable for a range of applications, including radio frequency identification (RFID) in near field communications (NFC) and ultra-high frequency (UHF). With an NFC or UHF reader, the technology makes ideas such as ePaper greeting cards, ePaper labels, and even ePaper ID possible, thereby achieving battery-free display on a broader range of devices. The technology was selected for the Gold Quality Award in the 2019 Taiwan Excellence Awards. In 2020, E Ink officially incorporated credit card functionality to the ePaper display module so that users will be able to swipe their ePaper credit card through any credit card machine, with relevant information displayed directly on the ePaper credit card. This is E Ink's attempt to continue expanding ePaper applications in different domains. For UHF ePaper tags, E Ink has continued to increase the effective signal detection range so that ePaper tags will be better suited for relevant applications in logistics and factory production. With an UHF reader that operates at a transmitted power of 250mW, we can increase the effective operating distance to 15~20 centimeters to refresh the image on an UHF tag. With a 1W UHF reader, the effective operating distance can go up to 85~90 centimeters.



Staff ID on ePaper



Tag on ePaper (UHF)



Placard on ePaper

5. ePaper timing control chip (T1000)

The T1000, which was awarded the COMPUTEX TAIPEI 2019 Best Choice category, features the standard MIPI DSI interface for LCDs and integrates E Ink's unique ePaper image algorithm and ePaper driver waveform to support various ePaper drivers, including ACeP. It also supports various system architectures such as Android, Windows, Linux, etc. It also integrates with e-paper power management IC (PMIC) to optimize power efficiency for customers' system use. In addition, the T1000 is widely used in Android APP design. It can use the native development software under Android OS to achieve rapid development of the system and related hardware and software of ePaper, providing opportunities for innovative applications. Currently, more than 10 types of ePaper products, including eBook readers, ePaper notebooks, ePaper cell phones, interactive ePaper whiteboards and ePaper signage have been implemented.



ePaper notebook (left) and ePaper cell phone (right)

6. MeeNotePaper notebook

In 2020, the self-developed E Ink MeeNote (Mobile Expandable ePaper Notebook) application won the Excellent New Product Innovation Award from Hsinchu Science Park. The MeeNote is innovative because it does not have a SOC (system on a chip); instead, it is designed to be connected to smartphones running Android OS/PCs running Windows systems via USB connectivity. Users will be able to project the display onto the ePaper screen, which serves as an additional interface for comfortable reading and intuitive handwriting for smartphone/PC users. MeeNote™, an ePaper notebook in continuous development, supports multiple screen operation modes:

Mirror mode:

Your cell phone or notebook screen can be displayed on the device simultaneously, making it a large-format handwriting input tool for notebooks.

Extended screen mode:

Connected via USB, it becomes the second screen of the notebook and can be used for browsing and reading, handwriting and other functions.

Standalone mode:

When not connected to a cell phone or notebook, it provides easy note-taking and free-writing functions.

MeeNote™ software supports smart services to achieve the best results with the right display mode for each application: clear mode (reading), smooth mode (animation), and writing mode. Continued development of new software to support both large (42") and color versions of the MeeNote™ ePaper notebook.



MeeNote ePaper notebook

Energy saving and carbon reduction related technologies

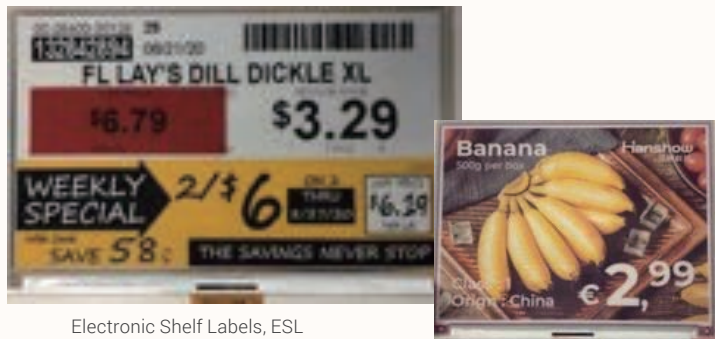
In addition to the continuous development of energy-saving ePaper technology, E Ink also strives to achieve energy saving and carbon reduction in the process of technology development and manufacturing.

1. Reduce the number of photomasks - reduce the need for manufacturing process energy resources

Electronic Shelf Labels (ESL) products were originally produced using an 8-step photomask TFT array manufacturing process, which took a long time to manufacture and had high photomask costs. By consolidating the manufacturing process between different dielectric layers in the components and simplifying the manufacturing process of pixel electrode metal, the 8-step photomask TFT Array manufacturing process has been further reduced to 6-step, and the cycle time of the manufacturing process has been shortened by about 20%. The number of photomasks has been reduced without any impact on the performance of the EPD module, which still maintains its normal function. In the future, we will continue to evaluate and test the feasibility of developing a 5-step photomask TFT array manufacturing process.

2. Shorten the product development process - reduce the need for R&D energy resources

By integrating internal and external resources, E Ink has improved and optimized the preparation and validation process to shorten the product development time by 20%.



Electronic Shelf Labels, ESL

Future R&D plans and application trends

In the next five years, E Ink will continue the current technology R&D direction: size expansion, color, low power consumption, lightweight, touch, writable, and flexible ePaper products. In terms of product applications and continuing the development of ePaper products for eReaders and related technologies, we are expanding ePaper for applications other than displays.

Technology R&D and new product application development direction

1. We continue to engage in R&D for advanced technologies such as color ePaper, flexibility, and low power consumption, strengthen manufacturing process capabilities to reduce production costs, and continue to make arrangements for patents to maintain our technological leadership.
2. We will make good use of the advantages of ePaper and enhance the development of products for reading and handwriting applications, such as eBook readers and ePaper digital notebooks.
3. We will make good use of the power-saving advantage of ePaper and enhance the development of products for the Internet of Things market, such as electronic shelf labels, mobile devices, smart homes, ePaper digital signage, etc.
4. We will continue to develop evaluation kits and turnkey solutions for ePaper, enabling customers to accelerate the introduction of new products and develop new applications.
5. We will strengthen strategic cooperation and cross-industry alliances with domestic and foreign manufacturers to jointly invest technology and resources to develop the application of low power consumption display technology for ePaper, laying the foundation for sustainable operations.



Chapter 04

Link Value co-existence

4-1 Building a sustainable supply chain

In Taiwan, our major sales locations include Taiwan's Hsinchu Science Park and our Linkou Plant, located in Hwa Ya Technology Park (HYTP). In China, our major production base is located in Yangzhou City, Jiangsu Province. E-paper is our core product. In addition to manufacturing our own FPLs, we also need other key parts and components, including optical glass, TFT panels, TFT driver ICs, touch panels, light bars, optically clear adhesives, optical films, FPCs, various electronic grade chemicals, and various other raw materials, parts, and accessories, to manufacture ePaper modules. Therefore, suppliers have always been our major partners.

For supplier management, E Ink has its suppliers grouped into three categories: General, Important and Critical. General suppliers are primarily suppliers of non-BOM resources; Important suppliers include suppliers of materials in the positive list, such as TFT, FPC, PCBa, Driver IC, AG film, LGP, LED, TP, OCA, Glue, Pet Back Plane, MCU, Cover Lens and so forth. Lastly, Critical suppliers are determined as those with which the Company places orders that exceed US\$ 1 million in amount. Suppliers in the three categories are managed accordingly, with respective contract signing and methods of evaluations required for potential suppliers to become E Ink's strategic partners.

Scale of Local Procurement in 2020

Item	Materials		Parts and Accessories		Machines and Equipment		Total Purchase	
	Taiwan	China	Taiwan	China	Taiwan	China	Taiwan	China
Local procurement amount (NT\$1,000)	371,704,151	1,994,409,997	60,554,933	14,533,623	679,400,387	110,659,271	1,111,659,471	2,119,602,892
General procurement amount (NT\$1,000)	1,123,555,108	11,870,844,526	60,636,545	15,332,531	717,775,926	679,306,321	1,901,967,579	12,565,483,378
Percentage of local procurement amount (%)	33.08%	16.80%	99.87%	94.79%	94.65%	16.29%	58.45%	16.87%
Number of Suppliers	Taiwan	China	Taiwan	China	Taiwan	China	Taiwan	China
Number of local procurement suppliers	77	51	88	36	49	168	214	255
Total number of local procurement suppliers	124	86	89	37	57	181	270	304
Percentage (%) of procurements from local suppliers	62.10%	59.30%	98.88%	97.30%	85.96%	92.82%	79.26%	83.88%

*Plants in Taiwan purchase from Taiwanese suppliers, while plants in China purchase from Chinese suppliers.

In 2020, our Linkou Plant expanded its volume of e-Paper production, with more than 90% of raw materials being imported. Presently, E Ink is actively assisting and certifying domestic suppliers and we hope to gradually increase the ratio of our local procurement in the next two years. For China, our local procurement is primarily attributed to local panel suppliers to reduce the lead time between order placement and shipment arrival. It would reduce our transportation costs and lower carbon emission from the transportation process.

Supply Chain Cooperation

As most customers purchase custom products from us, we need to co-develop most raw materials, parts, and accessories with customers and suppliers in order to pursue a business model for long-term cooperation and sustainable development.

Colored Ink

After E Ink's 1st generation Color ePaper was finally incorporated and featured in consumer application products in Q2 2020, mass production and shipping for our latest Color ePaper have also begun. Through joint design of colored ink with local suppliers, apart from elevating our suppliers' craftsmanship, we were able to propel ebooks from the world of monochrome to a new era of color.

Driver IC

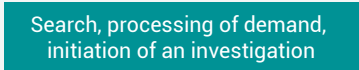


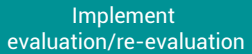

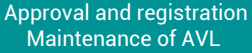
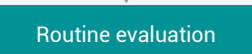
In 2020, E Ink engaged driver IC manufacturers in Taiwan in strategic alliance to jointly develop suitable for ESL applications. In the domain of smart retail operations, electronic shelf labels, (ESL) functions as an important component in a dynamic pricing system by improving the accuracy of product price labeling and eliminating potential human errors with traditional pricing labels. This in turn enables ESL to generate higher profit margins for retail channel operators. Starting out as a supplier of ePaper, E Ink has been collaborating with part suppliers (upstream), e-tag module suppliers (mid-stream) and system service suppliers (downstream) to create an integrated sector supply chain that encompasses three major frameworks, working in unison to expand the ESL market.

Supplier Evaluation Process

Although the display industry has already reached its mature stage and we are fortunate to have regular suppliers for various parts and components, due to considerations for cost, delivery time, quality and other factors, we still find it necessary to seek out new suppliers to ensure a reliable supply of materials so that we can meet our customers' demands. Before accepting a new supplier, the procurement unit shall first gather its information and perform a risk assessment to determine the quality and timeliness as confirmed by the supplier in order to leverage the effectiveness of supplier cultivation. The unit will then assess if the supplier in question can be recognized and accepted as a qualified supplier for the Company and the outcome of the assessment will serve as a basis of consideration for other units in future procurements.

The Company has been duly managing its new and existing suppliers. With standardized evaluation and selection processes, we have created a reliable basis for operations such as supplier development, supplier evaluation and supplier approval. In light of the COVID-19 outbreak in 2020, the Company was not able to carry out onsite evaluations for many of our suppliers. As a result, we have opted to implement online and written application reviews instead to complete our evaluation of new suppliers.

Supplier Evaluation Flowchart

Flow of process	Role or responsibility	Relevant documents
	Procurement	<ul style="list-style-type: none"> • Procedure Governing Initial Evaluation for New Suppliers (4-010-313) • Evaluation Form for Supplier's Basic Capabilities (4-010-313-01) • New Supplier Assessment Application Form (4-010-313-02)
	Procurement	<ul style="list-style-type: none"> • Important materials: QSA/QPA • General materials : FlowER Supplier (Addition/Modification) Application Form • Non-direct materials : FlowER Supplier (Addition/Modification) Application Form
	QA, Procurement, R&D, Engineering	<ul style="list-style-type: none"> • Supplier Evaluation Procedure (4-010-023) • Supplier Evaluation Report (4-010-023-03) • *Supplier Self-Assessment
	QA, Procurement, R&D, Engineering	
	QA, Procurement, R&D, Engineering	<ul style="list-style-type: none"> • Supplier Evaluation Report (4-010-023-03) • *Outcome of evaluation (to be compiled by procurement) • Supplier Audit Corrective Action Notice (4-010-023-04)
	Procurement	
	QA, Procurement, R&D	<ul style="list-style-type: none"> • Procedure Governing Routine Evaluation for Qualified Suppliers (4-010-024)

For long-term material suppliers, we will perform annual audits and quarterly evaluations to help them improve their manufacturing technologies, quality standard, and management capacity to achieve a win-win situation for both parties through cost reduction for them and ensuring a steady supply of materials for E Ink.

Supplier CSR Audit Items

Environmental, occupational safety, and health management system	<ul style="list-style-type: none"> • ESH performance certification
Assessment for impact on society	<ul style="list-style-type: none"> • Negative impact on local environment • Emission permission • Waste handling and disposal • Environment related violations and penalties
Health and safety	<ul style="list-style-type: none"> • Occupational safety and health unit and its staff • Safe workplace • Occupational disaster or dispute • Management of hazardous chemicals • Relevant qualifications for equipment operators • Health checkup/examination • RoHS instrument operator health examination
Labor practices assessment	<ul style="list-style-type: none"> • Work training • No underaged employees • Compliance with pertinent regulations on overtime work • Non-discrimination • Non-compliance with freedom of association and collective bargaining
Social evaluation	<ul style="list-style-type: none"> • Clean transaction commitment • Whistle-blowing mechanisms
HSF	<ul style="list-style-type: none"> • System management • Documents/Records • Personnel training • Performance rating • Upstream supplier management • Incoming inspection • Process control • Incoming inspection • Product inspection

Results of 2020 Supplier Audit

Year	Supplier Type	Assessment for impact on society	Health and safety assessment	Labor practices assessment	Social evaluation
2020	Number of New Suppliers	5	5	5	5
	Number of Existing Suppliers	6	6	6	6

Note: All new suppliers have passed our CSR evaluation requirements.

In 2020, our suppliers had an average score of 82.22 points in their supplier audit, and their average score for CSR items came to 92.50. All of our new suppliers for the year were deemed as qualified suppliers by our Supplier Audit Team. Nevertheless, three suppliers received “Conditional Approval”, which meant that they are still entitled to produce relevant materials en masse previously designated mass production while E Ink’s QA will continue to implement supplier assistance and guidance for these suppliers. The three suppliers would also be prioritized targets for their annual evaluation so as to ensure a steady supply of relevant materials.

Supplier Clean Transaction Commitment

Starting from 2018 onward, E Ink has been exchanging information with other competitors to review our operating status. We have thus revised and updated our Clean Transaction Commitment terms and requested all our suppliers (including suppliers of our subsidiaries) to sign the new Clean Transaction Commitment.

The key points of our Clean Transaction Commitment are as follows

- 1 Suppliers shall abide by pertinent laws, regulations and administrative regulations set forth for the industry by the government
- 2 Suppliers shall endeavor to engage in integral cooperation and fair competition.
- 3 Suppliers shall not request for or offer illegal or undue benefits from/to E Ink employees.
- 4 Suppliers shall comply with all applicable anti-corruption laws and regulations currently in place and in the future. Suppliers shall also comply with relevant regulations applicable to counterparts in transactions established by E Ink and agree not to request, promise, accept or offer bribes and other undue or improper benefits from/to personnel and related parties or designated parties of E Ink.
- 5 Suppliers shall actively support any relevant investigations carried out by E Ink by revealing the facts and providing relevant information.
- 6 Suppliers are obliged to report or inform E Ink should they discover any E Ink personnel from taking bribery, accepting inappropriate benefits, or engaging in any other unethical conduct.

2020 a total of **144** suppliers have signed the new Clean Transaction Commitment.

2019 After our electronic supplier system was officially launched for operation in 2019, we had a total of 209 new suppliers in 2020. Among the new suppliers, 144 had signed and submitted their commitment and the remaining suppliers were involved in transactions below NT\$ 300,000 with the Company. At present, new suppliers will be required to submit their signed commitment when setting up their profiles in our system and those who fail to do so much provide their reason and obtain explicit consent from E Ink’s divisional supervisor before they can upload their information and receive their supplier code in order to complete their new supplier application procedure.

Supplier Risk Assessment

Even though E Ink is already working with several suppliers, due to considerations such as costs, delivery date, quality, and other factors, we still find it necessary to seek out new suppliers so that we can develop superior products and services. As we focus on improving ePaper performance, we need to place equal emphasis on timeliness and cost and avoid new suppliers with high financial, operational, production, or technological risk. And as such, our procurement unit will first gather relevant information about supplier candidates and perform a risk assessment. The results would serve as a basis of consideration for other units in future collaborations. For our existing suppliers, the Company also implements routine risk assessments for our key material suppliers. In 2020, we conducted our routine risk assessment for 86 existing important suppliers. Among these suppliers, 77 received A rating and the remaining 9 received B rating. None of our important suppliers received C rating and this reflects our effort in reducing material shortage risk in the supply chain.

Breakdown of supplier evaluation components

- Punctual delivery: 20 points
- LRR: 15 points
- VLRR: 15 points
- Tally for quality anomaly: 10 points
- After-sales service quality: 10 points
- Delivery versatility: 15 points
- Service attitude and turnaround time: 15 points

The total score comes to 100 points and suppliers have been rated based on their cumulative total from the 7 aforementioned criteria:

- A rating:** a score between between 90~100. Suppliers receiving this rating are recognized as qualified suppliers and the Company may increase the volume of purchase depending on the demand. In addition, Suppliers with this rating may apply to be exempted from inspection.
- B rating:** a score between 80~89. Suppliers receiving this rating are recognized as qualified suppliers.
- C rating:** a score between 60~79. Suppliers receiving this rating require assistance and further observation and the Company may reduce the volume of order with such suppliers. In addition, responsible personnel from Procurement and QA shall carry out the following:
1. Convene a review meeting within two weeks and arrange for target supplier to receive assistance as outlined in the supplier assistance program.
 2. Target supplier shall be chosen as the prioritized participant in the QBR meeting.
 3. Should a supplier receive C rating two consecutive times, said supplier shall be deemed as a non-conforming supplier.
- D rating:** a score <60. Suppliers receiving this rating are non-conforming suppliers and the SQE shall convene a meeting for disqualification.

Supplier Feedback Channels

In supplier feedback channels, apart from business visits, exchanges, and supplier evaluation processes, the Yangzhou Plant also arranged auditors to participate in large procurement projects to provide impartial and objective feedback channels to fortify cooperation relationships with suppliers.

Financial Risk

In recent years, many of our suppliers have either gone out of business or went through restructuring due to financial issues stemming from poor management. In order to gain a more accurate understanding and control of the supply chain and stabilize material supply, we have gathered and updated the business status, financial information (including gross profit margin, net profit margin, liquidity ratio, quick ratio and so forth) in 2020 for routine prevention and risk management for 17 suppliers. Three of the tier-2 suppliers belong to the LED supply chain. In the future, we will continue to update the financial status and market information of material suppliers every quarter to confirm the following:

1. The operational status, liabilities and operating costs of suppliers through analysis of their financial statements
2. The status and course of action for leading suppliers and market status for a specific material
3. Assessment of various risks and opportunities

Environmental Risks

In 2020, we found that ink material that the Company has been sourcing from our Japanese supplier contained restricted substances. To get around the situation, we chose to collaborate with our local suppliers to jointly develop inks that are free of restricted substances. The success of our collaboration not only meant effective mitigation of impact to the environment but also led to a higher proportion of local purchasing. In the future, the Company shall continue to purchase and adopt green materials and gradually achieve our sustainable goal of 100% green procurement.

Assessment and control of second sources

The demand for seeking secondary sources of materials can be attributed to three reasons: to avoid the risks of having one single source, supplier ECN and procurement cost reduction. Presently, through means of product management, supply chain quality engineering, joint meetings for R&D and procurement personnel, the proposition for the need of secondary sources shall be proposed by procurement and after participants at the meeting have agreed, the planning of relevant testing will be entrusted to R&D personnel while supply chain quality engineering staff will check to see if related procedures were compliant with ISO requirements. The secondary source platform went successfully in 2020 because of comprehensive budget planning for secondary source verification at the beginning of the year. At the end of the year, the budget utilization rate exceeded 95%. In terms of our achievements in introducing alternative materials, the Company managed to reduce the costs for AG film and resolve the material shortage for LED bar. The value of the secondary source platform comes from the possibility of making up for the inadequacy of the existing supply source at the product design phase and opening the door to supply chain optimization even after mass production. Not only that, the platform also serves as a source of encouragement for existing material suppliers to continue improving their quality of material and cost advantages. The control of the quality system is the key to success for the secondary source platform. With the quality system, we make our verification procedures more accurately defined and efficient. After customers acknowledge alternative material, we will be able to ensure the quality of mass production.

4-2 Quality persistence

Quality Policy

" Through Continual Innovation and Improvement to Provide High Quality Products and Services to Meet Customer Needs. "

Our Hsinchu Plant has been certified with quality-related systems/customer audits including ISO 9001, SONY GP and Amazon by establishing respective quality management systems and operating these systems through the PDCA cycle. Customers have visited our production facilities to carry out an onsite audit of our manufacturing processes to ensure satisfactory product quality. E Ink has received several customer acknowledgments and recognitions for our product quality. Starting from 2018, our Hsinchu Plant, Linkou Plant, and Yangzhou Plant have all received the Grade-A Supplier distinction from our key customer SONY Green Partner. Not only that, the Company has passed subsequent quality audits to preserve this distinction going into 2020~2021.

After establishing quality policies and objectives concerning the framework of these QMSes, we implemented them throughout the organization for all employees to understand and follow the relevant regulations in order to provide customers with quality products and services.

Management of Restricted Substances

To ensure the parts, raw materials, packing materials, and components we use on products do not contain environment-related substances to be controlled in products; to comply with current laws and codes; to meet customer requirements; to protect Earth and the environment, and to reduce impacts on ecosystems. As such, we ask all suppliers to supply only materials that comply with our environmental and quality policies at the beginning of the development of new parts and components for products while taking customers' requirements for restricted substances for internal review before incorporating them into E Ink's Restricted Substances. Apart from compliance with the RoHS and REACH directives, free from halogen and conflict minerals, and specific control standards requested by customers, we also require our suppliers to submit their lists of restricted substances and an RBA/GeSI Conflict Minerals Report. Currently, our suppliers are required to make a declaration of non-use of conflict minerals and the response rate from our materials and component suppliers is 100%. Should materials or components from our supplier contain specific environmental control substances or conflict minerals, the supplier in question shall assume full responsibility for relevant indemnification that may incur. Currently, materials supplied by suppliers conform with the restricted substance requirements. In addition, our products are shipped with packaging materials with the RoHS Label for identification purposes. We had zero cases of product-related nonconformity or violations reported in 2020.

Apart from relevant international standards, after having received Sony GP's accreditation for several years running, Sony GP has chosen E Ink as an outstanding partner. With this distinction, the Company receives preferential treatment of being eligible for self-audit operation by completing a printed checklist instead of having Sony dispatching a representative to carry out an onsite audit at our premises.

Quality Management System



◀ ISO 9001:2015 Authentication Certificates

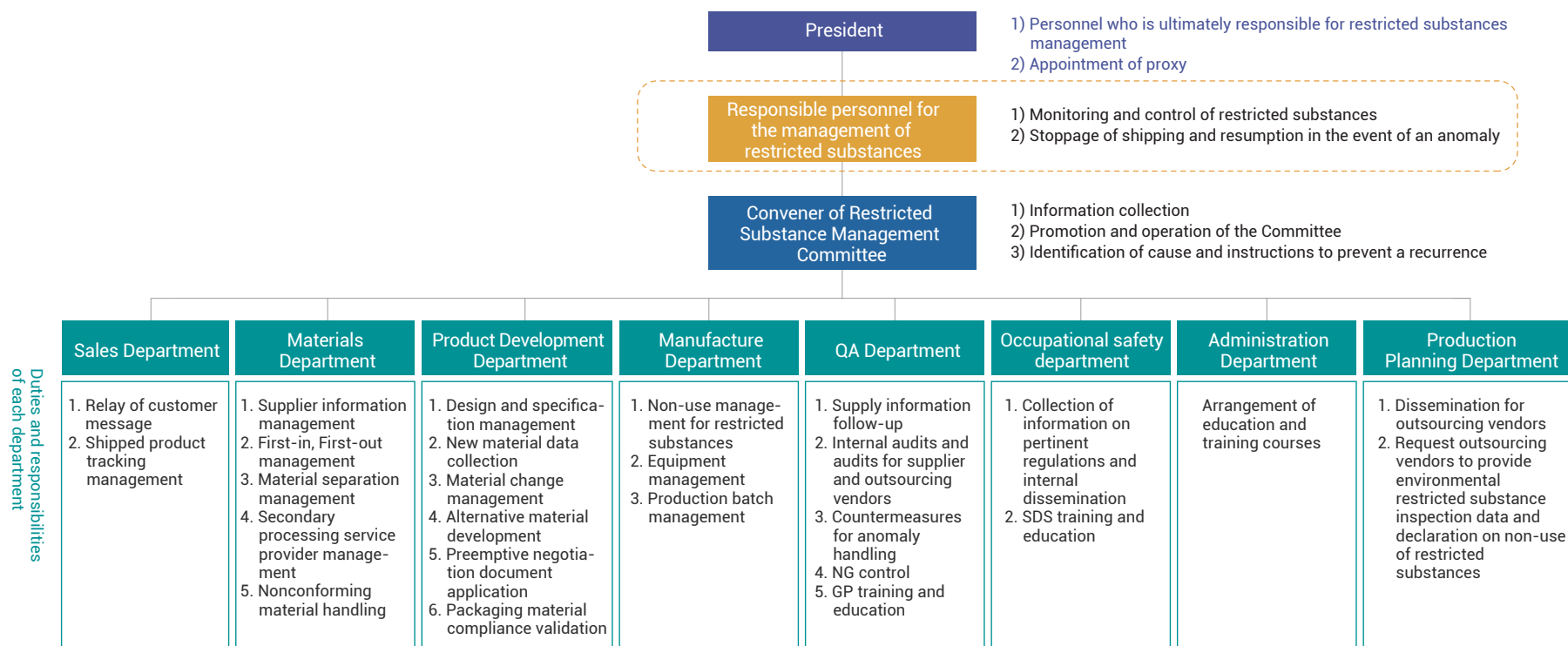
(From left to right: E Ink Holdings and Transcend Optronics)

- 1 For E Ink's quality management system, the Company shall implement comprehensive training and promotion in an effort to maintain and improve product quality.
- 2 We insist on complying with customers' demand for product quality. As such, all work processes, starting from design, procurement, material management, manufacturing, personnel training to end-product warehouse management, have been established in accordance with the requirements of our quality management system.
- 3 Through mechanisms for internal audit, the Company makes a conscious effort to ensure that the operation of E Ink's product quality system continues to grow alongside the improvement in our product quality
- 4 The Company shall continue to bolster employees' awareness for quality and support activities and events relating to product quality assurance

Proactiveness Communication and Practices
Forward Looking Navigation strategy
Innovation Smart experience
Link Value co-existence
Sustainability Green co-prosperity
Happiness Workplace Growth
Care Moving Forward
Appendix

Environment-Restricted Substances Management Flowchart

In addition, to implement RoHS in system operation, we have established the “Environment-Restricted Substances Management Committee” under the following framework:



Restricted substances: Chemical substances that have been identified in the RoHS and customers that cannot be used in products, such as lead, cadmium, mercury, hexavalent chromium, specific brominated flame retardants and so forth.

The “Environment-Restricted Substances Management Committee” revised regulations on the responsible personnel in 2020 and made a company-wide announcement on the scope of E Ink’s Green Product (GP) management to ensure that all parts and components are compliant with pertinent requirements while continuing to verify the status of the Company’s GP and its requirements. In the event of any change in or customer specification or amendment in international GP, the company would conduct an internal evaluation to adjust relevant standards and SOPs before informing all relevant units regarding the adjustments. For example, the European Chemicals Agency (ECHA) has announced four new additions to the Candidate List as substances of very high concern (SVHC) on June 25, 2020. At present, 209 substances have been identified and placed on the Candidate List. By means of public announcement, E Ink has notified all suppliers and updated existing documentation with the newly added hazardous substances. Not only that, the Company also requires suppliers to provide their certificate of non-use for hazardous substances or supplier declaration to guarantee their compliance with pertinent regulations and rules enforced by E Ink.

Conflict mineral management

Conflict Minerals Policy and Declaration

Conflict Minerals (CM) refer specifically to gold (Au), coltan (Ta), wolframite (W) and cassiterite (Sn) extracted from the Democratic Republic of the Congo (DRC) or other conflict zones under the control of non-militarized factions. Local guerilla groups/armed forces profit from the extraction of such mines, and the act constitutes a theft from the local citizenry and, more importantly, a serious violation of human rights in DRC that results in further deterioration of the environment.

Apart from DRC, minerals that do not fall under the category of “Conflict-Free” designation are also extracted from other neighboring countries/regions such as Rwanda, Uganda, Burundi, Tanzania, and Kenya as the United Nations Security Council has recognized them as having come from the mines of Congo.

A portion of the nation’s metal mines has become the primary source of funding for armed militia and guerrilla groups in DRC. The proceeds from the trading of conflict minerals have been used in the trading of firearms for the purpose of extending such organizations’ bloody conflict with the local government, with the local citizenry suffering as collaterals. Consequently, the mining and trading of conflict minerals have become an issue of international dispute. As a contributing global citizen and active proponent of RBA, E Ink hereby declares and pledges to reject minerals extracted from all existing conflict zones. Not only that, we also ask that all E Ink suppliers to

1. Actively fulfill their obligations to the society and environment;
2. Ensure that no products contain conflict minerals extracted from the aforementioned conflict zones;
3. Trace all sources of gold(Au), coltan (Ta), wolframite (W) and cassiterite (Sn) that may be present in all E Ink products;
4. The Company has also notified all upstream suppliers regarding E Ink’s stance on conflict minerals.

Reasonable country of origin inquiry (RCOI)

E Ink performs Reasonable Country of Origin Inquiry (RCOI) to identify and validate the sources of 3TGIN the parts, raw materials, packaging and components of our products to determine if they come from conflict zones.

Our RCOI includes the following steps:

1. Identify sources of 3TG smelter/refinery through Conflict Mineral Reporting Template (CMRT) by conducting supplier survey.
2. Our suppliers are required to sign the Representation Letters of compliance with E Ink’s Conflict Minerals Policy and to fully reveal the source of the smelter/refinery they sourced from.

Implementation of Conflict Mineral Investigation

With regards to all customers’ requests for conflict mineral due diligence, the Company requires relevant suppliers to carry out due diligence on their part and sign respective declarations. As of December 2020, all of our suppliers (100%) have responded to our request for an inquiry. Not only that, we also implemented risk assessment and collected survey forms from suppliers. By double checking against the list of smelters and refiners published by RMI, we were able to verify the response from our suppliers and determine if they had been working with qualified and approved smelters and refiners.

All of E Ink’s suppliers have signed their Declaration of Non-use of Conflict Mineral and the Company has done its due diligence to ensure that all of its products are free of conflict minerals.



Risk management

For the operation process of the ISO management system, risk management must be taken into account. Therefore, a specific mechanism process is established and implemented in accordance with the relevant risk assessment and identification process, in the hope to identify high-risk items and discover solutions so as to reduce the impact on business operations.



Continuous Improvement of Production Performance

Apart from making reference to customer feedback and promoting various product quality improvement programs, we discuss quality-related problems at the customer's premises, and hold meetings with key customers half-yearly to discuss issues relating to business practice, design, and quality in order to maintain a good cooperation relationships with customers through close communication. We also encourage employees to make proposals in order to locate all latent factors affecting production efficiency, product quality, and workforce and resource utilization in routine operations and manufacturing processes, and draw up effective plans to pursue production optimization.

Process Improvement Planning

The Business Process Improvement Division, based on the logic of One Team One E Ink, aims to integrate global operational ERP processes and implement smart management to accelerate corporate responsiveness and improve overall operational efficiency.

Effectiveness and results of implementation

1. Streamline workflow, reduce unnecessary process links, increase risk control capability, improve operational quality and efficiency.
2. Smooth the process, simplify and electronize all visible control operations, reduce unnecessary operating costs and time costs.
3. Cloud-based operation, smooth workflow and information flow. Reduce the problems caused by non-transparent information.
4. Strengthen the control of key points of the process, increase predictability and control, and help achieve the goals more easily.
5. 2020 Team Results:
 - 1) Credit line application and management system: The work result is shown in the comprehensive e-banking system for customer credit line control, which solves the problems of the lengthy offline approval process and scattered information, and automatically sets up credit line in the system after the customer credit and payment records are reviewed online. Effectively improve operational efficiency and reduce predictable risk and human error. Original case
 - 2) WF (Waveform) Cloud Storage and Auto-Send System: The files and shipping documents are automatically generated and sent to customers automatically when the shipment is completed. Improve operational efficiency and reduce predictable risk and human error.
 - 3) Sales leads platform: Gather information globally and synchronously on the same platform, with real-time online tracking and one-click report generation.

Project	AS IS (16.6 Days)	TO BE (5.87 Days)	
① Credit line application and			
System integration	Cloud storage	Intellectualization Card control reminder	(Unit: Each)
			10.1 Days
			3.8 Days
② WF cloud storage automatic delivery system			(Unit: Month)
Automatic file generation	Cloud storage	Automatic delivery Customers	
			5.5 Days
			1.9 Days
③ Sales Leads Platform			(Unit: Month)
Global information Convergence	Real-time online tracking	One click generation Report	
			1 Days
			0.17 Days

In October 2014, Yangzhou Plant implemented the "Continuous Improvement Plan (CIP)", which promoted the concept of ARCI and encouraged employees to identify problems in the production process and propose possible improvement measures, with a view to fostering the habit of thinking and working style of systematically analyzing and dealing with problems, as well as the corporate culture of actively correcting problems. In 2018, the Yangzhou plant continued to promote the CIP project and also implemented "QCC Quality for All" on top of the CIP to increase the proportion of field personnel participating in quality improvement projects. Individuals or teams made CIP and QCC proposals, and the main types of projects were quality/yield improvement, efficiency improvement, management mechanism optimization, and cost reduction. The proposals would then be evaluated internally and outstanding "Accountability Stars" and "Accountability Teams" were praised and rewarded, and the actual promotion plan was plotted. In 2019, the "Team of the Year" and "Accountability Team of the Year" were rewarded and praised.

Excellent accountability project team

Due to the city lockdown and production shutdown during the peak of the COVID 19 epidemic, the Yangzhou plant was faced with a shortage of labor, materials, resources, and equipment suppliers, etc. The production team composed of 32 outstanding employees from the Manufacturing Division, Automation Development Division, Administration Division, Production Management/Materials Management Division, and Industrial Engineering Division, was "self-taught" through video conferences and inter-departmental cooperation experiments, and gradually completed the basic data establishment, basic operation training, key technology learning, independent installation and adjustment, and independent operation, successfully solved the difficult problems of no equipment supplier, and eventually met the production capacity and delivery requirements.

In the face of labor shortage, the Yangzhou plant not only continued to implement automation projects to a number of production lines, but also with the help of the aforementioned team, encouraged creativity and adopted 10 countermeasures simultaneously so that production requirements could be met even under the epidemic with tight manpower, and with the team's cooperation in technology transfer, not only new product development and mass production were achieved in 3 months, but also product yields and production efficiency were steadily improved.



Manufacturing process automation upgrade

Yangzhou plant has been actively implementing a variety of automation measures in recent years. In 2020, the plant invested over RMB 7.5 million in the Neon and Jaeger production line automation project to automate cleanroom equipment, which will improve production efficiency and accuracy. The Yangzhou plant's automation achievement was recognized by the Jiangsu Provincial Government as a smart model workshop in 2020. In the future, we will continue the intellectualization of process equipment, system and environment.

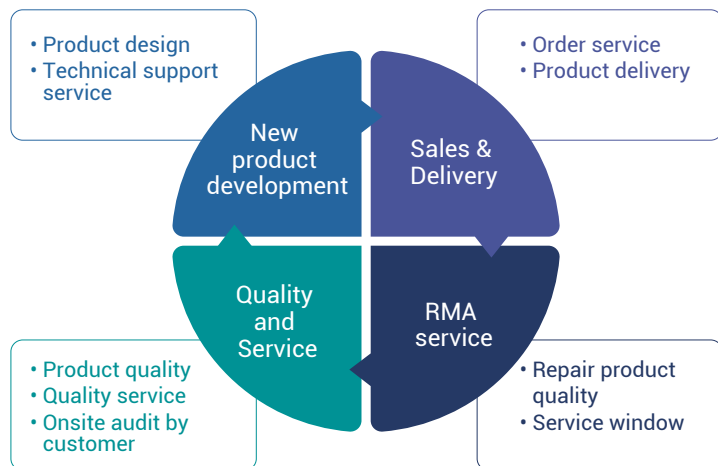
4-3 Customer relationship management

Customer Satisfaction

Here at E Ink, we take the needs of customers very seriously. And as such, customer satisfaction has always been a key indicator of sales and distribution for the Company. By maintaining positive customer service and relationship, our model of working closely with customers enables both E Ink and our customers to achieve a win-win when it comes to product development and distribution. E Ink continues to strive for high product and service quality by constantly pushing for process optimization and quality improvement through various events and activities. As our plants receive relevant certifications, the Company has routinely reviewed customer satisfaction to ensure that customers are content with E Ink's products and services.

In 2020, E Ink introduced its online customer satisfaction survey system, which enables customers to sign in using their smartphones or PC and complete our electronic survey to provide their honest rating on different aspects of our services and products. Due to the nature of the electronic survey, customers would be spared from the potential pressure of being honest with a surveyor and be able to offer their genuine, unbiased opinions. In the survey, our customers provided much encouragement and positive feedback in the comment and suggestion section.

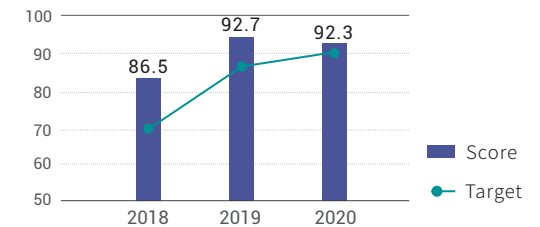
Customer Satisfaction Survey



After receiving the response to our customer satisfaction survey form from customers, the QA Division will assess the proportion of satisfactory and unsatisfactory items. QA will also use relevant management charts as necessary to capture the centralization of satisfactory and unsatisfactory items to take countermeasures after an in-depth investigation of their causes. QA also analyzes compliance with product requirements, the characteristics and trends of processes and products (including preventive actions), and suppliers; locate the main trends related to customers and their correlations, and makes decisions and long-term planning after reviewing and improving the present condition. Questionnaire responses are high and the average score of each item is excellent. These suggest that we have gained high customer satisfaction and recognition in both product quality and customer service.

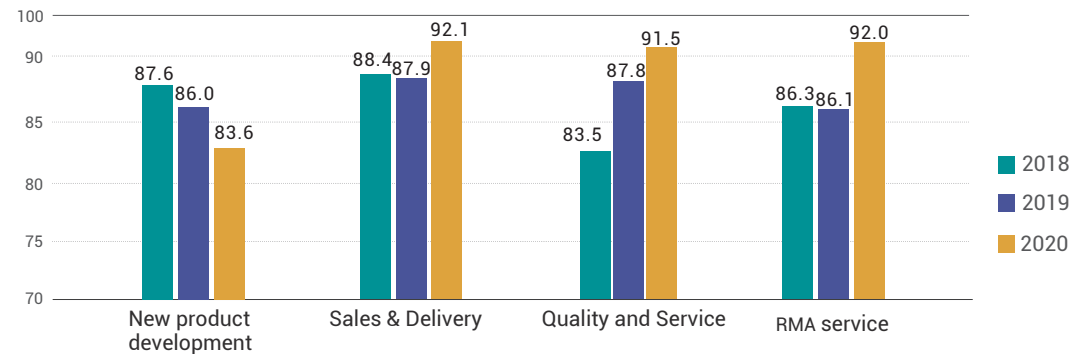
Customer satisfaction has been steadily increasing over the past three years, and the results for 2020 stayed consistent with that of 2019. Looking at the four major aspects of the survey, our overall customer satisfaction has remained over 80-90% and 94.7% of our customers have been satisfied with E Ink's products and services.

Results of surveys measuring customer satisfaction - overall



Note: an overall score of 80 points is considered to be "satisfied".

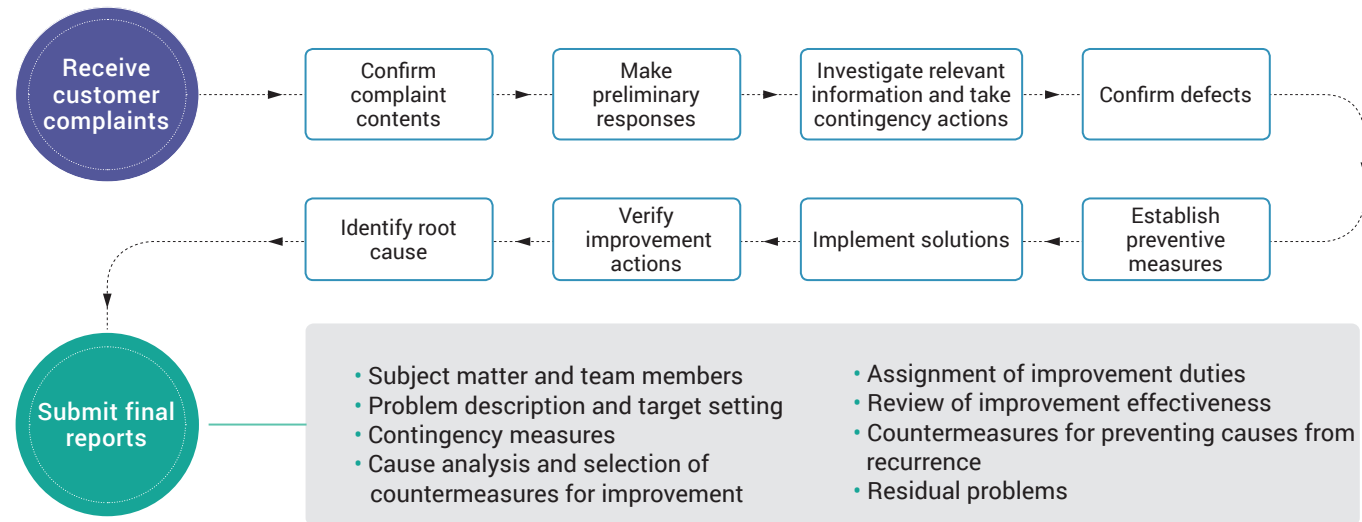
Results of surveys measuring customer satisfaction - four major dimensions



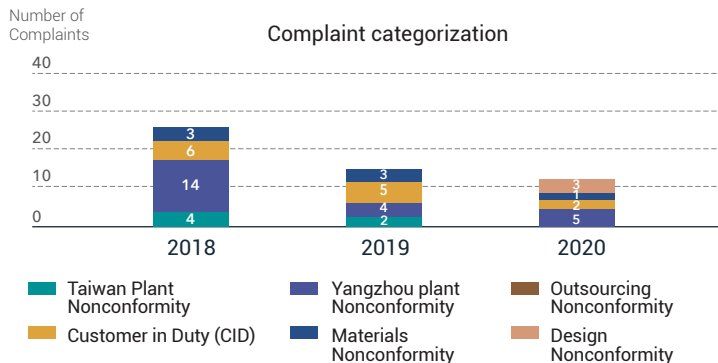
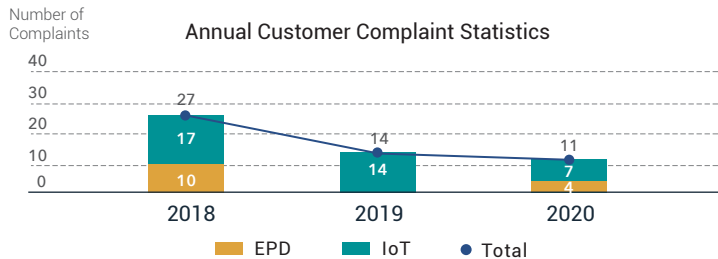
After analyzing the satisfaction survey results, we delivered the outcomes to the respective units and submitted them for the annual quality system management review. The situations were discussed at the management review meeting for a number of specific customers that provided noteworthy responses in their survey and those with average satisfaction scores that fell in 2020 compared to 2019. For cases deemed necessary, responsible personnel for the corresponding indicator has been asked to assist in investigating the cause(s) of dissatisfaction and the context of the incident involved. After discussing the appropriate response and explanation on the course of action to be taken for rectification, we would follow with a risk assessment on the potential problem(s) that customers might have an opinion on, with continual improvement measures implemented to ensure that specific issues with customer satisfaction could be properly addressed.

Response to Customer Feedback

E Ink values customer feedback and will respond to customers in a timely manner after receiving customer complaints to reduce customer losses. For each quality incident, we will conduct an internal review and propose measures to improve and prevent recurrence in order to restore customers' confidence in E Ink. Customer complaint handling flowchart.



A total of 11 customer complaints were received in 2020 - 3 complaints less than the 14 in 2019.



In response to the 3 customer complaints of design nonconformity in 2020, we reviewed our design & development process and implemented design quality improvement activities. For the product development activities, we implemented the PDM (Product Data Management) design stage optimization platform, and each aspect of the product is strictly controlled in the design stage to ensure that design defect can be addressed, and we add the product end-use investigation and take into account customer's operation behavior and application environment at the beginning of the design, so that the product can better meet the end use.

During the product design stage

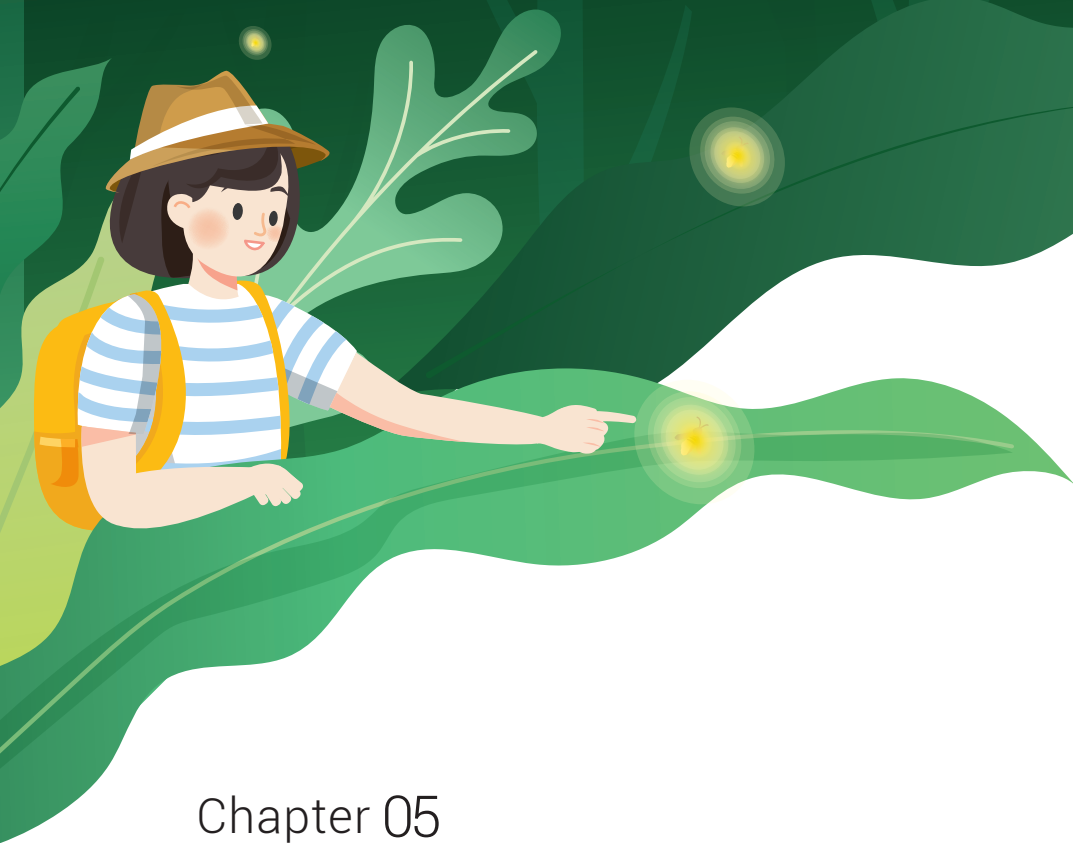
1. Add uploading system design checklist.

- Ensure the design director reviews the design content through electronic sign-off.
- Assist different design units of the project to confirm correct design correlation with each other.
- Allow production units confirm the design content can meet the production needs.

2. Add the investigation of downstream assembly plants and product end customers

- Investigate the reprocessing technique requirements of downstream assembly plants to avoid problems in downstream assembly plants
- Investigate the operation behavior and environment of end customers, so that the products can be more suitable for end customers

After the introduction of the above two improvement measures, the Company has been able to significantly reduce design defects through closer cooperation between design departments and production lines, and the communication and contact with external downstream assembly plants and end customers are smoother; with the cooperation of the overall value chain, we have been able to significantly reduce the number of design defects. In 2020, all 3 customer complaints of design nonconformity were closed after improvement.



Chapter 05

Sustainability · Green co-prosperity

5-1 Environmental protection

Starting from 2002, several of our plants have passed ISO 14001 certification (environmental management system). In conjunction with the 14001:2015 version change, our plants in Taiwan have passed third-party external verification and acquired the new certificate in 2017.

ESHE Policy

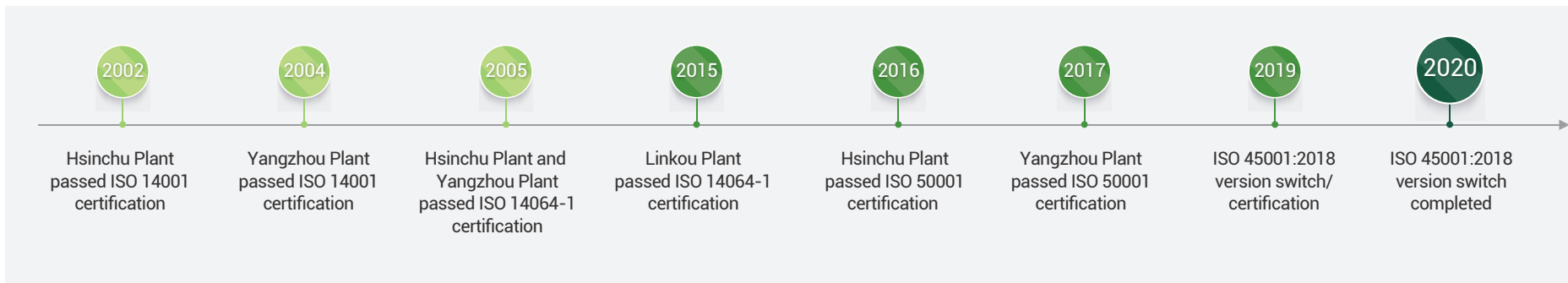
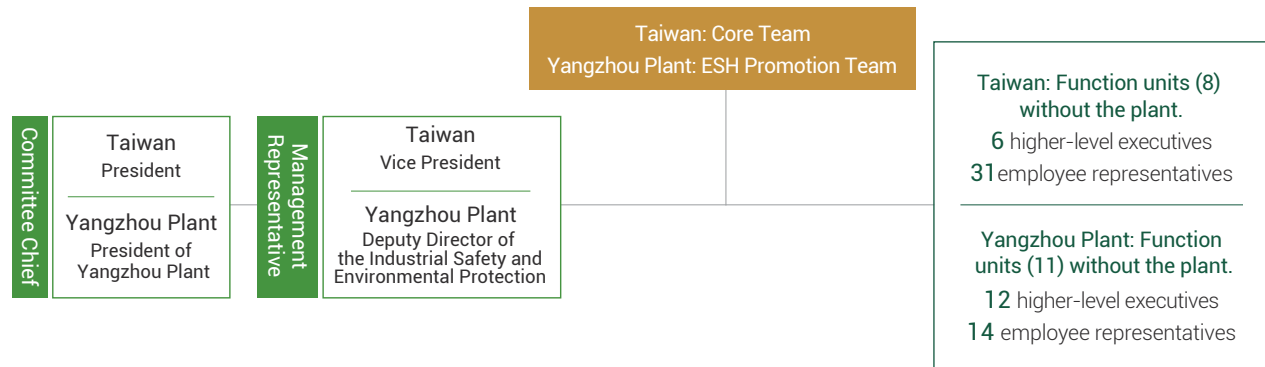
Environment Prioritization, Safety Supremacy, Total Participation, Sustainable Operations

As a leading developer and supplier of ePaper based on Electrophoretic technology, we offer revolutionary products, deliver superior user experience, and create better environmental efficiency through our development of advanced technologies. In addition to caring about employee safety and health and environmental and energy topics, E Ink's management firmly believes that environment, safety, health, and energy (ESHE) to be the foundation of its business operations. Through appropriate assessment of ESHE with the right tools, drawing up management plans, and enforcing said plan in our routine operations and controls, we will be able to achieve safe operation, clean production, environmental protection, and energy conservation - which are key to sustainable operations. For these reasons, we are committed to making continuous improvements to our ESHE management system through the following means:

1. Comply with domestic ESHE-related laws and regulations, build a healthy and safe work environment, prevent occupational injuries and diseases, and fulfill our corporate social responsibilities;
2. Implement risk management, pollution control, and energy conservation by administrators of all levels and all employees as their direct responsibilities and strengthen existing employee consultation and participation mechanisms to encourage total participation through communication and coordination;
3. Provide adequate and necessary education, training, and resources and introduce new international ESHE concepts in order to improve the ESHE awareness and ESHE management performance of employees;
4. Research and develop new processes and use new equipment, new materials that pass ESHE assessments to minimize hazards, risks, environmental impacts, and energy consumption;
5. Manage hazardous chemical substances in compliance with international protocols and customer requirements to follow global environmental trends and enhance product competitiveness;
6. Reinforce process waste reduction, energy conservation, risk control, and hazard eradication/prevention to improve ESHE performance;
7. Conduct GHG inventories and verifications in compliance with international standards and take effective controls to minimize GHG emissions;
8. Uphold balanced ESHE and organizational development to achieve sustainable operations.

Structure of E Ink ESHE Management System Promotion Organization

To effectively promote and implement ESHE management, we have established the ESHE Management System Promotion Committee in Taiwan plants and the ESHE Promotion Team in the Yangzhou Plant to take charge of ESHE-related promotions and inter-departmental communications/coordination, and management.



In addition, both the Hsinchu Plant and Yangzhou Plant have obtained the Verification Statement of Greenhouse Gas Assertions through ISO 14064-1 GHG inventory and passed external verifications since 2005. Although our Linkou Plant is not an EPA-required GHG inventory plant, it implemented voluntary GHG inventory and external verifications to review the effectiveness of in-house energy conservation and emissions reduction, which would serve as a basis for the measurement of future improvements.



E Ink ISO 14001 Certificate



E Ink ISO 14064-1 Verification Statement

Proactiveness
Communication
and Practices

Forward Looking
Navigation strategy

Innovation
Smart experience

Link Value
co-existence

Sustainability
Green
co-prosperity

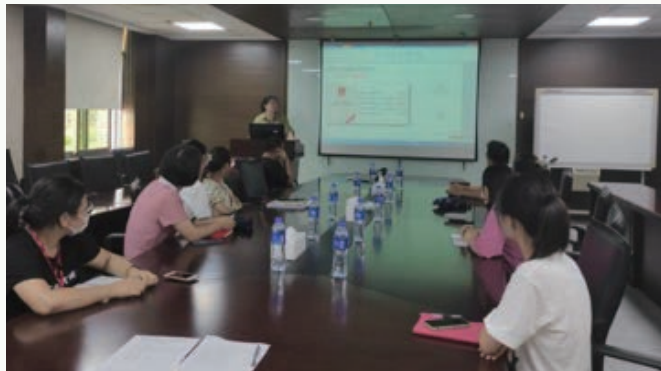
Happiness
Workplace Growth

Care Moving
Forward

Appendix

Active tracking environmental protection regulations and response

As environmental protection regulations become stricter in China, Yangzhou Plant has established mechanisms for regulatory identification and response to gather relevant information and data on pertinent regulations (i.e. addition, annulment, amendment). As of 2020, the plant has followed more than 366 articles of relevance and implemented in-house compliance review for new regulations with a compliance rate of 99.45% while arranging for related training and notification during the monthly EHS meeting and management review meeting for the managers.



5-2 Address to climate change

Climate change related financial disclosures

Each year, the World Economic Forum publishes the Global Risks Report, which identifies the key risks that the world may be exposed to. From the latest report, apart from the apparent impacts of COVID-19 around the world, the potential risk from climate change is something that we cannot afford to overlook. The fact that “Extreme weather events” had remained the risk that has the greatest likelihood of occurrence for five consecutive years speaks volumes to the universal anxiety that people worldwide share. In light of the uncertainty from climate changes and the impending transition in global energy structures, E Ink has been aggressively implementing projects of energy and water conservation and carbon reduction in conjunction with the Company’s policies for economic development, environmental protection, and sustainable development. We strive to boost our resilience against climate change and build a culture of environmental sustainability through the identification and mitigation of climate change-related risks and developing energy-saving products and services.

In 2019, E Ink referred to the Task Force on Climate-related Financial Disclosures (TCFD) as published by the Financial Stability Board (FSB) in our identification of climate risks and opportunities. This year, in an effort to further explore the potential impact of climate changes, we have analyzed hypothetical scenarios with specific impact in the foreseeable future and established effective management measures that would strengthen the Company’s resilience against climate change.

Governance

The Board of Directors is entrusted with establishing the Company’s overall climate change strategies and relevant annual goals. In addition, the Board is also responsible for the supervision of adherence to said strategies and the Company’s progress towards the established goals, while the ESG Sustainability Committee is responsible for relevant promotion and execution. Our ESG Sustainability Committee is headed by CFO Le-Chun Chen and the Committee reports to the Chairman. Under the ESG Sustainability Committee, the Green Production Division is primarily responsible for climate change governance and risk management. The Division will evaluate and manage the impact of climate change on the Company’s operation and arrange for relevant departments to take part in meetings to discuss the items of implementation and promote sustainable development-related affairs on a yearly basis.

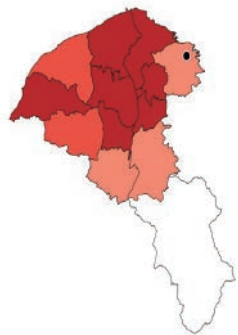
Strategy

With regards to the threats and potential opportunities that climate change may bring, E Ink has already incorporated the TCFD framework to identify the risks and opportunities of climate change. For details, refer to E Ink’s CSR Report for 2019. In 2020, from the major climate risks identified through the TCFD framework, the Company analyzed various scenarios that may result from the risks of major climate changes. Results of the analysis revealed the risks to be changed in renewable energy regulations, increased severity of extreme weather events and uncertainty in market signals. After appraising the potential impact of these risks on the Company’s operation, the Company has analyzed the physical and transition risks for the scenarios of increased severity of extreme weather events and uncertainty in market signals.

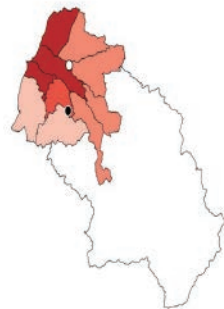
Assessment of physical risks

According to a study conducted by Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP), the formation of typhoons is expected to decrease in frequency in the future. However, the intensity of rainfall brought by typhoons will become significantly greater. Such drastic volume of rainfall would expose the Company to greater impact from typhoons, which could cause our plants to flood, disrupt the power supply, or indirectly lead to personnel injury/casualty. In terms of logistics, such weather events could potentially cause roads to collapse or even landslides, which would impede the delivery of parts and components. Such disruption in supply chain operation would in turn disrupt our operation.

In light of the potential of climate changes that could lead to extreme weather events, the Company has implemented an assessment of physical risks of disruption to its operations resulting from such events in order to evaluate the feasibility of relevant preventive measures. The specific scenario of climate change in the hypothetical future was constructed based on the concept of Representative Concentration Pathways (RCPs), which symbolize the trajectory of GHG emission presented in the Fifth Assessment Report (AR5) published by the Intergovernmental Panel on Climate Change (IPCC). An RCP of 8.5, which represents the worst-case climate change scenario, has been chosen as the basis for potential disruption of operation in conjunction with relevant information taken from the TCCIP. The analysis involved an evaluation of the potential risk of climate disaster on three dimensions (i.e. Disaster Risk, Vulnerability and Exposure) to gauge the potential impact of extreme climates on our day-to-day operations. The analysis was performed for our main operational centers in Taiwan and specific locations of our key customers. We also evaluated potential sites of new office buildings and plants the Company may construct in the future.



E Ink's Flood Risk Map (Taoyuan City)



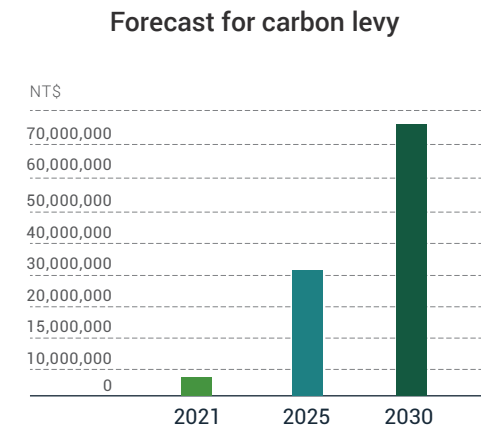
E Ink's Flood Risk Map (Hsinchu City and County)

Based on the outcome of the analysis, neither of our two main operational centers in Taiwan is situated in a high flood risk area. Both our Hsinchu HQ and plants are located in areas of moderate risk, while our Linkou Plant is in a low risk area. In addition, the site which we have chosen for our new office building in the near future is also located in a moderate risk area near our Hsinchu Plant. In light of the potential disruption to the operation that could be caused by flooding, E Ink has already formulated specific disaster response plans for incidents such as typhoon or chemical leakage that could have a major impact on our operations. By standardizing relevant procedures and exposing employees to routine training, we will mitigate the risks of operation disruption that may occur during relevant contingencies. With regards to supply chain risks, we have also extended the analysis to cover our major customers in Taiwan. We found said customer to be situated in a high flood risk region in the hypothetical scenario and to reduce the likelihood of supply chain disruption caused by drastic rainfall volumes, we have also formulated a relevant response plan based on our "Procedure Governing Operational Continuity Management". The plan involves a number of specific measures such as controlling product delivery versatility, establishing an emergency response taskforce to assist customers in troubleshooting and so forth to mitigate potential risks in our supply chain.

Assessment of transition risk

Many countries around the world have pledged to achieve carbon neutrality (net zero) by 2050 in order to achieve the goal that was adopted in the Paris Agreement. Consequently, our government has also initiated relevant assessments of feasible paths to achieving net zero carbon emission and amended relevant regulations. Towards the end of 2020, the EPA proposed the draft for amendments to the Greenhouse Gas Reduction and Management Act. The details on effective carbon pricing unveiled in the draft became the focus of attention for all relevant spheres.

In 2020, the Company assessed potential carbon pricing in the near future and analyzed the potential impact of said pricing on the Company's operations. The hypothetical scenario involves the adoption of NDC in Taiwan and the impact of carbon pricing on E Ink's operations. From the result of the analysis, we sought to determine the direction of our carbon reduction plans in the future in order to mitigate the potential impact of carbon pricing that might become a reality in the future. For the analysis, we adopted the carbon pricing options for Taiwan as published by Grantham Research Institute on Climate Change and the Environment. The options were formulated specifically based on Taiwan's existing policies, regulations and sector characteristics. We estimated our carbon levy to have a starting price of NT\$ 280 for each ton of carbon dioxide emitted. With this starting price, we plotted the foreseeable changes in our future revenues and carbon emission and deduced the carbon levy that the Company would have to pay over the next decade.



Our estimates suggested that our carbon levy would have a relatively insignificant impact on the Company in 2021 alone from a short-term perspective. However, as our operations and production capacity continue to grow, our GHG emissions would grow at a proportional rate. If we do not implement aggressive carbon reduction measures, our forecast for carbon levy in 2025 suggests that the levy would increase by a factor of 5.46 times compared to that of 2021. E Ink's carbon levy is estimated to show substantial growth over the years and by 2030, our carbon levy might grow as much as 11.71 times compared to that of 2021.

In light of the potential impact from substantial carbon levy we might face in the future, with regards to production process energy management, we will continue to introduce more energy efficient and low-power consuming equipment and carry on with various carbon reduction projects to effectively reduce our power and energy consumption during production. As for energy consumption, the Company will continue to purchase green power and consider increasing the installed capacity of solar panels at our facilities to increase the ratio of our renewable energy consumption so that we can reduce carbon emission while mitigating our impact on the environment at the same time.

Risk management

Climate Change Risk Management

Risk category	Source of risk	Risk description	Financial impact	Duration of impact	Counter measure for the risk
Physical risks	Disruption of day-to-day operation	Severe disasters such as typhoons, floods, storms and so forth have caused our plants to flood, disrupted power supply and led to disruption of operations.	Increase in operating cost	Short-term	For physical risks that may result from extreme weather events, the Company has established relevant disaster response plans and standard prevention procedures to achieve operational continuity that would effectively reduce the potential damages of disasters
	Disruption of supply chain	Severe natural disasters and drastic rainfall could lead to collapsed roads or flooding at customers' plants, which would disrupt the Company's operation. Consequently, our suppliers will not be able to make punctual delivery of goods and it would lead to a disruption in supply chain operation	Increase in operating cost	Short-term	Regarding supply chain disruption that may be caused by natural disasters, we have also formulated a relevant response plan based on our "Procedure Governing Operational Continuity Management". Apart from predicting and controlling our own deliveries, the plan also involves assisting customers in troubleshooting to mitigate potential risks to the supply chain.
Transition risk	Change in national policies	In light of the latest international trends, the current power market is strongly promoting renewable energy generation. Domestically, the government has legislated a clause for "high-energy users", which requires energy-heavy industries to achieve an installed capacity of 10% for renewable power generation within 5 years; industries that fail to achieve this requirement will face a significant surcharge for their power consumption	Increase in operating cost	Medium term	E Ink has proactively planned for the use of renewable energies. Due to considerations for the diversity of renewable energies and distributing their sources, the Company has considered incorporating rooftop solar power, inland wind power, or even biomass power generation as potential renewable energy sources.
	International trends in carbon reduction	With nations around the world formulating their respective carbon pricing to achieve reduction and control of carbon emission so that they can achieve the goal of net zero emission, our government has also quickened its pace in the formulation of a pricing mechanism to achieve effective control of Taiwan's carbon reduction goals.	Increase in membership fees	Long-term	The Company has analyzed hypothetical scenarios involving potential carbon pricing in the future. Through preemptive evaluation of potential impacts, the Company will be able to take relevant actions to mitigate the impacts of carbon pricing in the future. In the meantime, the Company will continue to adopt more low-energy consuming equipment to achieve effective reduction of power and energy consumption while reducing our GHG emission so that we can achieve our goal of effective carbon reduction

Climate Change Risk Management

Opportunity category	Opportunity	Opportunity description	Development of financial opportunity	Duration of impact	Counter strategy
Product and Service	Growth potential for low carbon products	The Company may benefit from growing market demand and anticipation of low-carbon products and continue to develop and manufacture low-carbon products	Increase in operating profit	Medium term	Thanks to its unique bistable state and low power consumption, ePaper has become a popular product in the global market. And as such, E Ink shall continue to expand the domain of potential applications for ePaper and recruit more development talents and expand our production capacities in the U.S. and Taiwan in order to accommodate the growing market demands

Indicators and goals

Indicators	Goals
<ol style="list-style-type: none"> 1. Reduce unit product GHG emission 2. Continue to increase the number of E Ink's renewable energy certifications 3. Reduce water consumption and increase wastewater recycling volume 4. Strengthen supply chain management to foster sustainable partnerships with other supply chain members 	<ol style="list-style-type: none"> 1. To achieve an annual power conservation rate of 1% at Hsinchu Plant 2. To achieve 15 kWh/m² unit product energy consumption at Linkou Plant

Energy Consumption Management

In view of global warming and the structural adjustment of domestic power supply, energy management, energy conservation, and emissions reduction have become popular topics in society and the key issues of enterprises. In addition to pursuing sustainable business, we spare no effort to practice environmental protection to create a better future for the Earth, the environment, and future generations.

At the end of 2016, our Hsinchu Plant completed its third-party external verification of ISO 50001 Energy Management System and by extending the EMS promotion experience of the Hsinchu Plant to Linkou Plant, we were able to have Linkou Plant pass its third-party external verification in 2017. We will progressively implement the system across all E Ink plants to demonstrate our determination and efforts to implement energy conservation and emissions reduction. We implemented the Energy Management System version switch in 2018 and completed our ISO 50001:2018 verification as of November 2019.



ISO 50001 Certificate

At E Ink, we implement midstream-downstream vertical integration for integrated production. Our Hsinchu Plant was once responsible for the manufacturing of front-end display panels. At the same time, Linkou Plant and USA Plant produce e-ink, with the assembly of terminal module products being done at our Yangzhou Plant. Therefore, energy management and intensity of product energy consumption at different plants may vary significantly due to the means of energy supply in the production region and the product structure involved.

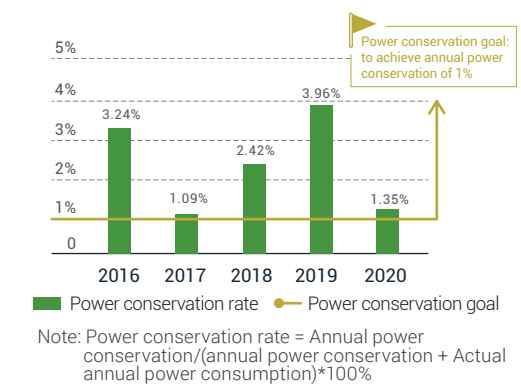
Presently, our plants in Taiwan are operating per the government's energy policy, with Hsinchu Plant aiming to achieve an annual average power conservation rate of 1% between 2015~2020. At the same time, Linkou Plant will strive to achieve the goal of reducing energy consumption to 15 kWh/m² of the product as our goal for energy conservation.

After Hsinchu Plant transformed from a mass-production plant into an experimental plant, we have gradually adjusted the facilities and production equipment for better energy conservation in conjunction with our in-house energy-saving program. Consequently, our annual energy conservation rate at Hsinchu Plant has consistently exceeded 1%. As we completed the transformation of the Hsinchu Plant in 2017, its product energy consumption and GHG emission intensity will no longer be incorporated into the report.

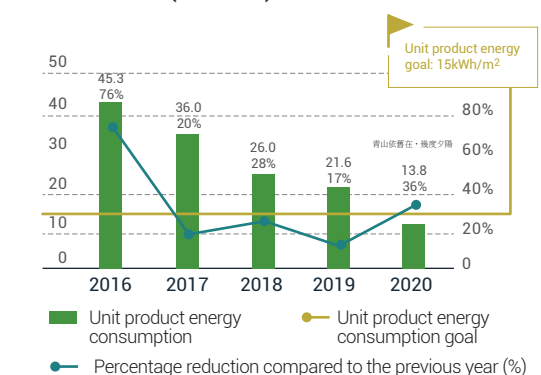
Despite the increase in production capacity in recent years, Linkou Plant has maintained a steady power consumption level. As such, the unit product energy consumption of the plant has been falling significantly each year. Moreover, as Linkou Plant was involved mostly in the development of new materials and products during the period between 2013 and 2015, the plant had been dealing primarily with new product development and trial production until it gradually transitioned into mass production in 2016. Due to the extremely low production volume in 2015, the energy intensity for Linkou Plant rose significantly at the time. In 2017, Linkou Plant entered the phase of mass production with significantly increased production volume and a portion of the energy-saving measures implemented in conjunction. Although overall power consumption increased, the plant's product energy consumption and GHG emission intensity fell noticeably. A new model of mass production was introduced at the plant between 2018~2019, with production capacity continuing to grow. At the trade-off of the modest increase in overall power consumption, Linkou Plant's product energy consumption and GHG emission intensity continued to fall. This reflects our success in the area of energy management promotion.

As far as Yangzhou Plant is concerned, due to the multiple energy-saving that were implemented simultaneously with increased production capacity in 2015, the intensity of electricity consumption of the Yangzhou Plant fell significantly compared to 2014 and has been steadily reducing after that. Nevertheless, Yangzhou Plant's power consumption grew slightly in 2018 due to capacity transfer as a result of plant relocation, and yet production capacity has dipped slightly due to the reduced utilization rate. Consequently, the plant's product unit energy consumption and GHG emission intensity increased slightly. In 2019, all machinery and facilities were properly installed for operation, and the plant's capacity has been restored to a normal production schedule with adequate manpower in place. As expected, the plant's product unit energy consumption promptly returned to the level of previous years. For the first half of 2020, despite the impact of COVID-19 that affected our production capacity, we were able to return to a normal level of production capacity in the second half of the year. In terms of overall production volume for the year, we were able to achieve our given targets while power consumption at our HQ and plants have fallen steadily over the years. This reflects our notable success in reducing unit product power consumption. The aforementioned GHG emission intensity had been calculated based on the total volume of Scope 1 and 2 emissions divided by our overall production capacity.

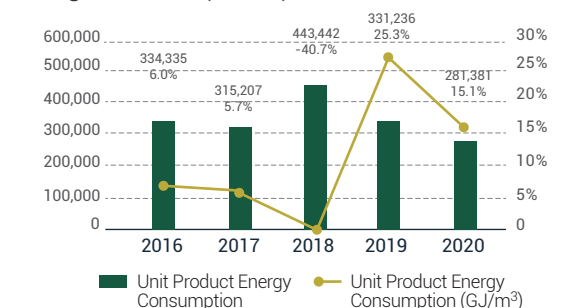
Hsinchu Plant power conservation (%)



Unit Product Energy Consumption at Linkou Plant (kWh/m²)



Unit Product Energy Consumption at Yangzhou Plant (GJ/m²)



Proactiveness
Communication
and Practices

Forward Looking
Navigation strategy

Innovation
Smart experience

Link Value
co-existence

Sustainability
Green
co-prosperity

Happiness
Workplace Growth

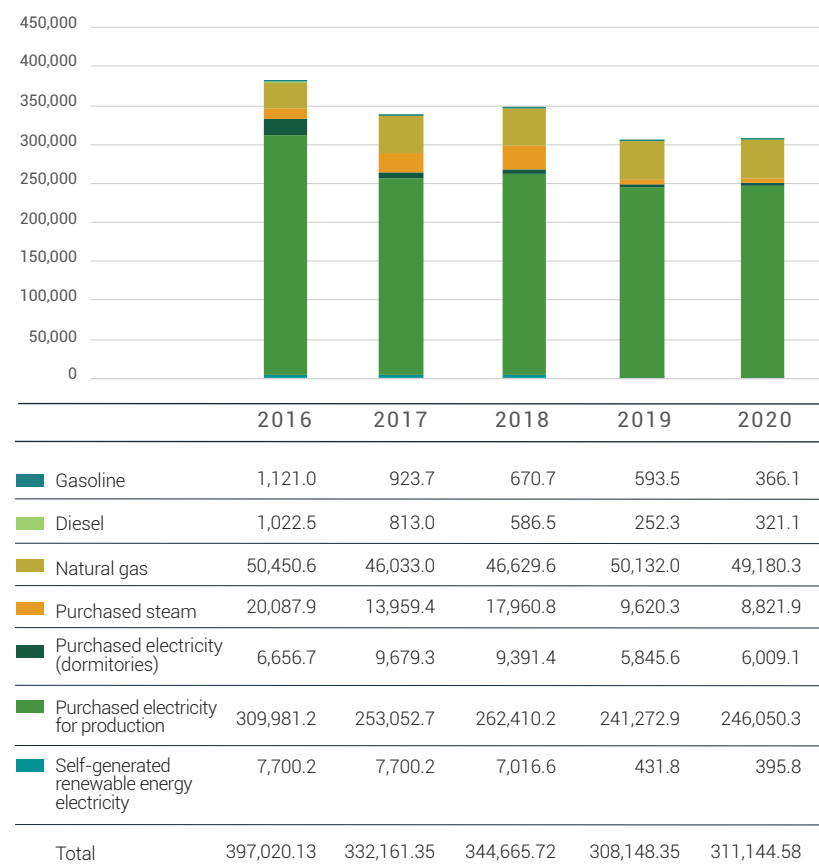
Care Moving
Forward

Appendix

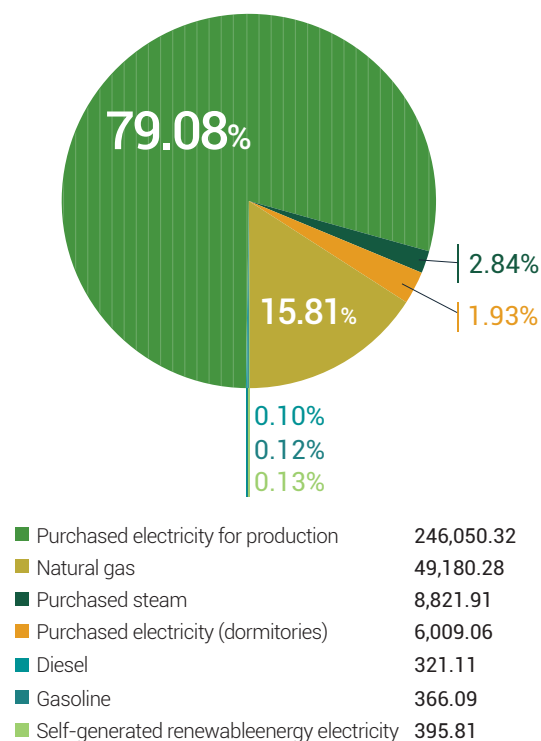
Status of energy consumption

Our total 2020 energy consumption was 311,145 GJ for all production. The total consumption of renewable energy was 1,400.21 GJ and the total consumption of non-renewable energy was 309,745 GJ. Power used for production purposes is mostly externally purchased (i. externally purchased power and renewable we generated on our own). It accounts for more than 79% of our total energy consumption.

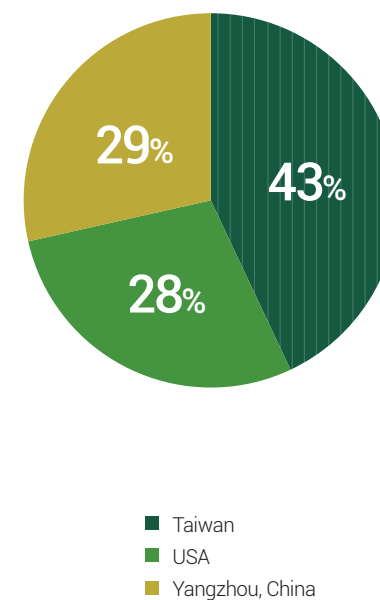
2020 Total energy consumption (GJ)



E Ink's total energy for 2016-2020 (GJ) (GJ)



Proportion of 2020 total energy consumption of major E Ink production bases worldwide



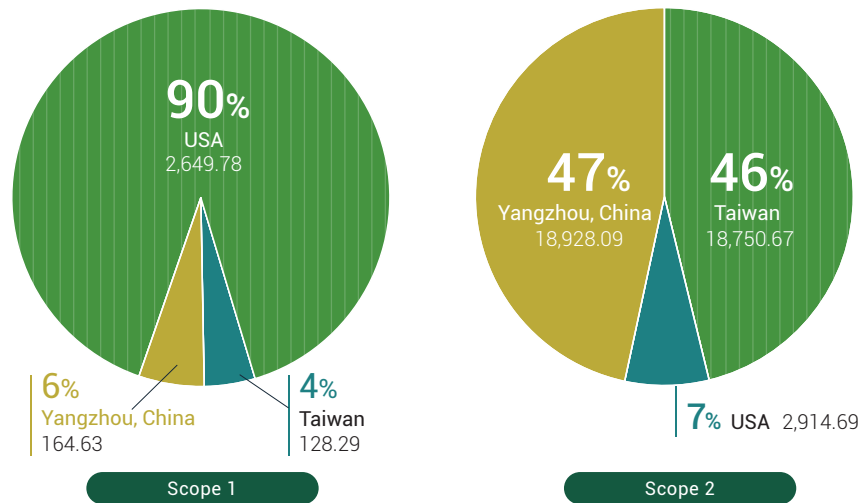
GHG Emissions

Reduction of GHG emissions has become an important trend of environmental protection across the globe. To implement GHG management, it is necessary to first understand the company's GHG emissions. Identification and quantification of GHG emissions are the most fundamental work for GHG inventory.

Both Hsinchu Plant and Yangzhou Plant began GHG inventory in 2005. We have conducted third-party verification according to ISO14064-1 in the same year, while the Linkou Plant implemented GHG inventory and external verification voluntarily. Starting from 2013, Hsinchu Plant became the first public and private fixed pollution source announced by the EPA to report GHG emissions. At present, the plant has completed registration and reporting every year.

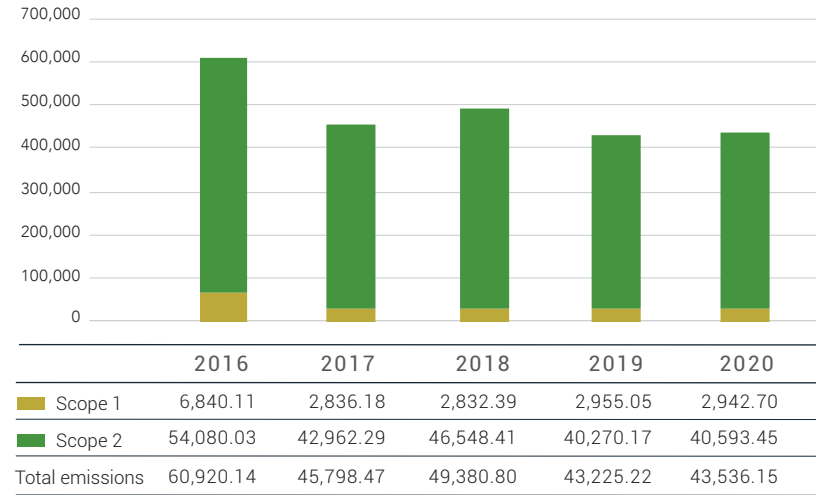
As purchased electricity as specified in Scope 2 remains as our main source of GHG emissions for all plants, both the pattern and trend of the unit product GHG emissions and intensity of product energy consumption of each plant ended up with a high resemblance. In addition, as Hsinchu Plant completed its transition from a mass-production factory to an experimental factory by the end of 2016, its GHG emissions have fallen significantly. As such, its data for product emission intensity will no longer be presented for disclosure purposes.

2020 GHG emissions of major E Ink production bases worldwide

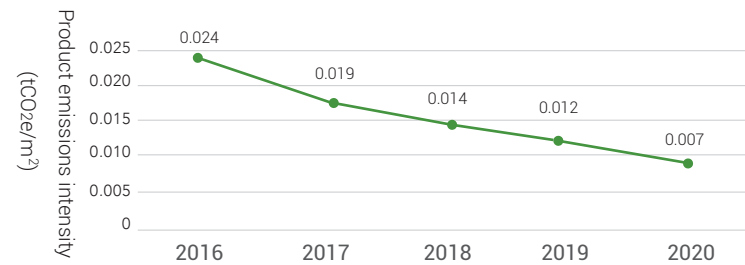


E Ink's GHG Emissions for 2020 (tCO₂e)

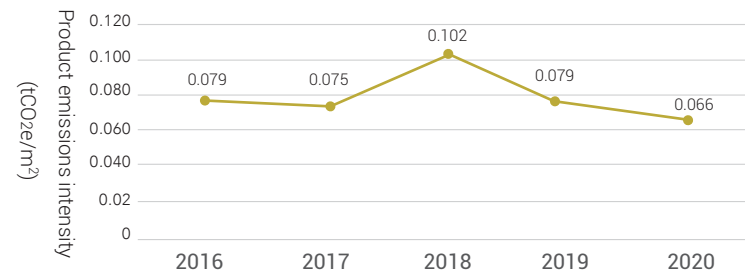
E Ink total GHG emissions (tCO₂e)



Product emissions intensity (Linkou Plant)



Product emissions intensity (Yangzhou Plant)



Management of Energy Saving and Emissions Reduction

In recent years, we have made much effort in energy management. For example, we implemented many energy-saving and efficiency improvement plans on relevant plant facility systems, clean rooms, and office areas. We have gradually reduced energy consumption and GHG emissions through equipment updates, system parameter optimization, and administrative measures in recent years and maintain them within a controllable range.

1. Increasing renewable energy use

To support the renewable energy certificate (REC) trade promoted by the government, E Ink subscribed to a total of 262 RECs in 2017, 697 RECs in 2018, 686 RECs in 2019, and 272 RECs in 2020, along with 7 RECs for direct supply and wheeling. According to the statistics on REC transactions from the National Renewable Energy Certification Center, as of **April 30, 2021**, we have traded a total of **1,917** (not including 7 PPAs) RECs and we are currently the top enterprise with the highest REC transactions, which accounted for **21.28%** of all REC transactions in Taiwan. We will continue to subscribe to RECs to demonstrate our support for green power and determination to conserve energy and reduce carbon through action.

Green Power

Green power refers to the process of generating power with zero or near-zero CO₂ emissions. Compared with other ways of power generation (e.g. thermal power, over-developed renewable energy), green power causes a much smaller environmental impact. The main sources of green power are solar, wind, hydro, biomass, nuclear, geothermal, etc. In the R.O.C., solar power and wind power are the main sources. According to the definition of the Bureau of Energy, Ministry of Economic Affairs, electricity produced by renewable energy generation equipment is green power.

Tips on Renewable Energy Certificates

The energy certificate is the ID card of green power. The renewable energy certificate is issued after verifying the renewable energy equipment and power generation through a third-party impartial unit. At present, international companies such as Google, Apple, and Facebook are committed to using 100% green power, and the renewable energy certificate can be regarded as proof of using green power.

Q&A

1. Developing green power can accelerate renewable energy development, reduce the country's dependence on imported energy and fossil fuels, and reduce CO₂ emissions.
2. The subscription of green power is a manifestation of environmental protection for enterprises. Since green power has zero carbon emission coefficient during operation, it is more in line with the international trend of environmental protection and can help enhance the competitiveness of products. In addition, international companies have announced their participation in RE100, which requires their supply chains to move towards 100% green power.

What are the benefits of applying for a certificate?

Power generators can apply for certificates as proof of green power generation and sell them to power users along with electricity, or sell the environmental benefits of green power to those who need them in the form of certificates. The purchaser of the certificate can use it in GHG inventory and can also use it in domestic and foreign corporate rating system, such as international carbon disclosure projects, as proof of the use of green power. Those who use their own equipment to generate green power can also apply for a certificate as proof of green power usage and use it in the corporate rating system.



For more information, please refer to the National Renewable Energy Certification Center

In addition, we began to build solar panels on the roof of the Yangzhou Plant in 2014 to generate power for in-house productions. Coupled with our energy-saving measures at the plant, we effectively reduced our Scope 2 GHG emissions to lower our electricity bills and create a win-win situation in terms of environment and economy. Our Yangzhou Plant was rated as an excellent, high-salary, and eco-friendly enterprise, which came with the privilege of direct purchase of power with lower carbon emission from the power plants since 2016 to further reduce our environmental impacts.

However, due to ongoing integration at Yangzhou Plant in 2019, we could no longer use some of the rooftop solar panels at the original site. Consequently, our installed capacity and power generated fell significantly for the year.



Year	Total output capacity (kWh)	Total electricity bill saved (NT\$)
2014	2,202,462	1,520,000
2015	3,275,241	1,590,000
2016	2,143,751	1,267,000
2017	2,143,136	1,377,000
2018	1,952,345	1,961,000
2019	116,067	116,000
2020	114,343	114,277
Total	11,947,345	7,945,277

*Total amount of electricity bills saved was calculated based on the electricity tariff in Yangzhou City for the year, electricity purchasing price for Yangzhou Plant, and the RMB exchange rate.

2. Process Energy Management

Through process equipment replacement, machine operation optimization and management, and installing LED lighting inside the factory building, we endeavor to minimize energy consumption in the production process and thereby achieve the goal of energy saving and emissions reduction. In 2020, the energy saving project focused on electricity saving, with 743,012 kWh of electricity saved as estimated for this year, equivalent to 2,674 GJ, which is also equivalent to a carbon reduction of 378.19 tons of CO₂e.

Taiwan Plants Energy Saving and Carbon Reduction Project

Hsinchu Plant inverter Air Compressor Renewal Project

- ☑ At CUB in the Hsinchu plant, air compressor #4 is the only inverter in the plant, which is currently running at 24H, but it often trips or shuts down for maintenance due to old age. The replacement is expected to be completed in July of this year, saving electricity consumption.
- ☑ Energy efficiency: 409,665 kWh/year
- ☑ Energy cost saving: NT\$1,024,000/year.

Hsinchu plant water purification system operation mode adjustment project

- ☑ There were two water purification systems in the factory; after evaluation and operation test, E Ink's water purification system can supply Sumika Technology with the amount of water for DI UPW, so shut down one CDI to achieve the purpose of energy saving.
- ☑ Energy efficiency: 195,524 kWh/year
- ☑ Energy cost saving: NT\$488,810/year.

Process area make-up air unit pure water replacement program

- ☑ The original make-up air unit needed pure water for temperature and humidity control. Then it was changed to use soft water filtration method to provide the water source for temperature and humidity control, which can save the electricity consumption and related cost of producing pure water.
- ☑ Power consumption before improvement: 2,921.45 KWH/week
- ☑ Power consumption after improvement: 1,944.66 KWH/week
- ☑ Annual power saving after improvement: 976.79KWH/week * 52 weeks/year = 50,793.08KWH/year
- ☑ The annual saving is NT\$144,755, minus the construction cost of soft water filtration of NT\$10,000 = NT\$134,755

Recycle water TOC UV removal device shutdown for energy saving

1. Save NT\$153,419/year on electricity consumption
 2. Saved NT\$235,000 on lamp replacement materials for the year
 3. Saved NT\$6,000 in lamp replacement labor cost
- Before improvement: 104.630 (kwh)/15.866HR*24HR*360days=56977(kwh/year)
- After improvement: 23.163(kwh)/168.9HR*24HR*360days=1185(kwh/year)

Hsinchu plant outdoor explosion-proof lighting repair projectsaving

- ✓ The VOC area on the top floor of Array_Utility in Hsinchu Plant was completely renewed to Ex d IIB+H2 T6 Gb 120W LED explosion-proof lamps, and the piping and wiring were completely renewed to ensure electrical safety.
- ✓ Energy efficiency: 638 kWh/year
- ✓ Energy cost saving: Approx. NT\$1,596/year.

Yangzhou Plant Energy Saving and Carbon Reduction Project

Electronic label product packaging optimization

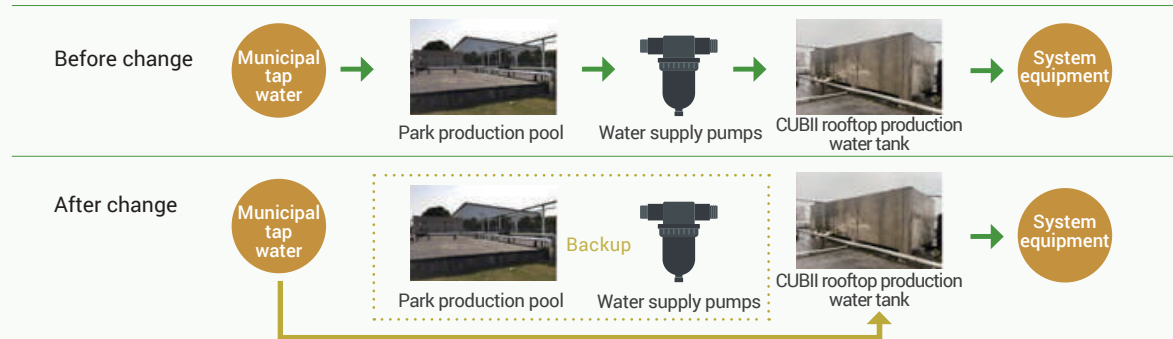
By optimizing and improving the packaging of electronic label products and eliminating the use of EPE cushioning material, we can effectively increase the number of products that can be loaded in each box and reduce the consumption of packaging materials and transportation costs. It is estimated that after packaging optimization, the packaging cost per unit of product can be reduced by 6% and the transportation cost per unit of product can be reduced by 25.3%, which in total can save more than RMB 110,000 in a year and effectively reduce the carbon emission from packaging and transportation.

- ✓ Cost savings: RMB110,000

Production water supply change project

In order to ensure the stable water supply for production, meet the demand of production line and reduce the cost of water supply for production, the Yangzhou plant transmitted the municipal tap water directly to the CUB II rooftop production water tank in 2020. It changed the original power transmission to direct supply of municipal tap water pressure to reduce the power consumption required for transmission. If the municipal water supply stops, the production pool and water supply pumps are used for emergency water supply.

- ✓ Power saving: 30,600 kWh/year
- ✓ Cost saving: RMB21,000/year



Note: The energy efficiency of each project is estimated based on the equipment specifications and operating hours before and after the improvement.

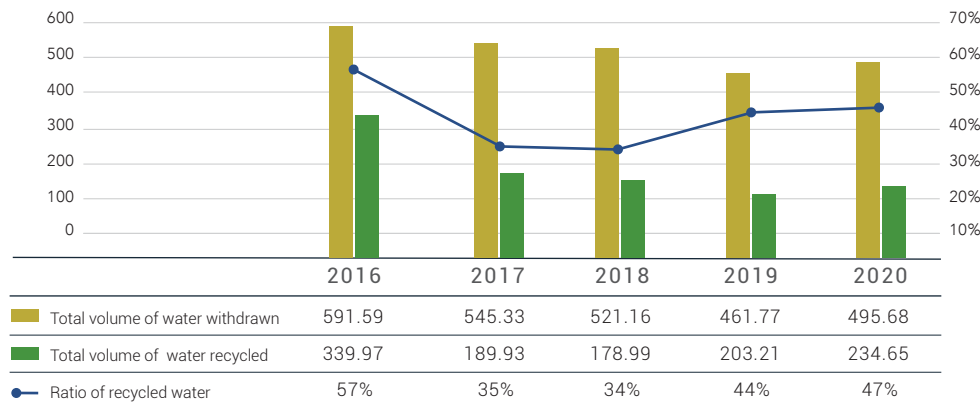
5-3 Resource recycling management

Water Resources Management

Taiwan is a mountainous island with short and rapidly flowing rivers, making it difficult to store precipitation effectively. In addition, extreme weather events have become increasingly frequent in recent years as a result of climate change, resulting in droughts and torrential rain coming in succession one after another. Floods and droughts have also occurred frequently in China in recent years. Therefore, water resource management has become increasingly important in Taiwan, China, and even across the world. To business operations, coping with the crisis from water shortages has become exceptionally important in the past few years.

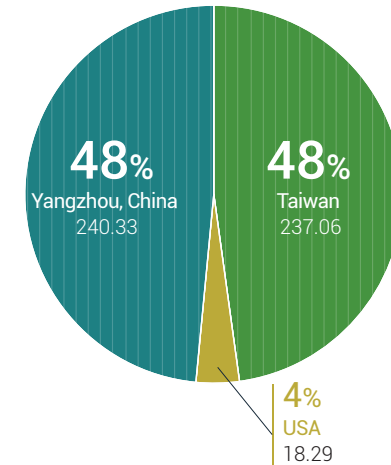
In recent years, we have spared no efforts to save and reclaim water, thus reducing the water consumption of each plant, and the unit product water consumption has also been reduced. However, as Hsinchu Plant in Taiwan used to be a display substrate manufacturing facility and has been transformed into an experimental plant since 2017, the total volume of recycled water has fallen. The plant no longer calculates unit product water consumption. In addition, water consumption at Linkou Plant is mostly attributed to general-purpose water consumption. It does not relate to production capacity and as such, the plant no longer discloses its unit product water consumption starting from 2017. As the operation of the pure water system and regeneration system was reduced at Yangzhou Plant as production capacity fell, the volume of recycled water also declined as a result. Ever since the plant's unit product water consumption fell dramatically after 2014, it has remained fairly stable since then. Nevertheless, the relocation of the plant in 2018 had led to a lower utilization rate and lower production capacity. Hence, unit product water consumption rose slightly but promptly returned to previous levels after capacity stabilized in 2019. For 2020, we maintained our water management and conservation planning - both of which have proven to be effective as E Ink managed to steadily reduce its overall water consumption and unit product water consumption over the years.

Overview of E Ink's water consumption (m³)

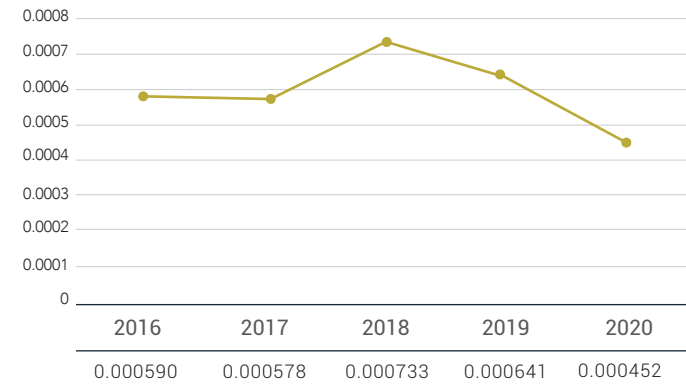


Note 1: According to the latest information on WRI Aqueduct's database, none of E Ink's current sources of water are located in areas with water stress.

The percentage of total water withdrawal for major E Ink production bases worldwide in 2020



Unit product water consumption (million liters/m²)



Over the years, we have been making different efforts to save water. We have implemented various water-saving plans to reduce tap water consumption and wastewater output every year and maintain a high reclaimed water rate. This suggests that our water resources management and water-saving efforts are effective. And as such, in order to cope with the potential water shortage crisis in Taiwan every year, apart from seeking other usable water sources, we reduced water consumption in the process and of public facilities. We further lowered the water reclamation threshold to recover more process wastewater for reuse to reduce water demand.

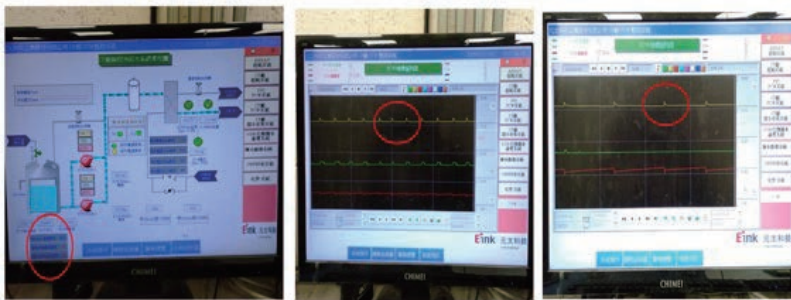
2020 Highlights Water Saving Program

Taiwan plant water saving program

CF process area process cooling water (PCW) saving program

Originally, the CF process area cooling water was replenished with pure water of better quality. However, later it was changed to lower quality water, which can still meet the needs of process cooling water. The number of replenishments per day can be reduced, resulting in water and cost savings.

1. CF PCW pure water usage = 0.8 M^3 (per hour) * 11 (number of replenishments per day) = 8.8 CMD (before water saving)
2. CF PCW pure water usage = 0.5 M^3 (per hour) * 4 (number of replenishments per day) = 2 CMD (after water saving)
3. 8.8 CMD (before water saving) - 2 CMD (after water saving) = 6.8 CMD (water saving per day)
4. Annual water saving = 6.8 CMD * 365 days = 2,482 M^3



25~30us/cm water replenishment before improving water quality

50~60us/cm water replenishment after improving water quality

before improvement

Number of water replenishment (11 times per day)

after improvement

Number of water replenishment (4 times per day)

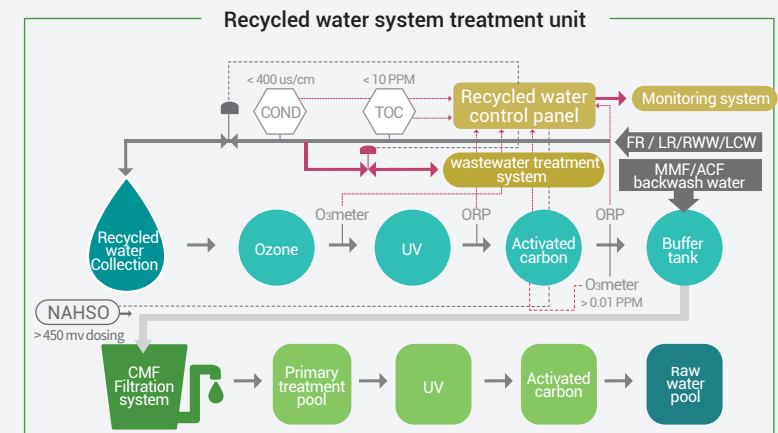
Taiwan Plants Water Recycle Program

Hsinchu plant recycled water sources:

1. the second cleaning water of the machine
2. the first cleaning water of the machine if the total organic carbon (TOC) <12 ppm, then considered as recycled water
3. rainwater
4. condensate
5. water treatment system sand filtration, activated carbon post cleaning water.

The recycled water that enters the recycling system passes through the [ozone system] to oxidize organics with large molecular weights into organics with small molecular weights, and then enters the [1st activated carbon system] to adsorb organic pollutants in the water. The recovered water after adsorption and filtration enters [CMF molecular sieve filter membrane] to filter impurities in the water. After treatment, the recycled water will undergo [UV treatment] to ensure that the water quality can be used for back end processes or other purposes, to degrade TOC of the remaining organics and microorganisms in the water for sterilization and finally enter the [second activated carbon system] to absorb the last residual pollutants in the recycled water.

E Ink actively invests resources to build a recycling water system in the Hsinchu plant and optimize the recycling water system by optimizing the wastewater quality parameters for diversion and recycling so that a drop of water can be recycled and used 1.9~2.5 times.



Yangzhou Plant Water Saving Program

Discharged Water Reuse Project

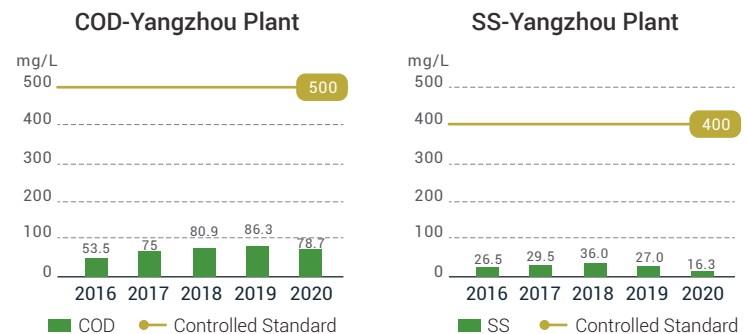
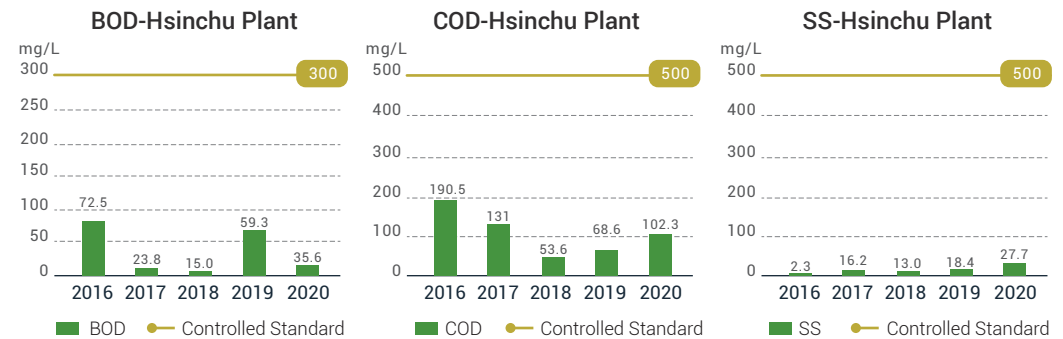
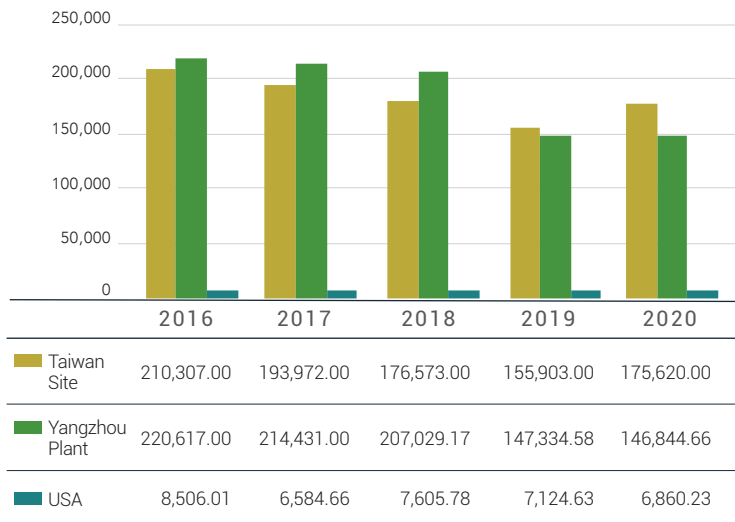
In conjunction with the layout of the water supply and drainage network in the park, the water quality and quantity were considered comprehensively, and some of the discharged water was mixed and reused to save 54,495 tons/year of tap water, RMB182,000/year in tap water charges and RMB73,000/year in subsequent sewage taxes.

In the future, we will continue to improve water resources management and plan a series of water-saving and water efficiency enhancement plans based on the sustainable development spirit.

Wastewater discharge and water quality management

Compliance with the legal requirements is the basic principle of process wastewater treatment at E Ink. Therefore, we implemented wastewater treatment and effluent quality inspections, periodic monitoring, and adjustment of wastewater discharge according to relevant legal requirements. Based on statistics from external inspection reports for wastewater quality, the quality of wastewater has met the wastewater standard of the locations where our plants are located in recent years.

E Ink Wastewater Discharge Volume (m³)



Air pollution control

Air pollutants products by plants in Taiwan vary as the processes differ. VOCs, hydrochloric acid (HCl), and hydrofluoric acid (HF) are the main pollutants at Hsinchu Plant, while VOCs are the major air pollutants at Linkou Plant. Both the intensity and volumes of emission of these pollutants fall within the legal standards. In addition, as environmental regulations in Taiwan have gotten stricter, we have also actively invested relevant resources for relevant improvements, such as choosing high-performance pollution-control facilities and ensure stable operation of environmental protection facilities to reduce pollutant emissions and reduce environmental impact.

	Air pollution control total annual emission (ton)	2017	2018	2019	2020
Hsinchu Plant	VOC	0.3093	0.8814	0.4323	0.3957
	HCl	0.0053	0.00867	0.0081	0.0168
	HF	0.00022	0.0017	0.0163	0.0058
Linkou Plant	VOC	0.328	0.395	0.347	0.427
Yangzhou Plant	VOC	0.212	0.212	0.018	0.028
USA	VOC	6.82	6.25	8.44	7.20

Note 1: Total emissions at Hsinchu Plant are calculated by multiplying the unit hourly emission intensity (from relevant test report data for the 1st and 2nd half of the year) by the annual total operating hours.

Note 2: Total emissions at Linkou Plant are calculated based on the statistics of material consumption and material input by factoring in the allowable emissions in operations.

Note 3: Method of calculation for Yangzhou Plant: Annual emissions = Emission rate (derived from 3rd party monitoring reports)* the number of hours of emission in a given year.

Note 4: Method of calculation for USA Plants: calculations for Billerica Plant were based on chemical equilibrium; South Hadley Plant had directly measured relevant stats and outsourced relevant inspections; for Fremont Plant, the inspections were outsourced to obtain the emissions prior to final calculation.

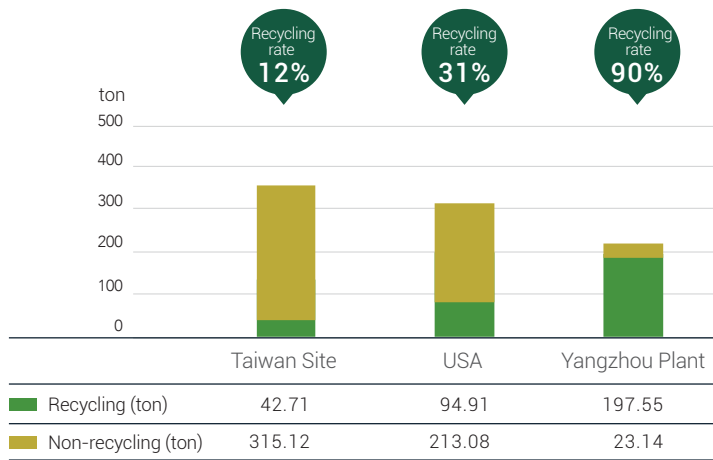
Waste management

At E Ink, legal compliance and mitigation of environmental impact are the prime concerns for waste management. Therefore, the priority of waste management is: recovery of recyclable waste to achieve waste to resources and material conservation; outsourced incineration of unrecyclable waste after central storage; and landfill when incineration is impossible. Many kinds of in-house solid waste are recoverable and recyclable. By reinforcing garbage classification, we reduce the output of general industrial waste for garbage reduction and waste to resources.

For opportunities and management of waste disposal service providers, the Company has scheduled an annual audit plan to manage waste disposal and processing service providers. Utilizing random sampling and following waste disposal vehicles to ensure that our contractors have been disposing wastes from E Ink in compliance with pertinent regulations, the Company has made a conscious effort to supervise the flow of wastes and

their final disposal. Starting from 2018, the Company has also taken one step further to implement joint auditing of waste disposal service providers by joining organizations such as the Allied Association for Science Park Industries and Taiwan TFT LCD Association (now Taiwan Panel & Solution Association) and working with other members in the audits. Not only that, E Ink has also conducted onsite inspection and review of relevant documentations to evaluate waste disposal service providers in different dimensions and perspectives such as safety, hygiene, environmental protection, risk management and so forth. Based on the results of onsite inspections, the Company would inform the service provider about areas for improvement and rectification. The audit reports have also been shared with other members as a reference for contractor selection.

Waste category	Method of disposal	Taiwan	USA	Yangzhou Plant
General Waste	Total output (ton)	199.76	268.60	200.87
	Incineration (ton)	184.25	100.90	0
	Landfill (ton)	3.41	0	0
	Recycling (ton)	8.10	93.26	194.57
	Others (ton)	4.00	74.44	6.3
Hazardous waste	Total output (ton)	158.07	39.39	19.82
	Incineration (ton)	123.07	37.74	16.84
	Landfill (ton)	0.00	0	0
	Recycling (ton)	34.61	1.65	2.98
	Others (ton)	0.39	0	0
Total	Total output (ton)	357.83	307.98	220.69
	Incineration (ton)	307.32	138.64	16.84
	Landfill (ton)	3.41	0	0
	Recycling (ton)	42.71	94.91	197.55
	Outsourced or processed by other means (ton)	4.39	74.44	6.3



The total waste output of the Hsinchu Plant tends to reduce as a result of transformation. In recycling and reusing, the plant refines electronic grade chemicals for reuse in the process. This suggests that our material management and waste management policies are effective. As the Linkou Plant mainly produces and coats semi-finished materials, it uses organic chemicals that will produce organic waste liquids. Waste liquids in the Linkou Plant has increased in recent years as the output rose gradually. For waste produced in the plant, some production waste is mainly plastics, is treated in-house for final disposal (incineration or physical), and some are recovered for recycling, except for household waste. In addition, we have also been promoting our waste separation policy to employees and equipped kitchens and employee rest areas with trash cans for different types of garbage: trash, paper waste, plastics, aluminum foil packages, glass, and metal cans. We even labeled each trash can in both Chinese and English for local and foreign employees to identify them in order to enhance the recycling and reusing rate of household garbage.

To establish a complete waste management mechanism, the Yangzhou Plant began keeping a full record of waste outputs in 2015 for management reference. Recyclable packaging materials, such as paper and plastics, are the main type of waste. The 2020 recovery rate was up to 86%. In addition, Yangzhou Plant has also been encouraging employees to submit proposals to cutting expenses in production processes, such as machinery efficiency enhancement, waste reuse, used paper recycling and reuse, expanding usage frequency for consumables, and so forth.

Taiwan plant office paper saving

By retiring the old office machines and adopting the card-controlled office machines, we can increase the efficiency and convenience of employees, reduce costs and avoid the leakage of confidential documents. We conduct monthly statistics and promotional education about the top 10 photocopiers, and then ask the top paper users to improve the process to reduce costs and increase efficiency.

Before

1. The office machines had been in use for many years, and paper jams and malfunctions occurred frequently.
2. Production for the parts of the office machines had been discontinued, so it was difficult to find replacement parts when a failure occurred.
3. At present, there is no system software control, which makes it impossible to know the printing volume by personnel, and thus impossible to do departmental billing.
4. When pressing print, it is printed out directly, and there are often uncollected documents (printed but not taken) by the office machine, so if a mistake is made, it will lead to waste. If confidential documents are printed, there will be worries that others may see them.
5. Login requires entering employee number and birthday; scanning requires entering personal mailbox, making the work more inefficient.

After

1. Scan ID badge directly, eliminating the time to manually enter your account number, password and e-mail.
2. Reduce the chance of mistakes in printing (when errors are found, it can be deleted).
3. Avoid printing without taking
4. Reduce the cost of photocopying and A4 paper
5. Reduce the risk of confidential printed content leakage
6. Reduce information security risk



Result

Import and export bonding implemented paperless operations

1. Archived by electronic files instead of paper (discussed with the Customs officials, the bond book/form must be kept in paper copy for inspection due to regulations and signature factors)
2. There is limited storage space, thus saving space for paper file archives
3. import and export documents provided to the operation / accounting / warehouse / customer service
Original paper files changed to public storage area
4. Each unit's import / experimental & test sample import and export documents now sent by electronic files

AS-IS

Originally needed to print
28,000 sheets/year

TO-BE

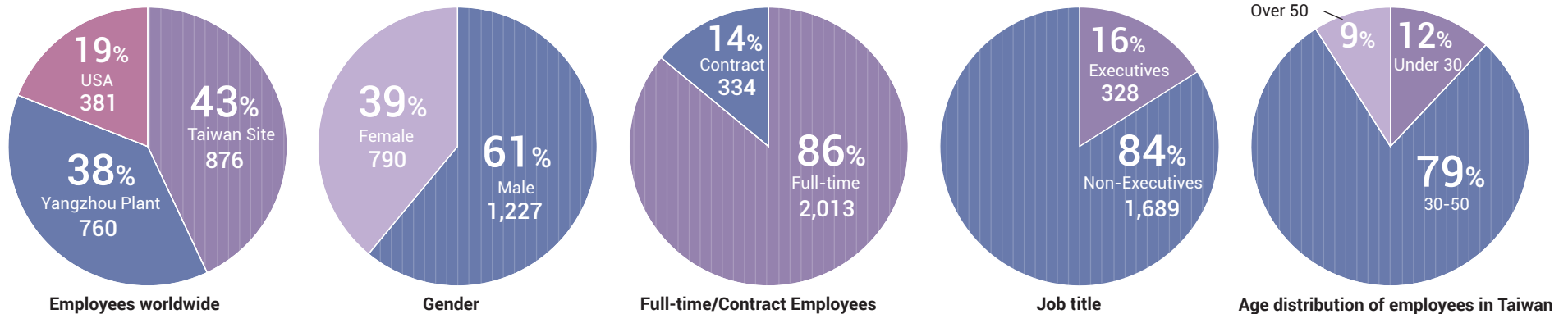
Now only needs to print
7,000 sheets/year

Chapter 06

Happiness. Workplace Growth

6-1 Team overview

2020 Employee Distributions



Note 1: Executives are managers or officers of higher levels.

Note 2: Yangzhou Plant has been actively promoting sector-academia collaboration projects and hires a significant number of interns to provide opportunities for the interns to accumulate hands-on experience at the plant while fostering relevant vocational skills through relevant training. Internship programs usually lasted between 3-6 months, and all interns were direct personnel. In 2020, The Company hired a total of 2,553 interns, 1,841 were male and 712 were female.

Note 3: As of the end of 2020, Yangzhou Plant had a total of 320 contract employees and 319 interns. All employees at E Ink's Taiwan sites and Yangzhou Plant are full time employees, while our USA plants have 377 full time employees and 4 part-time employees. Among them, three were female and one was male.

Note 4: All of the employee statistics presented were calculated based on full-time employees.

In addition, we respect the right of employment for people with disabilities and abide by the laws and regulations. As of the end of 2020, we hired 7 visually impaired masseurs and an additional masseur in May 2021 (8 in total). Among them, three are full-time masseurs with severe visual impairments while the other five with moderate or minor physical/mental disabilities have been hired by the Company. Our proportion of employees with a disability is greater than Taiwan's statutory requirements.

In terms of turnover, we had 457 new employees in 2020 and they make up 22.66% of our total employee pool, and it was a significant increase compared to that (12%) of 2019. 317 employees resigned and the resignation rate for the year came to 15.72%, which was a decrease compared to that of 2019 (19%). Upon closer inspection, excluding non-voluntary resignations, deaths, retirements (a total of 19 employees), our voluntary turnover rate came to 12.2%. Approximately 49% of the employee had resigned due to personal career planning and family issues and they became the primary cause for employee turnover in our Taiwan sites for 2020.

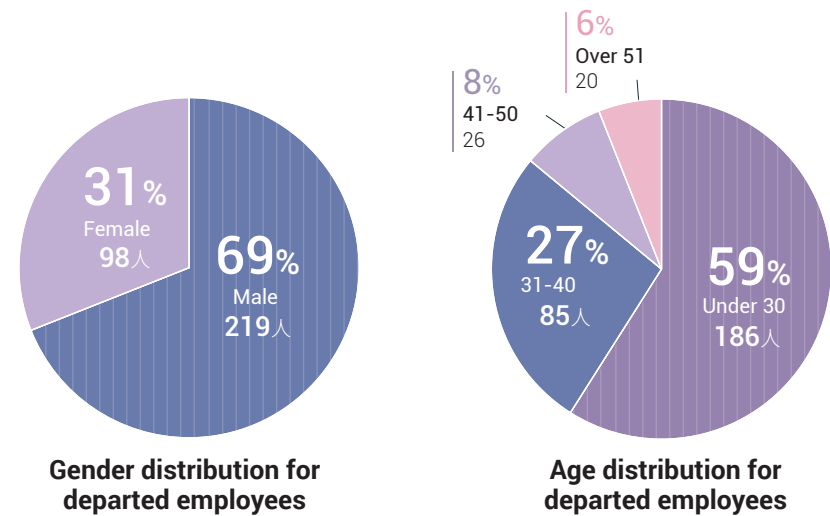
In 2020, our overall human resource demand across Taiwan sites had shown linear growth. As we planned to add four new production lines for ePaper at the Hsinchu Plant, this meant adding close to 400 new positions that have to be filled. In order to replenish this shortage in manpower quickly, in addition to our original recruitment channels, we also resorted to other means of recruiting such as campus recruitment, domestic human resource agencies and so forth to find suitable job seekers. In light of the COVID-19 pandemic, we changed our in-person interviews to online interviews coupled with our vocational competence evaluation system to emphasize E Ink's core philosophies to job applicants to select suitable candidates based on their overall fitness. With the solid foundation we have built over the years, E Ink is able to maintain the stability in its talent pool while improving its new employee education so that newcomers will be able to acclimatize themselves to the Company more quickly as they assimilate E Ink's culture, acknowledge the Company's objectives to build upon their personal learning and values while consolidating stability in our human resources. With regards to employee appointment, in an effort to better understand our employees' expectations for the Company, our performance evaluation system serves as a window for employees to provide their input, thereby creating a positive cycle that is mutually beneficial.

In employee recruitment, we continue to recruit employees over human resources websites, participate in campus recruitment activities, build our talent database, and promote our brand to diversify recruitment channels. For key schools and departments with higher talent density, we have invited specific employees who have proven themselves as experts in their chosen profession to give keynote speeches as a part of our campaign to promote and establish our brand images in domestic schools to spark students' interest in ePaper. We've also offered E Ink products as prizes for competitions intended for students. Through such focused exposure to our products, we promoted our technologies. We established our brand as an ideal employer to reach out to outstanding students to join us when they graduate. With regards to talent retention, the Company encourages employees to take advantage of our internal rotation system to expand the width of their competency. In 2020, our internal rotation rate at Taiwan sites came to 21.5%. In addition, we also optimized our performance evaluation system and relevant items in order to offer more feedback on employees' work, thereby boosting their sense of accomplishment from work, giving them opportunities for learning and growth.

As for the Yangzhou Plant, since it is a local custom for people to return to their hometown for the Chinese New Year and some of them would find another job after the holidays are over, the turnover rate would naturally be higher during this time of the year. Nevertheless, the "Wage Reform Program" that Yangzhou Plant introduced has substantially improved wage levels and benefits for our employees. Consequently, the plant's turnover rate for last year has fallen significantly compared to the past and the annual employee satisfaction survey also revealed higher satisfaction compared to the previous year.

In Taiwan, members of our senior management have been hired locally. For the Yangzhou Plant in China, although expatriates from Taiwan have taken up most posts in senior management, we also hired as many local managers as possible for middle management positions to ensure effective communication and promote local management.

The senior management for Taiwan plants is at the level of Vice President or above; the Yangzhou plant is at the level of Director or above. The percentage of local residents employed as senior management is 100% in Taiwan plants and 10% in Yangzhou plants.



Proactiveness
Communication
and Practices

Forward Looking
Navigation strategy

Innovation
Smart experience

Link Value
co-existence

Sustainability
Green
co-prosperity

Happiness
Workplace Growth

Care Moving
Forward

Appendix

2020 campus deep plowing activities

In order to promote the Company's brand and widen the talent recruitment channel, E Ink actively participates in campus deep plowing activities.

Get to know E Ink

- Cooperate with the Optoelectronic Engineering Department of National Chiao Tung University professors to have a two-month course to let students learn about ePaper and its characteristics and operating principles.
- Allow students to work in the Company as interns. In addition to providing academic theories and evaluating better practices for the Company's development of color ePaper images, students will also be able to learn relevant software operations, data organization, and other job duty skills.

Product promotion

We introduce our products and their applications in campus lectures and experimental courses and bring our products for students to use to have more in-depth experience of the advantages and characteristics of electronic paper.

Interaction building

We plan the experimental interactive courses, with the cooperation between our employees and teaching assistants, to help teaching the students the driving principles of ePaper in groups. In addition, the Company's professionals come to the school to teach students in person to have an in-depth understanding of ePaper.



6-2 Building a healthy, positive, and beautiful workplace

Respect for Human Rights

E Ink human rights policy

E Ink adheres to the International Bill of Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and other internationally recognized human rights standards in all locations around the world where the Company operates. In order to eliminate human rights violations and abuses, we treat our employees, contracted and temporary personnel, and interns with dignity and respect.

This policy applies to E Ink and its affiliates.

In addition to strictly complying with the Labor Standards Act, E Ink is committed to respecting human rights related policies in the hiring, management and development of employees. All new employees in Taiwan are required to receive education and training on human rights-related policies during their orientations. In 2020, a total of 7 training sessions were conducted, and 113 new employees completed 100% of the training, for a total of 1,287 training hours.

Implementation Guidelines

1. Provide a safe and healthy work environment in compliance with relevant laws and regulations
2. Prohibition of child labors
3. No Forced/Compulsory Labor
4. Eliminate unlawful discrimination to ensure equal work opportunities

Due diligence on human rights risks

In order to ensure effective implementation of human rights policy and assess its effectiveness in management, E Ink has promoted human rights risk due diligence by identifying, evaluating, and improving upon specific human rights issues that might arise in our business operations in order to safeguard the workers' human rights. In order to ensure effective implementation of human rights policy and assess its effectiveness in management, E Ink has promoted human rights risk due diligence by identifying, evaluating, and improving upon specific human rights issues that might arise in our business operations in order to safeguard the workers' human rights. After referring to specific guidelines and standards published by the Responsible Business Alliance (RBA), the UN Global Compact, the GRI and relevant sustainability-related evaluations (such as the DJSI) for the material human rights issues, we have regularly conducted a full risk inventory by assessing each risk in accordance to its chance of occurrence and severity of impact to identify the location of human rights risks. We then proposed corresponding mitigation and compensation measures to mitigate the impacts of human rights issues on our operations while creating a happy and joyful workplace.

Human rights issues	Management approaches	Chance of occurrence	Degree of Impact	Mitigation measure	Compensatory measure	Category of compensatory measure	Compensatory measure implementation ratio
Workplace safety	<ul style="list-style-type: none"> We passed the OHSAS 18001 external verification (which changed version to ISO 45001 in 2020). We established relevant operating procedures and guidelines for due implementation to safeguard employees' safety at work and maintain workplace safety. 	High	Low	<ul style="list-style-type: none"> We have established corrective & preventive measure handling procedure that enables employee feedback, shortcomings found during routine inspections, corrections by competent authorities and so forth can be handled and dealt with immediately 	<ul style="list-style-type: none"> We have established a specific management solution and planned annual budget that is designated for immediate improvement 	Implementation of internal procedure for the prevention of human rights infringement	100%
Employee health	<ul style="list-style-type: none"> We have established our employee health management procedure as stipulated in the Occupational Safety and Health Act to outline the planning and implementation of affairs such as health checkups, health promotion and so forth 	Low	Low	<ul style="list-style-type: none"> Implement annual employee health checkup with items and frequency superior to the legal requirements Plan and implement health promotional activities and workshops every year 	<ul style="list-style-type: none"> Plan relevant health promotional activities based on the outcomes of annual employee health checkups/ consultations Arrange for practicing physicians to visit the plants to consult with employees individually and arrange for work resumption/transfer depending on the situation 	Non-financial compensation	100%
Child Labor	<ul style="list-style-type: none"> Pursuant to pertinent regulation, E Ink does not hire child labor under the age of 15. For underage workers below the age of 18, relevant administrative actions and measures have been taken. Specific care has been given to review job applicant's personal information and when applicants come on board, they would be verified against their personal information. 	Low	Medium	<ul style="list-style-type: none"> During potential candidate selection, job applicants would be verified for their age and job descriptions When they come on board, responsible personnel shall verify the newcomers against their personal information to ensure compliance with the law 	<ul style="list-style-type: none"> To be implemented in accordance to work regulations 	Implementation of internal procedure for the prevention of human rights infringement	100%
Forced or compulsory labor	<ul style="list-style-type: none"> Employees must be informed in advance prior to performing overtime work and may only engage in overtime work after giving consent The signing of the employment contract shall be carried out under the premise that there will be no violation of the labor-related regulations and that employees are free to sign or not sign the contract Employees have the authority and freedom to terminate their labor contracts and stop offering their service. 	Low	Medium	<ul style="list-style-type: none"> Employees must be informed in advance prior to performing overtime work and may only engage in overtime work after giving consent The signing of the employment contract shall be carried out under the premise that there will be no violation of the labor-related regulations and that employees are free to sign or not sign the contract Employees have the authority and freedom to terminate their labor contracts and stop offering their service 	<ul style="list-style-type: none"> To be implemented in accordance to work regulations 	Implementation of internal procedure for the prevention of human rights infringement	100%
Work hours	<ul style="list-style-type: none"> Work hours shall be established in the work regulations in accordance with pertinent laws and submitted to the competent authority for approval prior to informing our employees via public announcement We host routine labor-management meetings for communication and negotiations. 	Low	Low	<ul style="list-style-type: none"> We will hire adequate manpower based on production capacity to accommodate actual needs We will periodically review our existing systems and regulations and update them in accordance with the latest regulations to ensure proper control of work hours 	<ul style="list-style-type: none"> We will establish work hour management and follow-up mechanism We will strengthen relevant training and dissemination about work hours 	Implementation of internal procedure for the prevention of human rights infringement	100%
Freedom of association	<ul style="list-style-type: none"> We will establish specific regulations on employee club management while continuing to provide subsidies to maintain and encourage employee club activities in conjunction with the implementation of employee club evaluation and review to attain a healthy balance between work and life for employees We will organize labor-management meetings regularly and retain all meeting records in order to follow up on relevant issues. Thus far, we've maintained a 100% response rate to issues brought up during labor-management meetings and we've made an effort to maintain a harmonious relationship between both parties. 	Low	Low	<ul style="list-style-type: none"> To give employees the freedom to establish, operate and manage their clubs Routinely organize labor-management meetings 	<ul style="list-style-type: none"> To be implemented in accordance to work regulations 	Implementation of internal procedure for the prevention of human rights infringement	100%

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Forward

Appendix

Human rights issues	Management approaches	Chance of occurrence	Degree of Impact	Mitigation measure	Compensatory measure	Category of compensatory measure	Compensatory measure implementation ratio
Gender equality	<ul style="list-style-type: none"> We will exclude gender as a criterion of selection for job openings we offer and employment. Our work regulations contain specific terms to safeguard employees' rights to gender equality All employees shall go over and be mindful of relevant rules on gender equality in our work regulations We have taken steps to safeguard employees' rights to gender equality and eliminate gender discrimination by ensuring that gender does not affect relevant processes such as recruiting, evaluation, remuneration, incentives, and promotion. 	Low	Low	<ul style="list-style-type: none"> We will exclude gender as a criterion of selection for job openings we offer and employment. We will strengthen our dissemination and employee training with regards to gender equality 	<ul style="list-style-type: none"> To be implemented in accordance to work regulations 	Implementation of internal procedure for the prevention of human rights infringement	100%
Maternal protection	<ul style="list-style-type: none"> We have established specific health management procedures for female workers in maternity in accordance with the Occupational Safety and Health Act and planned relevant details such as risk level classification, job fit, and so forth to ensure the physical and mental health of female employees in pregnancy/postpartum/breastfeeding. 	Low	Low	<ul style="list-style-type: none"> The Company has implemented specific maternal protection measures such as maternity leave, nursing room, no night shift for mothers and so forth 	<ul style="list-style-type: none"> Employees needing assistance with work/shift adjustment may inform the infirmary or HR for relevant coordination 	Non-financial compensation	100%
Non-discrimination	<ul style="list-style-type: none"> Our work regulations have a specific article that safeguards our employees from harassment and discrimination of any kind All employees shall go over and be mindful of relevant rules on zero harassment and discrimination in our work regulations. Our work regulations protect our employees from any form of discrimination in relevant processes, including recruiting, training, evaluation, remuneration, incentives, and promotion regardless of their race, skin color, age, gender, sexual orientation, gender identity and expression, ethnicity/nationality, disability, pregnancy, religious belief, political views, organizational background, status as discharged military personnel, confidential genetic data or marital status, be it in their appointment or actual work. 	Low	Low	<ul style="list-style-type: none"> For job openings we offer and personnel employment, we prioritize talent and expertise, with applicants' academic credentials serving as our criteria for assessment We will strengthen our dissemination and employee training to safeguard our employees from harassment or discrimination 	<ul style="list-style-type: none"> To be implemented in accordance to work regulations 	Implementation of internal procedure for the prevention of human rights infringement	100%
Employees with physical/mental disabilities	<ul style="list-style-type: none"> Our work regulations have a specific article that safeguards the rights of employees with physical/mental disabilities to work All employees shall go over and be conscious of relevant rules on the rights of employees with physical/mental disabilities to work regulations. We ensure that employees with physical/mental disabilities work will be protected against discrimination or unfair treatment in terms of workplace accessibility, design of specific duties, participation in company activities, and so forth. In addition, we shall implement relevant risk assessments in accordance with our ESHE management procedures and other documentation while helping with the planning and implementation of workplace improvement measures. 	Low	Low	<ul style="list-style-type: none"> We have been working with relevant responsible units to improve upon relevant facilities and services available in our workplace for employees with physical/mental disabilities in order to safeguard their rights 	<ul style="list-style-type: none"> To be implemented in accordance to work regulations 	Implementation of internal procedure for the prevention of human rights infringement	100%
Foreign workers	<ul style="list-style-type: none"> With regards to foreign workers, we would choose legitimate agents and ask the agents to provide a list of fees they charge when signing contracts to prevent them from charging foreign workers they represent additional fees We forbid agents from seizing foreign workers' passports, bank passbooks or residence permit Foreign workers shall be entitled to receive an equal basic salary, work hours and leaves as domestic workers We will distribute questionnaires regularly for our foreign workers to elicit their opinions and respond to their inquiries 	Low	Low	<ul style="list-style-type: none"> We would choose legitimate agents and ask the agents to provide a list of fees they charge when signing contracts to prevent them from charging foreign workers they represent additional fees We forbid agents from seizing foreign workers' passports, bank passbooks, or residence permit Foreign workers shall be entitled to receive an equal basic salary, work hours and leaves as domestic workers We will distribute questionnaires regularly for our foreign workers to elicit their opinions and respond to their inquiries 	<ul style="list-style-type: none"> To be implemented in accordance to work regulations 	Implementation of internal procedure for the prevention of human rights infringement	100%

Note: The scope of our due diligence on human rights covers our Hsinchu Plant and Linkou Plant in Taiwan, and the compensatory measure implementation ratio has been calculated based on the two plants as the denominator.

Labor-Management Relations and Communication

While talents are one of E Ink's most important corporate assets and pursuing labor-management harmony is the main drive to achieve corporate growth, we build internal consensus through official and unofficial communication channels to realize our corporate culture: One Team, One E Ink.

To coordinate labor-management relations and promote labor-management cooperation, we have established diversified mechanisms to meet different communication demands in order to establish sound labor-management interaction and for employees to develop organizational commitment and improve work enthusiasm. A labor union in the Yangzhou Plant has already been established, and the participation rate of local employees is at 100%. Since no labor union has been established at E Ink's Taiwan sites and USA Plants, E Ink's overall employee participation in labor union came to 46%.



Intranet: My E Ink/E Inker

- It is an exchange platform for communicating business philosophy and establishing corporate culture or publishing corporate news or announcements.
- E Inker internal magazines



Employee Suggestion Boxes

- There are the president's box, plant manager's box, and division director's box.



Employee Seminars

- We organize employee seminars or employee congresses on a quarterly basis for employees to openly and directly communicate with the management.

Labor-Management Meetings/Employee Welfare Committee Meetings

- We hold labor-management meetings every quarter for employee representatives to make suggestions for and express their opinions about specific topics in order to ensure fluent labor-management communication and reach consensus with the company.

Labor Union (Yangzhou Plant)

- We have set up a labor union in the Yangzhou Plant. Employees can express their opinions regarding workforce management and plant operations through labor representatives. The relevant responsible departments will handle and follow up their opinions.

Taiwan Plant

With the increasing Internet population, E Ink has set up a new LINE@ group, hoping to use social networks or instant messaging software to keep company employees up-to-date in a short period of time.

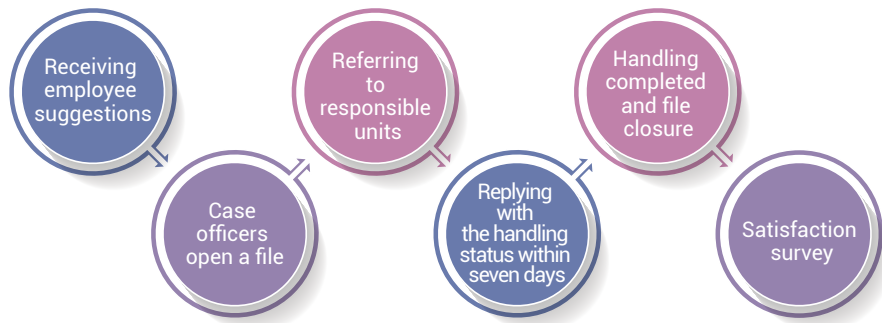


Yangzhou Plant

Yangzhou Plant set up a public account on WeChat for communication and exchange among employees and for sharing a wonderful life at E Ink with others!



Employee Suggestion Handling Process



2020 Taiwan Plants Employee Communication Meetings

Meeting Name	Number of Meetings	Number of Proposals	Number of Closed Cases
Labor-Management Meeting	4	21	21
Employee Welfare Committee Meetings	4	12	12
Employee Seminars	3	0	0

Note: Due to the epidemic in 2020, the employee seminar of the first quarter was canceled.

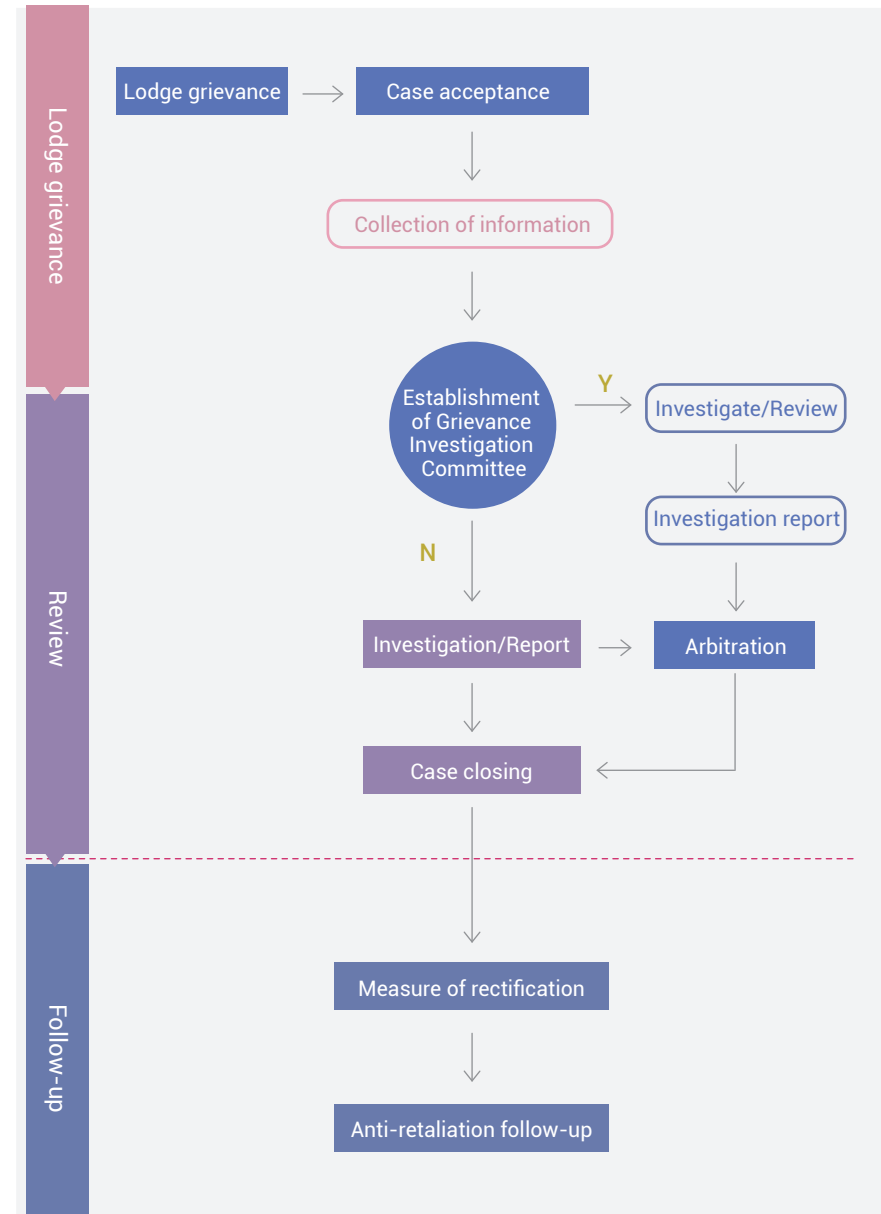


e-DM for internal promotion

Employee Grievance Mechanisms

In order to protect employees from unhealthy physical/mental stress that may come from harassment in the workplace, an unfriendly working environment or poor leadership, the Company has established procedures governing the processing and handling of grievances in order to ensure effective rectification of potential issues while bolstering employee cohesion and productivity. No incident of discrimination or harassment had taken place at E Ink in 2020.

Employee Grievance Flowchart



The duties of the Grievance Investigation Committee include

1. To understand the grievance at hand, contact relevant personnel and follow up on relevant details to prepare the case report.
2. To review the grievance by going over the facts and coming to a decision.
3. To adhere to confidentiality, objectivity and fairness principles when handling grievances relating to sexual harassment, unfriendly workplace environment or poor leadership.
4. To investigate the grievance in a confidential manner in order to protect the privacy and legal rights of the individuals involved.
5. To ensure that after the case has been closed, the plaintiff would not be subject to potential acts of retaliation in any form.

Organization of the Grievance Investigation Committee



Salary and Benefits

At E Ink, we built a friendly workplace with a good salary system, thoughtful benefits, and a quality environment for employees to properly balance work and everyday life. We emphasize an organizational culture featuring accountability, teamwork, and innovation and value the efforts of each employee. In accordance with local laws and regulations and market standards, we regularly review the correlation between salary and welfare measures and the market, and design a salary system that is fair, competitive and in line with the market according to the job duty. The salary of new employees is better than the local statutory basic salary, and the salary does not differ according to gender, race, religion, political stance, marital status, union affiliation, etc. In addition, based on the principle of profit sharing, we offer performance and year-end bonuses based on the company's business performance and the employee's own performance, to attract and retain talents.

E Ink considers employees as the most important asset and expects to provide them with a good work environment and salary and benefits to every employee worldwide, and also plans to have a reward mechanism in accordance with their contribution to the Company. According to the information from the Market Observation Post System (MOPS) of TWSE, the average salary of E Ink was ranked first in the TPEX-listed optoelectronics industry in 2020, reaching NT\$1,172,000, higher than the average salary of NT\$768,000 in the same industry and higher than the average salary of NT\$886,000 in the TWSE-listed optoelectronics industry.

In order to improve the overall welfare of our employees, the Company has made an adjustment and increase fixed salary by one month since 2018. This adjustment enhances the Company's salary competitiveness in the technology industry, offers better recruitment conditions, and serves as an important recognition of our employees' continuous efforts.

Comparison between the Standard Salary of Base-Level Employees and Local Minimum Salary

Item	Taiwan Plants	Yangzhou Plant	USA
Male	1.04	1.10	2.13
Female	1.02	1.10	1.79

Female-to-male salary ratio

Item	Taiwan Plants		Yangzhou Plant		USA	
	Female	Male	Female	Male	Female	Male
Non-unit supervisor	1	1.19	1	1.05	1	0.93
Unit supervisor	1	1.20	1	1.10	1	1.08
Workers	1	0.89	1	0.92	1	1.14

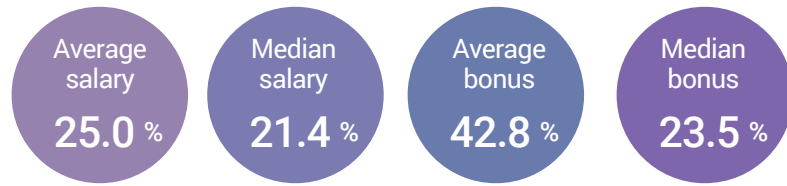
Note: As most upper executives are male, the salary ratio in the unit head category is diverse.

Number of full-time employees not with supervisory duties, average salary and difference from the previous year in Taiwan

	2019	2020	Difference
Number of full-time employees not with supervisory duties	879 people	829 people	Decreased by 50 people
Total salary of full-time employees not with supervisory duties	NT\$937,905 Thousand	NT\$971,975 Thousand	Increased by NT\$34,070 Thousand
"Average salary" of full-time employees not with supervisory duties	NT\$1,067 Thousand	NT\$1,172 Thousand	Increased by NT\$105 Thousand
"Median salary" of full-time employees not with supervisory duties	NT\$923 Thousand	NT\$1,014 Thousand	Increased by NT\$91 Thousand

Note: The average and median salaries for 2020 and the median salaries for 2019 were audited by CPAs.

Salary and bonus differences between male and female employees in Taiwan sites expressed in percentage



In addition to offering employees a comfortable, safe and humanized work environment, we care about employee health. Therefore, we organize regular health examinations for employees and organize various cultural and intellectual talks, company trip, family day, and comprehensive clubs for employees to enjoy quality life after work.

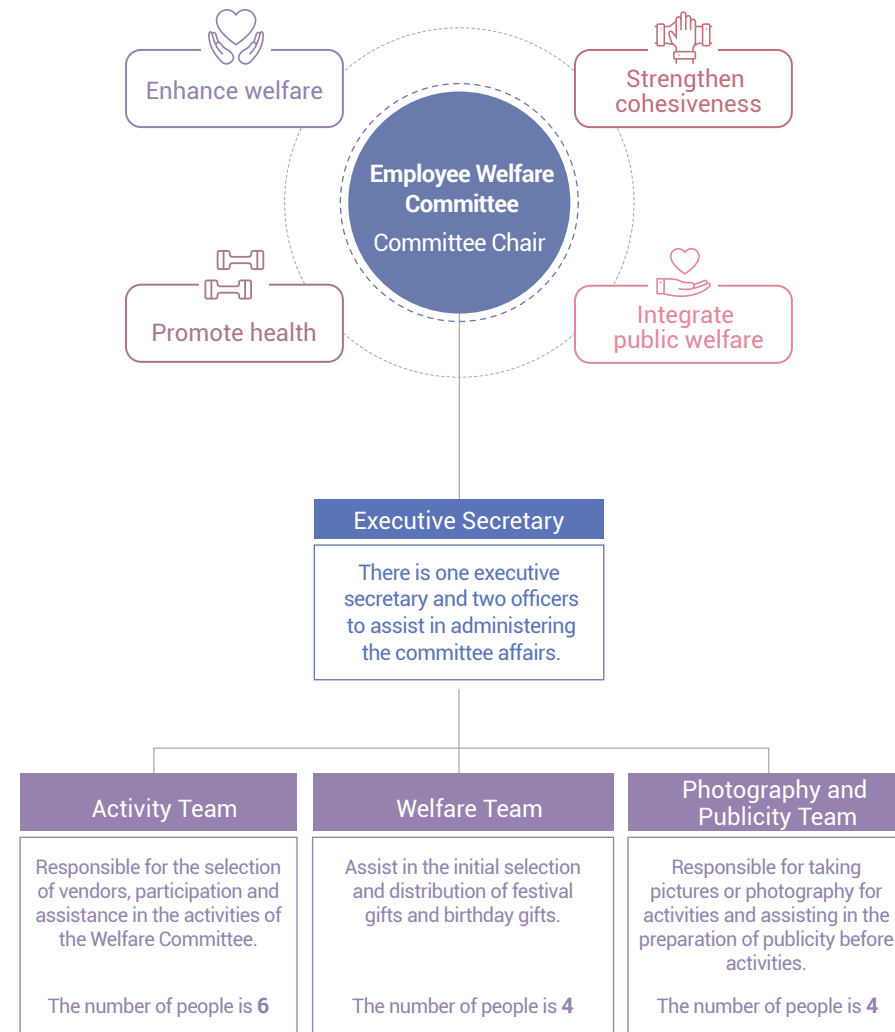
Recognizing that employees are the most important assets of the Company, in 2020, E Ink offered stock options for employee subscription, which was submitted to the competent authorities for review and recordation, in order to reward and retain talents, improve employee performance and show appreciation for their hard work for the Company.

List of Employee Benefits of E Ink Taiwan

Salary and Bonus System	<ul style="list-style-type: none"> Reasonable salary structure Employee bonus and employee stock option plan Annual performance bonus Patent bonus
Medical Insurance and Healthcare	<ul style="list-style-type: none"> Employee group insurance Employee health checkup Travel insurance Occupational disaster insurance Labor insurance and national health insurance
Thoughtful Benefit System	<ul style="list-style-type: none"> Discount for E Ink products Subsidies for childbirth, injury and sickness, hospitalization, emergencies, wedding and funeral expenses Gift certificates/gifts for birthdays, folk festivals Annual travel subsidies Stress relief massage center Diversified employee dining options and meal subsidies Advance leave and special leave system

Note: Employee bonus and stock options, annual performance bonus, and patent bonus are limited to regular employees.

E Ink Holdings Inc. Employee Welfare Committee



Taiwan Plant Employee Activities

[2020 Outing]

Yilan Talented Little Angler, Taichung Mountain Cleaning Hiking, Nantou Canoeing Experience

The four purposes of the E Ink Welfare Committee are to enhance welfare, strengthen cohesiveness, promote health, and integrate public welfare. In 2020, the outing day trip was synchronized with the Company's annual theme of "innovation" and provided three routes (Yilan Talented Little Angler, Taichung Mountain Cleaning Hiking, Nantou Canoeing Experience) for employees to choose from, which employees highly appreciated.



[2020 Family Day] LIHPAO RESORT -E Class Player

E Ink invites employees and their families to the Family Day for employees to understand more and better about E Ink's work environment and develop a higher sense of involvement and enhance employees' organizational cohesion and loyalty to retain employees. The activity was held in November 2020 at Taichung LIHPAO RESORT, with nearly 2,100 participants. The program included: YOYO family performance, lucky draw, a tour of the park's facilities, a ride on the Outlet Ferris wheel, and a meal box of the public welfare unit, which satisfied the appetite with members of all ages while having fun. Everybody was well entertained during one day of activities!



[2021 Annual Party]

Live Webcast - Hardcore Harvest Festival

The theme of the 2021 Annual Party was the "Hardcore Harvest Festival" to commemorate the good harvest in 2020 and pray for a better year ahead!

Due to the COVID-19 epidemic prevention measures, the Annual Party was broadcast live online instead, with more than 600 users watching live on the online platform. Although there was no real person getting together, it was innovative and more unique through the online live broadcast! These were reserved in the activities: 2020 Outstanding PL Recognition, 2020H2 Outstanding Employee Recognition, 2020 Excellent Team Recognition, E Ink Heritage Award Presentation, and the Annual Party luck draw, which were wonderful.



2020 excellent team

In order to promote the culture of teamwork and to publicly recognize the achievements and performance of good teams, E Ink encourages all employees to report their achievements by the team from September 1 to September 30 each year, and the achievements of that year alone will be assessed for recognition. At the same time, the criteria are based on five core competencies on key behaviors of “promoting team success” for assessments: common goals, execution, division of work, information sharing, and leading by example, in the hope of stimulating teamwork and shaping corporate culture. In principle, the award is given to five excellent teams, with each team receiving a maximum of NT\$200,000. The selected teams will be recognized at the annual party.

2020 excellent team



ACeP Gen-2



E Ink digital marketing project



COVID-19 epidemic prevention team



Kaleido for ePaper

Yangzhou Plant Employee Activities

2020 Annual Party

Commemorating the first year of color ePaper, the 2020 Annual Party used “Color Fun Blooming in a New World” as the event’s main theme, hoping that 2020 would be a brilliant year again, blossoming into a new era of color.



Union's 2nd Inertia Egg (Poker Game) Tournament



Northern Jiangsu People's Hospital Expert Lecture - Nutritional Diet and Health



Union's 3rd BBQ Event



International Women's Day activities



Yangzhou plant employee Hainan tour



Thanksgiving activities

Employee Clubs in Taiwan

Academic

Photography Club,
Handicraft Club,
Movie Club

Service

Volunteer Club

Athletic

Muscle Strength Club, Yoga
Club, Badminton Club, Hiking
Club, Basketball Club

Handicraft Club



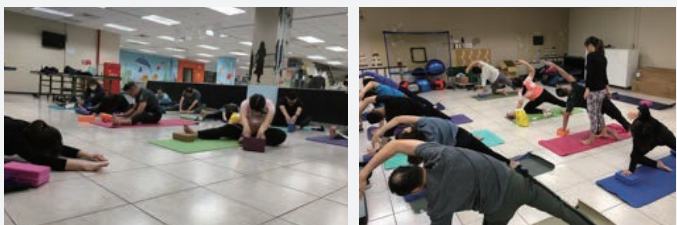
Hiking Club



Muscle Strength Club



Yoga Club



Statistics on Parental Leave of Absence

Item	Taiwan Plants			Yangzhou Plant			USA		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
A: Total applicants of parental leave of ab-sence in 2020	10	2	12	0	0	0	3	5	8
B: Number of employees applying for reinstatement in 2020	9	4	13	1	0	1	3	5	8
C: Actual number of employees reinstating in 2020	5	2	7	1	0	1	3	5	8
D: Number of employees who should reinstate in 2020 applying for a leave extension	2	0	2	0	0	0	0	0	0
E: Number of employees reinstating after parental LOA in 2019 continuing service for one year	4	1	5	1	0	1	4	6	10
F: Number of employees reinstating after parental LOA in 2019	5	1	6	1	0	1	4	7	11
Reinstatement rate (%) = C/ (B-D)	71.4%	50.0%	63.6%	100%	-	100%	100%	100%	100%
Retention rate (%) = E/ F	80.0%	100%	83.3%	100%	-	100%	100%	86%	91%

Note 1: All official employees in Taiwan Plants fulfilling the requirements for parental leave of absence can apply for the leave.
Note 2: Yangzhou plant employees who have been employed for at least two years and have children under the age of one are eligible to apply for unpaid parental leave, which is better than local regulations.

Retirement benefits

Every month we contribute the employee retirement reserve and the labor pension fund with regard to the Labor Standards Act and the Labor Pension Act to ensure employees will not need to worry about their later life after devoting their efforts to E Ink.

The Labor Standards Law

requires the Company to contribute 2% of salary every month to the Labor Pension Reserve Fund, which is supervised by the Labor Pension Supervisory Committee, with a balance of NT\$67.83 million in the pension reserve account as of December 31, 2020.

The Labor Pension Act

requires the Company to afford the monthly contribution rate of 6% for the Labor Pension Fund, and the contributions are made to the employees' personal pension accounts set up at the Bureau of Labor Insurance, Ministry of Labor, according to the monthly salary scale approved by the Executive Yuan.

- For further details, please refer to our financial statements.

Besides, in addition to offering labor and national health insurance by the law, we arrange group insurance for employees who can also include their family at their own expense in order to extend coverage to their family.

6-3 Diversified development and growth of employees

E Ink expects all employees to possess the DNA spirit of "accountability, teamwork, and innovation" so that employees' capabilities can be aligned with their job descriptions and the six core competencies can be developed in-depth through the E Ink DNA, organizational vision, values, and management philosophy to help build up the capabilities needed to realize the core values and further connect with the Company's management philosophy, goals, and strategies.

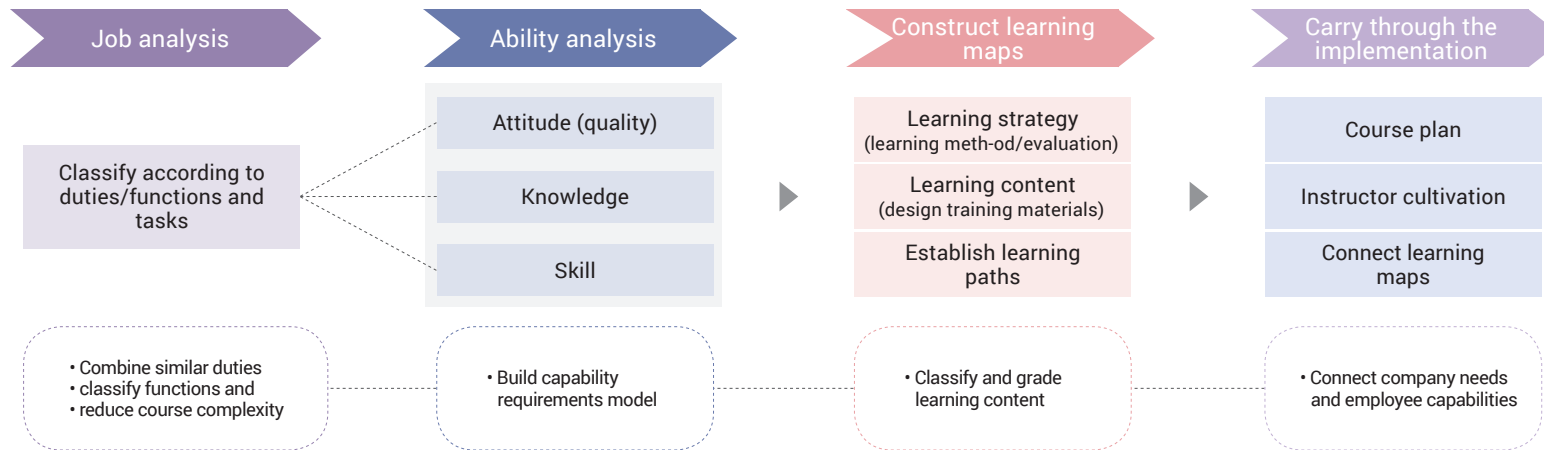
<p style="text-align: center;">Initiating action</p> <p>The ability to automatically and spontaneously take action to achieve a goal/task or go beyond the requirements. Have a positive work attitude and do not rely on instructions before acting.</p> <hr/> <p>1. Quick response 2. Independent action 3. Beyond the requirements</p>	<p style="text-align: center;">Work standards</p> <p>Set high performance standards for others and oneself, have a strong sense of mission to complete tasks successfully, and demand oneself to pursue high standards, not because of being asked by others.</p> <hr/> <p>1. Set high standards 2. Think thoroughly 3. Assume responsibility 4. Encourage others to take responsibility</p>	<p style="text-align: center;">Contributing to team success</p> <p>Actively participate in the team's tasks and contribute to the achievement of the team's goals.</p> <hr/> <p>1. Common goals 2. Execution 3. Collaboration 4. Information sharing 5. Leading by example</p>
<p style="text-align: center;">Adaptability</p> <p>Maintain high performance when jobs and environments change, adjusting effectively to new work structures, processes, demands and cultures.</p> <hr/> <p>1. Try to understand the change 2. Positive attitude towards change 3. Adjust behavior to accommodate change</p>	<p style="text-align: center;">Continuous learning</p> <p>Proactively seek out learning opportunities and actively participate in them while applying the new knowledge and skills gained in the workplace.</p> <hr/> <p>1. Work-related 2. Appropriate way 3. Expand the effect 4. Apply what has been learned 5. Challenges the unfamiliar</p>	<p style="text-align: center;">Innovation</p> <p>Develop innovative and feasible solutions to work situations and try different approaches to work problems or opportunities.</p> <hr/> <p>1. Challenge the established patterns 2. Utilize multiple resources 3. Expand the scope of thinking 4. Evaluate different programs 5. Beneficial to work</p>

The cultivation and development of employees is a talent strategy that E Ink attaches great importance to. Through continuous learning and self-growth, we shape the learning culture of the organization. The Company works with its employees to create a positive work atmosphere and environment and to integrate a responsible attitude into the organizational culture, emphasizing the One More Ounce spirit. We recognize the value and efforts of each employee, and the fruitful operation results are driven by the efforts of each unit and all colleagues. We also believe that the infusion of new employees will bring us newer ideas, more innovative products and make our organization more dynamic.

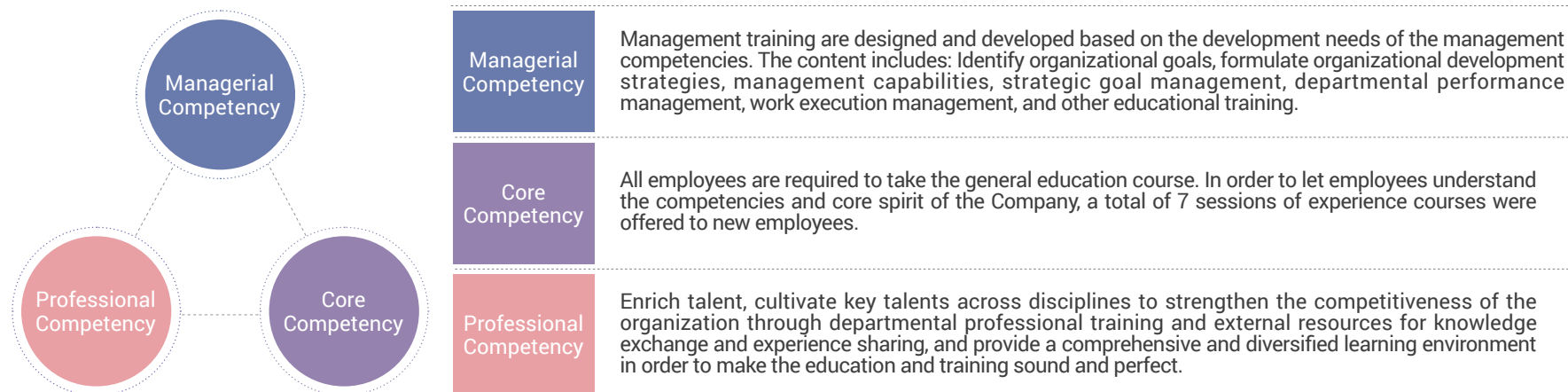
In terms of employee training, the Company focuses on global talent cultivation and training with systematic planning of core competencies. Starting in 2019, E Ink consolidated the global online education platform (E Ink University). It offered appropriate education and training programs tailored to employees' job functions and levels to enhance overall competitiveness. In the midst of the severe COVID-19 epidemic, the Company transformed physical training courses into online courses, allowing employees to attend courses according to their individual work schedules. At the same time, we carried out the Python programming language learning experiment in the USA plant, so that each employee could acquire the necessary skills in the digital wave. We hope to apply this model to all plants in the world, so that all E Ink employees will be better equipped to respond to the development trend of IoT and intelligence. Starting in 2020, we established E Ink University to provide training and learning resources to all E Inkers with diverse, basic and common training courses. Through these efforts, in 2020, the total number of internal training participants reached 9,348, the total number of training hours reached more than 10,900, the total number of classes held reached more than 180, and the average satisfaction rate for online courses was 91.6 and for face-to-face courses was 93.1.

Training Courses

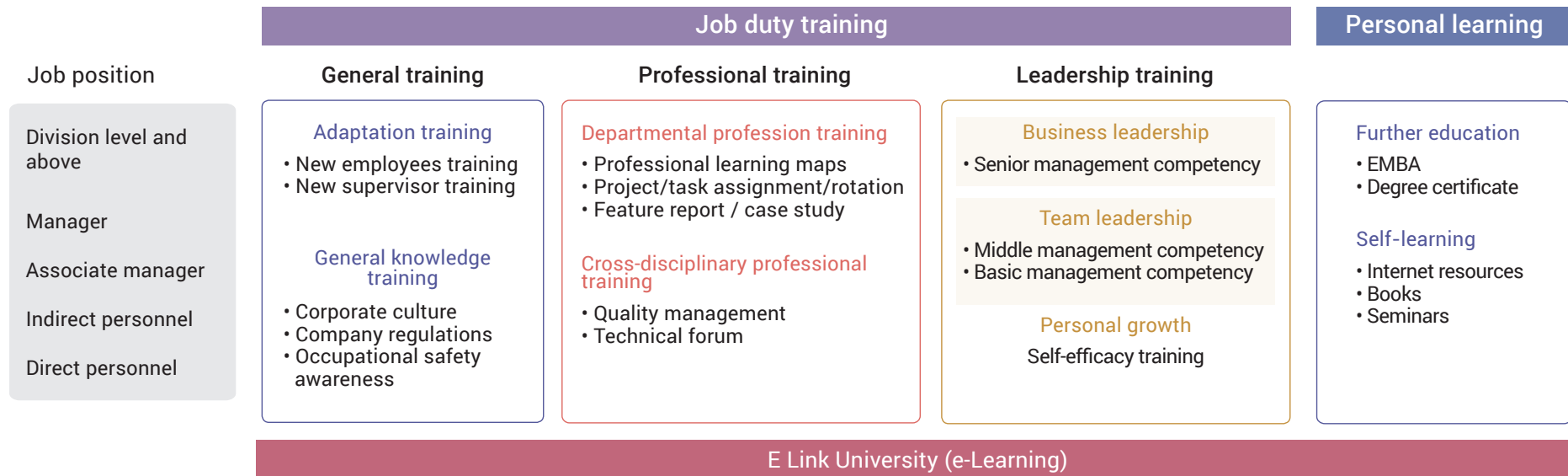
To systematically improve employee quality and enhance organizational competitiveness, we specifically planned the E Ink Training Road Map to establish a complete training framework and convert strategic maps into ability maps, and then convert ability maps into learning maps, hoping to stimulate organizational creativity and thereby enhance overall competitiveness with comprehensive and abundant learning resources.



Based on the organizational culture and competencies, we define the capability bases for each level of general employee, manager-associate level, and division level, and design training courses according to different competency development and conduct function-based training development planning based on the framework of core competencies, management competencies, and professional competencies to improve employee performance.



Training development framework



New employee training

In order to enable new employees to quickly integrate into the corporate culture and shorten the time for orientation, new employee education and training focus primarily on transmitting the Company's overall culture and organizational structure, enhancing the newcomers' understanding and recognition of the Company, communicating the Company's values and philosophy at the first time, accelerating the newcomers' integration into the corporate culture, providing them with sufficient and up-to-date information and resources, and strengthening the newcomers' sense of security; in 2020, Taiwan implemented a total of 7 sessions for new employees and 2 training sessions for new supervisors at the division level and above, and a total of 113 new employees completed the training course. A total of 121 training sessions were conducted at the Yangzhou plant, with a total of 310 new employees completing the training program. A total of 25 training sessions were conducted at the USA plant, with a total of 55 new employees completing the training program.

Profession training maps

In order to systematically improve the quality of our employees and the competitiveness of the organization, we have tailored our training according to the job duty of our employees and planned the initial professional courses and the advanced professional courses in order to develop the training blueprint for each job duty, so as to cultivate the professional ability of each employee. The total number of courses planned was 212. Through professional and rich learning resources, we can stimulate strong creativity and enhance the overall technical competitiveness of the Company.

Global university training course

In 2020, we established E Ink University and a committee composed of representatives from each plant to provide training and learning resources to all E Inkers with diverse, basic and common training courses. Many of the training materials are prepared through the collaboration of instructors from different plants. Currently, we have developed and released courses such as "Introduction to Electronic Thin Film Technology" and "Introduction to Python", and introduced the GlobeSmart cross-cultural communication learning platform. In the future, we will continue to develop more technical and non-technical training and learning resources. These learning activities will help achieve E Ink's goal of creating a shared "collaboration, continuous learning and innovation" culture.

e-Learning platform - E Ink University

Knowledge management has become a vital issue for enterprise competition and operational management in the 21st century. E Ink perceives organizational knowledge and experience as our critical assets. Apart from improving our corporate competitiveness by building upon our core competencies and creating values, we have also introduced our e-Learning Platform - E Ink University in 2019 to provide employees with a platform for knowledge and experience sharing to achieve ubiquitous dissemination of knowledge and make learning on-demand with e-Learning. Through the efforts of our internal instructors, 155 internal online courses were created during 2020.



1. Course introduction screen
2. Course learning screen
3. Illustration that department heads can effectively stay on top of the learning status of their employees.

AEO certification training by the General Administration of Customs (China)

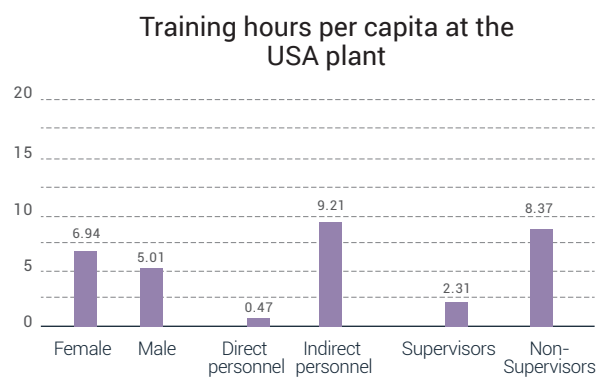
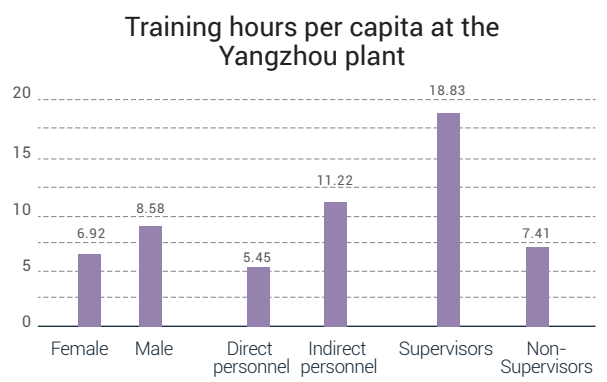
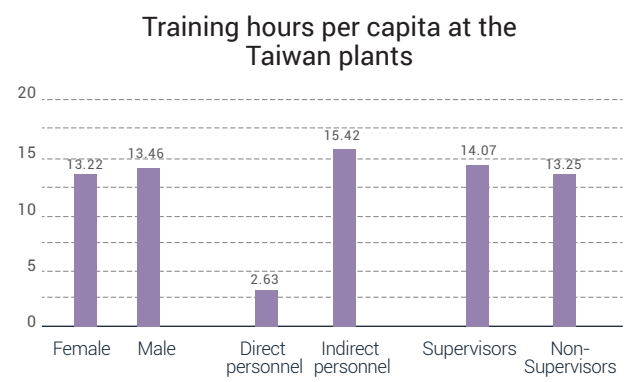
AEO by launching a series of professional training courses required for AEO certification. Training topics include "Training on Customs Laws", "Trade Safety", "Information Security", "Supply Chain Security", "Crisis Management," and so forth and they were intended to strengthen relevant personnel's understanding and awareness of pertinent customs laws. A total of 1,905 employees took part in the training.

By receiving the advanced certification qualification as an AEO from the General Administration of Customs, E Ink will be able to benefit from various competitive edges, including:

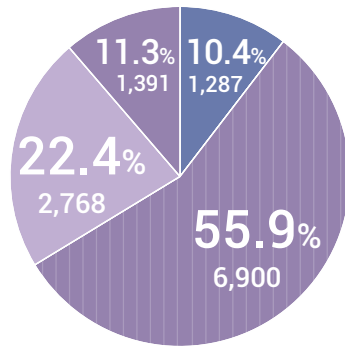
- 1 Boost Yangzhou plant's (Transcend Optronics') reputation and credibility.
- 2 Eligibility to benefit from various stimulus measures provided by different Chinese ministries.
- 3 Enhanced versatility in the management of plant operation.
- 4.Reduction of relevant expenses and expedited customs clearance.
- 5.Improvement of relevant management capabilities to ensure Yangzhou Plant's operational compliance.



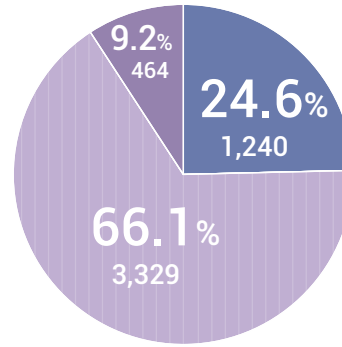
Achievements of Training and Education in 2020



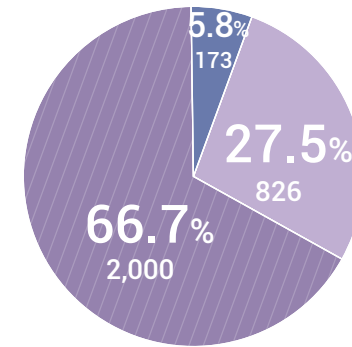
Taiwan plants course hours (people . hours)



Yangzhou plant course hours (people . hours)



USA plant course hours (people . hours)



■ Orientation Training for New Employees ■ Core Competency Training and Education ■ Managerial Competency Training and Education ■ Professional Competency Training and Education

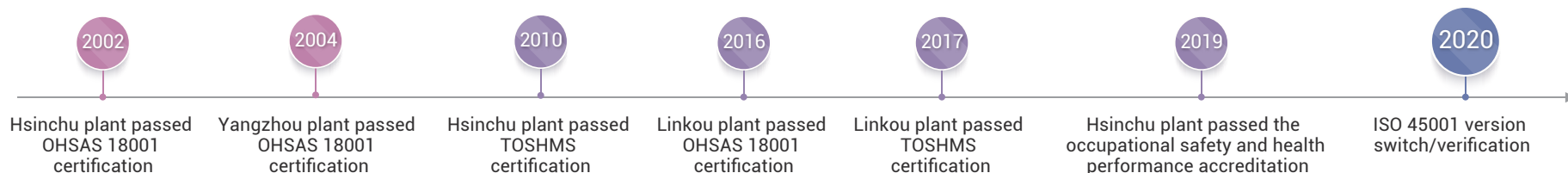
In 2020, the average training cost per employee at Taiwan sites and Yangzhou Plant came to NT\$ 398. In the near future, our USA plants will be accounted for in relevant statistics. Not only that, we will continue to plan and expand upon existing employee training according to the Company's objectives, employees' learning blueprint, international trends, and product development status.

6-4 Maintaining a safe and healthy work environment

While employee safety and health are exceptionally important to us, we build a healthful, safe, and comfortable work environment, continuously improve the work environment, and minimize the opportunity of incidence of occupational diseases. In addition, enterprises must put the environment, safety, and health (ESH) first in order to pursue sustainable operations. With appropriate assessment tools, we propose management plans and implement them in everyday work to uphold the balance between ESH and corporate development in order to achieve sustainable operations.

Occupational safety and health management

Starting from 2002, we have passed OHSAS 18001 (occupational health and safety management system) certification, TOSHMS (Taiwan Occupational Safety and Health Management System, now CNS 15506), and we plan to pass the ISO 45001 version update in 2020. Every year, we will enlist the help of a third party to perform external audits to maintain the effectiveness of our HSE to ensure employee occupational safety and plant operations. In 2019, our Hsinchu Plant applied for "Occupational Safety and Health Management System Performance Certification for Business Entity" from Occupational Safety and Health Administration and had been inspected and approved by the relevant labor inspection organization. This also reflects the advancement E Ink has made in the area of safety and health management.





E Ink ISO 45001 Certificate

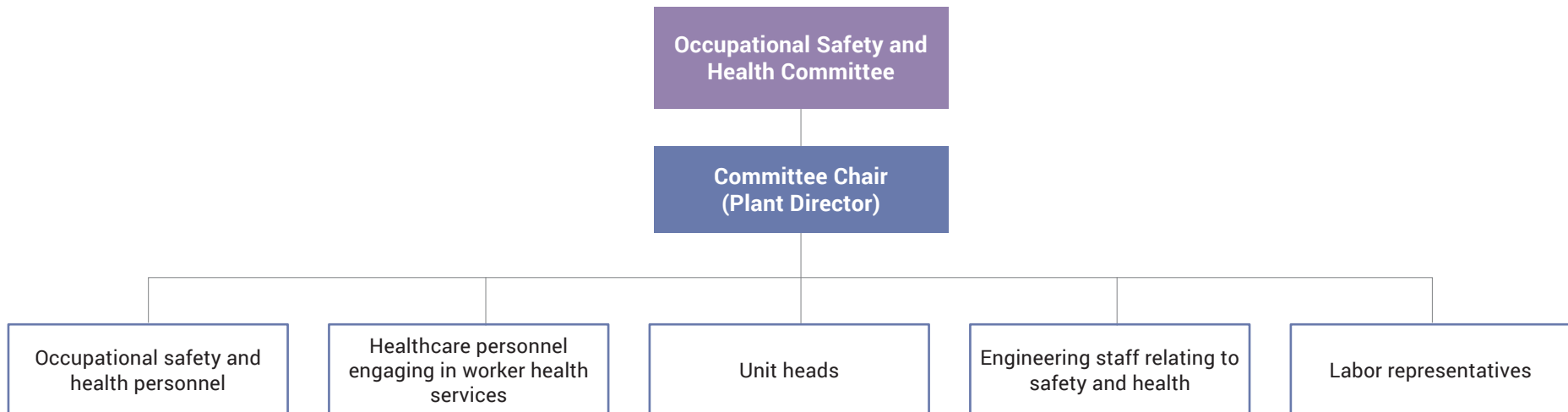


E Ink CNS 45001 Certificate

The programs and expenses invested in promoting the environmental safety and health management system in recent years

Item		2016	2017	2018	2019	2020
Completed management programs at Taiwan plants	Number of programs	5	11	9	8	8
	Total ex-penses (NT \$10,000)	243	209	230.5	160.5	303.3
Completed management programs at Yangzhou plant	Number of programs	32	32	31	34	48
	Total ex-penses (RMB 10,000)	28.3	42.5	32.8	41.5	52.0

We have established an occupational safety and health committee by law in each plant, and the committee holds a meeting every quarter. The Occupational Safety and Health Committee meeting is chaired by the plant manager. Attendees include occupational safety and health staff, department heads, engineering staff relating to occupational safety and health, healthcare staff engaging in worker health services, and labor representatives. At the meeting, they discuss occupational safety and health affairs, including education and training programs, plans for improving the work environment, safety and health management performance, contractor management, and health promotion. After a meeting, a report will be sent to the most senior executive of the plant, responsible units, and labor representatives. In 2020, there were 16 labor representatives from the Hsinchu plant, accounting for 59% of the number of committee members who should attend the meeting, and 19 labor representatives from the Linkou plant, accounting for 61% of the committee members who should attend the meeting. We review the plant's management approach, compliance, and effectiveness through the quarterly committee meeting, aiming to build a good work environment for employees to work away from worries.



Proactiveness
 Communication
 and Practices
 Forward Looking
 Navigation strategy
 Innovation
 Smart experience
 Link Value
 co-existence
 Sustainability
 Green
 co-prosperity
 Happiness
 Workplace Growth
 Care-Moving
 Forward
 Appendix

Emergency Response Process and Exercises

According to the law, we have established an emergency response process and organized all kinds of exercises every year for all employees to get familiar with the emergency report, emergency response, and emergency evacuation processes to reduce the significance of impacts when an accident breaks out.

	Personnel evacuation exercise	Exercise for fire emergency response and fire equipment use	Emergency response exercise for leakage of toxic gases/chemicals/gas
Taiwan Plants	3	2	2
Yangzhou Plant	4	6	6



Statistics on Industrial Safety Incidents

unit : incident

Region	Type	2016	2017	2018	2019	2020
Taiwan Plants	Inside the plant	0	1	5	3	1
	Outside the plant (traffic accidents)	6	17	7	6	6
	Subtotal	6	18	12	9	7
Yangzhou Plant	Inside the plant	5	7	4	6	8
	Outside the plant (traffic accidents)	4	7	2	2	4
	Subtotal	9	14	6	8	12
USA	Inside the plant	2	4	1	2	2
	Outside of plant (traffic accidents)*	-	-	-	-	-
	Subtotal	2	4	1	2	2

*As only incidents inside the plant were accounted for in the USA Plant, no data on traffic accidents outside of the plant was recorded.

Occupational injuries statistics for 2020 - Employees (including full-time employees and interns)

		Work-related injuries		Total number of work hours actually performed	Number of occupational injuries	Occupational injury rate
		Number of injuries	Number of fatalities			
Taiwan Plants	Female	0	0	543,531.13	0	0
	Male	1	0	1,122,123.03	1	0.89
	Subtotal	1	0	1,665,654.16	1	0.60
Yangzhou Plant	Female	1	0	1,717,482	1	0.58
	Male	7	0	2,414,432	7	2.90
	Subtotal	8	0	4,131,914	8	1.94
USA	Female	1	0	255,840	1	3.91
	Male	1	0	536,640	1	1.86
	Subtotal	2	0	792,480	2	2.52
Total	Female	2	0	2,516,853.13	2	0.79
	Male	9	0	4,073,195.03	9	2.21
	Subtotal	11	0	6,590,048.16	11	1.67

Note
 Taiwan Sites: Among the 7 incidents of Work-related injuries, 1 had been an in-house accident, while the remaining 6 were traffic accidents that employees ran into during commute.
 Yangzhou Plant: Among the 8 incidents of Work-related injuries, all 8 had been incidents inside the plant. In addition, there had also been four cases of traffic accidents that took place during commute.

Note 1: IR = (Number of Injuries / Total Actual Hours Worked) x 1,000,000

Note 2: We had no incident of severe Work-related injuries in 2020

Occupational injuries statistics for 2020 - Other workers (contractors)

	Occupational disasters		Total number of work hours actually performed	Number of occupational injuries	Occupational injury rate
	Number of injuries	Number of fatalities			
Taiwan Plants	0	0	586,448	0	0
Yangzhou Plant	0	0	51,968	0	0
USA	0	0	18,720	0	0
Total	0	0	657,136	0	0

From the table above, it is evident that most accidents in Taiwan between 2016 and 2020 occurred outside of the plant. In terms of accident type, most accidents outside of the plant were traffic accidents during employee commuting; for accidents inside the plant, we had a clamping accident. For Yangzhou Plant, the majority of the accidents inside the plant in 2020 were mostly due to operational negligence that resulted in clamping, falling, and cuts caused by glass, while external accidents were mostly attributed to traffic accidents for employees commuting home.

For traffic accidents, we have arranged traffic safety education for new employees and victim employees to raise their awareness of driving and road safety in order to reduce employee traffic accident rates. For the clamping accident, steps have been taken to improve the risk area near the equipment in question and installed a safety sensor and an additional cover at the risk spot for the operation to prevent operators' hands or heads from getting caught accidentally.

We will continuously reinforce equipment safety improvement in operational negligence, strengthen protective features, safe operation awareness education, and on-site management to reduce accidents' frequency and severity rates.

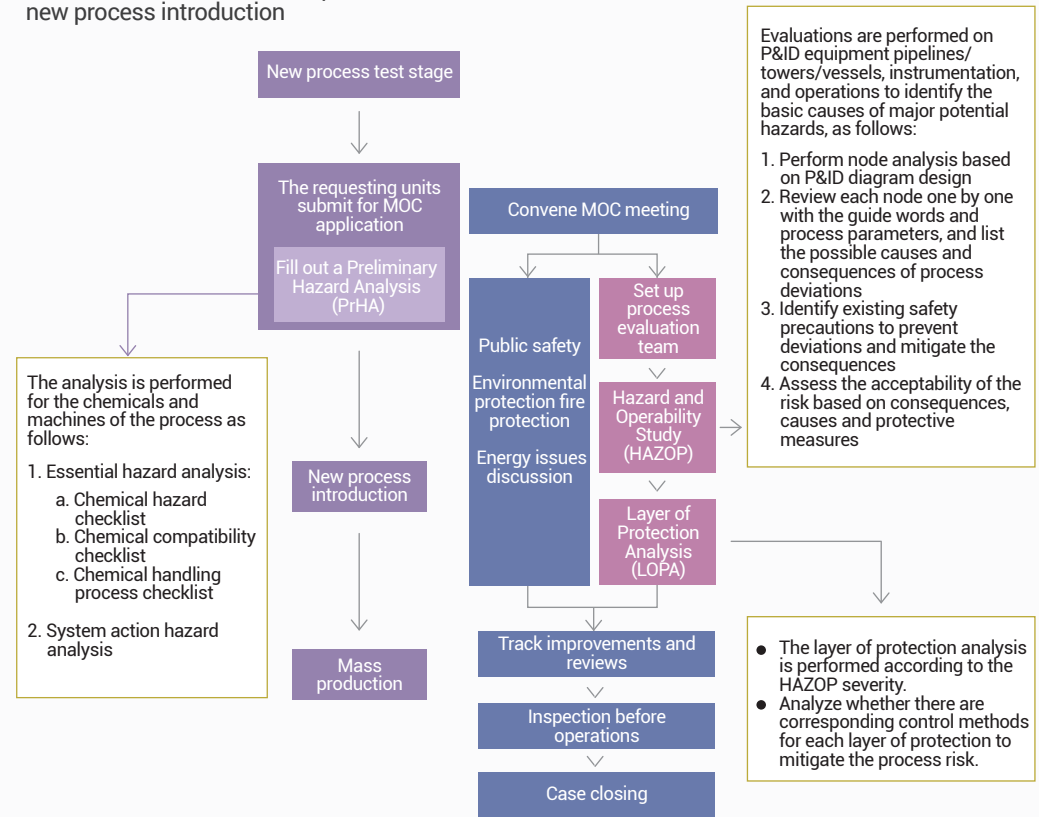
Risk assessment process for the introduction of new processes and machines and equipment

Coping with the future demand for FPL production capacity, we will expand the FPL line at our Hsinchu plant and introduce the FPL process of the Linkou plant, from material, production, FPL coating, lamination to cutting and packaging. The establishment of the new FPL line, from space planning, the purchase of new machines and equipment for each process, trial production, to the start of mass production and waste generation, is a significant change to the Hsinchu plant, and is different from the original processes and machine types. In accordance with the occupational safety and health regulations and ISO 45001 requirements, we perform environmental safety and health change management and verify compliance with regulations. Risk assessment is also used to confirm regulatory compliance, machine equipment and process safety levels to enhance the intrinsic safety of machines and equipment and reduce process operation risks.

With the establishment of the new FPL line at Hsinchu Plant, a new assessment method has been introduced into the risk assessment of environmental safety and health change management, which is also more stringent than before. For newly purchased machines and equipment, we hope to apply the concept of source management to improve the intrinsic safety of machines and equipment. From the design and manufacturing stages of the machine and equipment, we implement measures such as hazard identification, risk assessment and risk reduction safety design. For the new chemical process, we apply the experience and assessment methods from the process safety assessment and counseling conducted by the consultant of the Safety and Health Technology Center in 2019: Hazard and Operability Study (HAZOP) and Layer of Protection Analysis (LOPA) evaluation are introduced into the change management of the new FPL line at Hsinchu plant. Through the analysis process, the frequency of deviation events is taken into consideration and presented in a qualitative or semi-quantitative manner. Eventually, the risk matrix, the risk level of the process is known, and the risk of fire and explosion caused by out-of-control process reaction is reduced.

Since 2020, Hsinchu and Linkou plants have implemented 45 environmental safety and health change managements, 14 of which are from the establishment of the new FPL line at the Hsinchu plant and are ongoing. As a result of the risk assessment of environmental safety and health change management, a total of 279 items have been listed for follow-up and improvement, of which 149 items have been completed and the remaining items are under continuous implementation.

Process hazard assessment process for new process introduction



Plant risk identification and hierarchical control

In order to avoid major incidents, the Yangzhou plant commissioned an external professional institution to carry out risk identification for the whole plant in 2020, and visualize the key areas for warning and control.

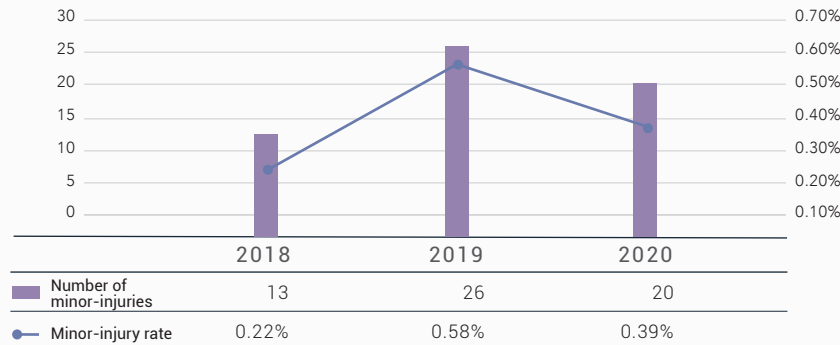
1. Identify the key areas for fire fighting and post warnings for the whole plant.
2. Identify occupational hazardous factors for the whole plant, post occupational hazard notification cards.
3. Identify the safety risks for the whole plant and inform and control the risk areas by 4 levels of red, orange, yellow and green.



Reinforce personnel minor-injury management

In order to curb the occurrence of major incidents, the Yangzhou plant continues to prevent and control minor-injuries in the plant, and important measures include.

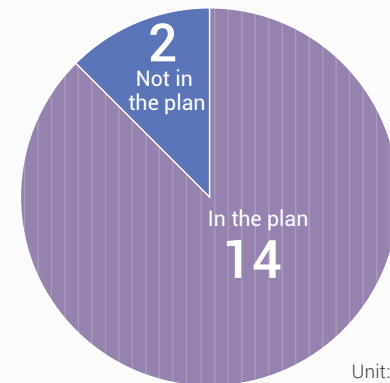
1. Consider the source of risk identification and engineering protection, and adopt control programs.
2. Standardize personnel fetching/wiping glass practices.
3. Adopt a daily inspection system (strict inspection of personnel gloves wearing, fetching, and wiping glass practices).
4. Reduce personnel contact with glass, the use of suction balls to fetch glass.
5. Continue to pursue 100% employee on-the-job training and qualification for assessment
6. Continue the data collection and analysis of minor-injury events to make timely improvements.
7. Equip occupational hazard vulnerable roles with 100% protective equipment, and audit regularly the use of protective equipment



Emergency response practical exercise

In 2020, the Yangzhou plant organized 16 emergency response exercises, of which 14 were executed according to the 2020 emergency response exercise plan, and added new emergency response exercises for epidemic and emergency response training for micro fire station personnel in accordance with the government's requirements. In 2020, about 2,000 people were trained in various emergency exercises, and the emergency response structure was effective, and employees were able to evacuate and escape effectively. The actual emergency exercise achieved the annual target, and all 24 problems identified during the process were improved.

2020 Emergency Response Exercises



Unit: Number of sessions

Strengthen the contractor's construction work management

Yangzhou Plant takes the safety of on-premise contractor operations very seriously. And as such, when the contractor personnel arrives at the plant, apart from implementing relevant training, we've also improved our training for operation supervisors in 2020 to improve contractor personnel's awareness for safety while adopting a higher standard in the supervision of contractor operations to ensure full compliance with pertinent safety regulations in their work. In 2020, a total of 60 pre-construction safety training sessions were conducted for 26 contractors, with a 100% training rate.

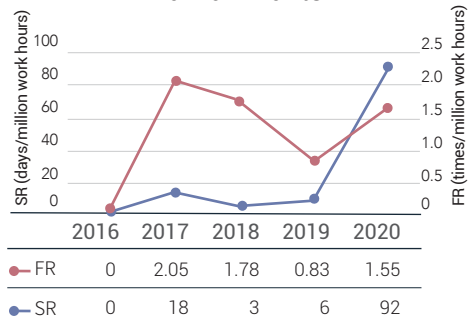


Contractor training

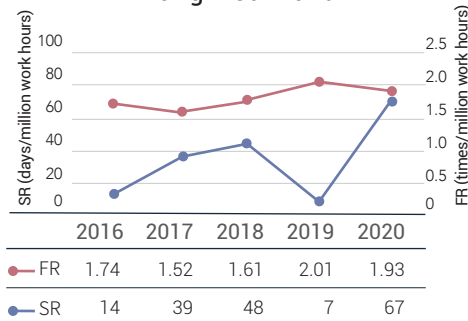


Plant construction monitoring personnel training

Taiwan Plants



Yangzhou Plant



$$\text{Frequency of disabling injury (FR)} = \frac{\text{Number of disabling injury} \times 10^6}{\text{Total work hours}}$$

$$\text{Severity rate of disabling injury (SR)} = \frac{\text{Number of days lost to disability injury} \times 10^6}{\text{Total work hours}}$$

In 2020, the frequency of disabling injury and the severity rate of disabling injury in Taiwan plants were 1.55 and 92 respectively, while those in the Yangzhou plant were 1.93 and 67 respectively. We continuously arrange safety education for employees to raise their awareness of safety. Hsinchu Plant and Linkou Plant joined the "Zero Accident Work-Hours" campaign to express their determination to eliminate occupational injuries. Linkou plant was reset to count from zero in 2020 due to an occupational disaster. Therefore, by the end of 2020, the total number of zero disaster hours for the Linkou plant was 292,649 hours and the Hsinchu plant was 1,058,010 hours.

By referring to the ISO 45001 Occupational health and safety system, the Company has established the "Procedure Governing Hazard Identification, Risk Evaluation and Environmental Considerations" along with Hazard Identification & Risk Evaluation Form to be used for the identification of potential risks and hazards for each manufacturing process. The evaluation outcome would classify risks into acceptable high risk and unacceptable risk and serve as the basis to determine the priorities of items/aspects for improvement. With regards to control measures, the identified risks would either be added to the list of improvement measures or as a checklist item for daily management. In the hazard identification and risk assessment conducted in 2020, we found 1,153 items at Hsinchu Plant and 442 items at Linkou Plant. For Hsinchu Plant, 119 items fell into the categories of acceptable high risks and unacceptable risks, with the primary risk categories being injury by clamping/crushing (17%), injury by inhalation of harmful fume/gas (10%), exposure to chemicals (9%) along with 1 item that was added as an item of improvement measure. For Linkou Plant, 253 items fell into the categories of acceptable high risks and unacceptable risks, with the primary risk categories being injury by inhalation of harmful fumes/gas (20%), injury by clamping/crushing (19%), exposure to extreme temperatures (6%) along with 2 items added as items of improvement measure. All remaining items became checklist items for daily management.

In work environment management, we periodically detect toxic substances and provide workers with appropriate personal protective equipment (PPE) to ensure employees work in a comfortable and healthy environment.

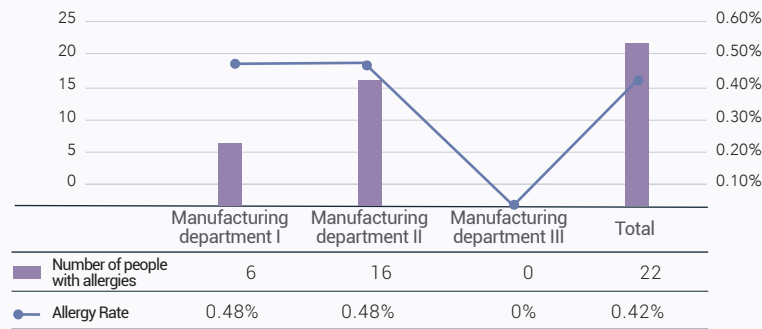
In addition, based on the tasks involving special health hazards as specified in the "Rules for Worker Safety Protection" in Taiwan Plant, there are two tasks with special health hazards: ionizing radiation and lead. Therefore, we arrange special physical examinations for employees before hiring them for and transferring them to such tasks. At the end of each year, we also arrange special health examinations for them. For workers requiring grade 2 or higher-grade control or with anomalies shown in the results, we will refer them to the infirmary for regular follow-up. We also arrange one-on-one interviews with occupational medicine specialists during the in-house service for workers with health anomalies to understand the content and environment of their work, their daily life habits, and family history for occupational medicine specialists to give them and the company advice for improvement. We also hold annual health promotion seminars for special operations so that special operations employees can better understand the health risks. Besides caring for workers in the high-risk group, we encourage all employees to participate in health promotion activities.

Allergy Survey Results of the Yangzhou Plant

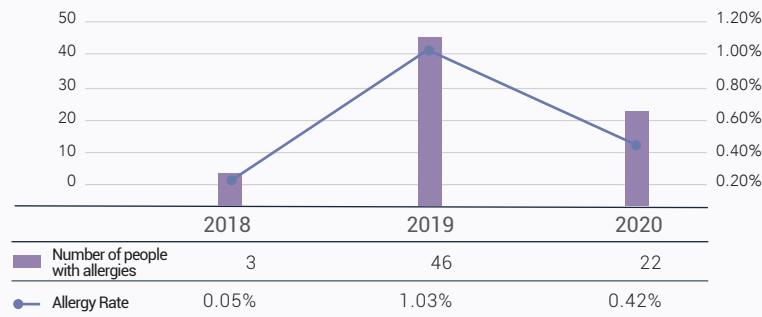
We surveyed the allergic symptoms of employees having contact with chemical substances related to work with questionnaires. In 2020, there were 22 allergic incidents, with an allergy rate of 0.42%, achieving the annual KPI of $\leq 3\%$, and no serious allergy cases occurred.

When analyzing the causes of allergies in 2020, all incidents were concentrated in new employees who had been employed for less than three months and needed a certain period of adaptation to the work environment. The concept of proper arrangement of protective gloves has been strengthened, and attention has been paid to personnel allergy and individual physique, glove adaptation, environmental adaptation, etc. We will continue to track the status of allergies and take preventive measures.

People with allergies in 2020, by departments



Allergy analogy diagram between 2018 and 2020



Strengthen the assessment and control of occupational diseases

In accordance with the requirements of national regulations, the Yangzhou plant has prepared a pre-evaluation report on occupational disease hazards to clarify the types of occupational disease hazards and the proposed occupational disease protection facilities and protection measures for construction projects. In 2020, we conducted an inspection and evaluation of occupational hazardous factors in the plant and obtained a report, and completed the evaluation of the effectiveness of occupational disease control in 2020.

Risk assessment

For construction projects with occupational disease hazards, the design of occupational disease protection facilities is carried out in accordance with the requirements of relevant laws, regulations, rules and standards for occupational disease prevention and control before construction

Evaluation of the effect of occupational disease hazard control

Evaluation reports on the effectiveness of occupational disease control were prepared to clarify the types of occupational disease hazards and to confirm the compliance of the proposed countermeasures and occupational disease protection facilities and protective measures after the adoption of the evaluation reports on the effectiveness of control. In 2020, we completed the evaluation of the effectiveness of occupational disease control and obtained a report

Healthy and happy workplace

Since 1998, we have been committed to providing a safe and secure work environment. In 2017, we participated in the "Healthy Workplace Certification" organized by the Health Promotion Administration for the first time and obtained the "Healthy Workplace Certification Mark for Health Promotion Label" in 2019. With the goal of creating a healthy workplace and providing employees with a secure work environment, we are striving to build a smoke-free workplace, obtain workplace security certification, and stress the importance of healthy eating and exercise to enhance employees' self-care and health knowledge and reduce the risk factors of unhealthiness and stress. The Company also actively promotes maternal health care for women in the workplace, prohibits pregnant or breastfeeding female workers from taking up dangerous and harmful jobs, sends congratulation cards by e-mail and "Happy Pregnancy" kits to pregnant employees in the plants. The plants also have a separate milk collecting room, and sterilized cleaning tools and parking spaces are available for breastfeeding and pregnant women.

In recent years, sudden heart attacks have become an important global public health issue in the 21st century. In order to provide a safe and secure work environment for our employees, we installed an AED (Automated External Defibrillator) at each of our Hsinchu and Linkou plants in 2016. AED+CPR training is conducted during the monthly occupational safety and health education training for new employees. We invite professional instructors to conduct AED+CPR training for all employees every three years and require each employee to perform practical exercises. In 2017, a total of 6 AED+CPR courses were held, with a completion rate of 100%. A total of 7 AED+CPR courses were held in 2019, with a completion rate of 93.3%. We have also applied for and obtained the certification of Hsinchu City and Taoyuan City as a secure workplace.

The employees are very enthusiastic and motivated to take the AED+CPR course, and they think that the course is helpful to themselves and their family members in case of need. The Company also hopes that employees can learn first aid skills to reduce the occurrence of regrets through this course.

In 2020, the Taiwan plants continued the promotional efforts for the above-mentioned healthy workplace and maternity protection and secure workplace by holding regular health seminars and health promotion programs in the hope of providing a safe and healthy work environment for E Ink employees.



Healthy workplace certification mark



Healthy workplace certification mark English version



Secure place certification - Hsinchu plant



Secure place certification - Linkou plant



Hsinchu plant - AED+CPR training and practical course



Linkou plant - AED+CPR training and practical course



AED setup - Hsinchu plant



AED setup - Linkou plant



Wish you good luck bag

2020 Taiwan Plant Health Promotion Plan

The COVID-19 epidemic in 2020 had a significant impact on the implementation of health promotion and physical activity. Therefore, taking care of employees' living, work environment quality, and preventing the epidemic have become a new issue in the Company's health promotion.

At the beginning of the year, we also began to adopt a new approach to provide employees with diversified information on epidemic prevention, preparing ePaper health education posters and epidemic prevention digest for the dummies to provide employees with the latest information on epidemic prevention at the first time. We installed hand disinfection machines for employees and visitors at obvious places at Company entrances and exits to enhance disinfection in public areas. We provided masks for employees to wear during work hours to implement personal hygiene habits (washing hands and wearing masks regularly). We also established health care notification and set up an observation room to keep track of employees' health status and high-risk contact history; reduced unnecessary meetings and visitors, and required visitors and contractors to fill out health declaration forms and restrict visiting areas when entering the factory to reduce the risk of infection.

The epidemic in Taiwan was slowing down in the middle of the year, and a health promotion plan was drawn up based on the results of employee health checkups and the guidelines of the New Life Campaign for Epidemic Prevention issued by the Central Epidemic Command Center. During the period of epidemic, everyone is required to maintain the appropriate social distance, and except for the necessary courses, which needs personal attendance (employees are required to take alternate seats and wear masks throughout), all other lectures will be conducted by video. And women's health care, weight management competition, walks 10,000 steps for health, online seminar series (muscle gain and fat loss so easy, stress relief massage and civilization killer - metabolic syndrome), public welfare blood donation, bone density check etc. were held. Strengthen employees' personal health knowledge management and hygiene habits.

The weight management competition followed the 2019 weight management system. In addition to the original individual and group weight management and weight percentage competitions, a new body fat management award was added to encourage employees to pay attention to body fat changes and weight management to prevent the occurrence of the three-hyper diseases that are the modern civilization killers. Afterwards, the total weight loss of the participating employees was 232.4 kg and the total body fat rate decreased by 0.8% on average.

The most common problem in the annual physical checkup report is back pain, so from 2018, the Company started to promote 10,000 steps for health activity. This year, the activity increased from the basic number of 450,000 steps to 500,000 steps, encouraging employees to climb the stairs instead of taking the elevator, reminding themselves to get up often to drink water, or advising the routes in the park for employees to take a walk after lunch. During the event, an occupational disease specialist doctor was invited to give a lecture on proper office posture. Employees are provided with the opportunity to do some stretching and exercises at the right time during office hours to reduce back muscle tension and the occurrence of back pain, and to improve the overall working posture and develop the habit of taking a few more steps and exercise, encouraging employees to get rid of the bad habit of being sedentary. In the future, E Ink will continue to promote a secure workplace and employee health, making employee health an important part of corporate responsibility.

10,000 steps for health		Weight management competition	
2020.08.03~2020.10.16		2020.08.03~2020.10.16	
Number of participants	145 people	Number of participants	125 people
Number of people for	64 people	Total weight loss	232.4 kg
Total accumulated steps	56,206,787 steps	Average waistline decrease	2.2%
Equivalent to 74.5 times around Taiwan		Average fat loss decrease	0.8%

Remark: One step is equal to 50cm



Women's health care



Muscle gain and fat loss so easy



Stress relief massage



Civilization killer - metabolic syndrome



2020 Health Promotion Activity Results Presentation - Group photo of Hsinchu Plant colleagues

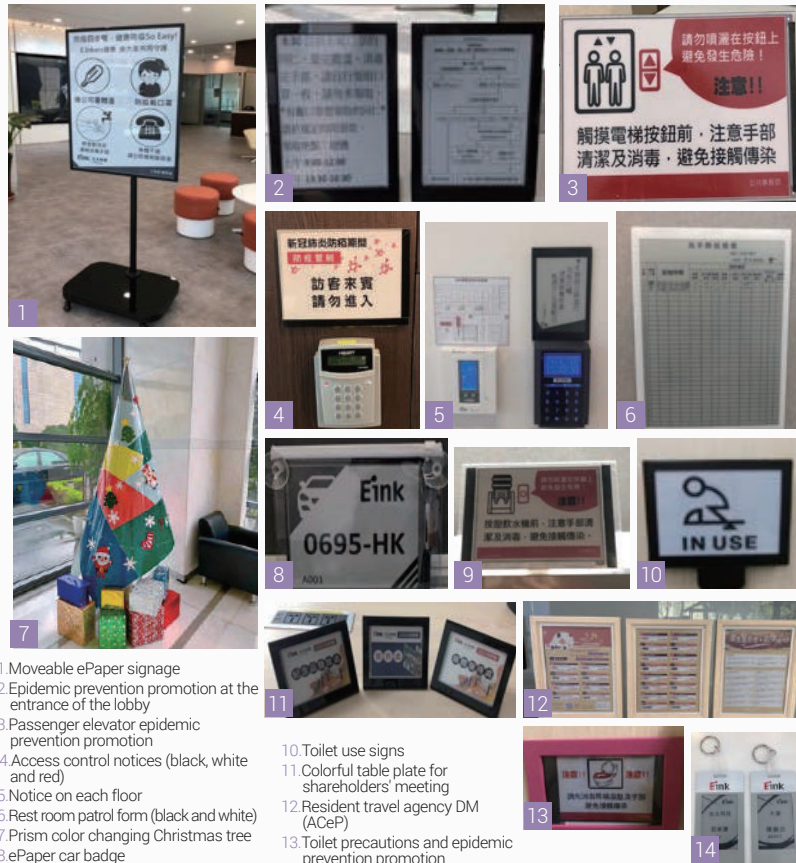


2020 Health Promotion Activity Results Presentation - Group photo of Linkou Plant colleagues

Work Environment Improvement

Office product placement

In order to promote the application of the Company's products in the administration building, the general affairs department has come up with an idea and used the production line experimental materials to conduct relevant applications and practical tests. The placement and application of ePaper can be seen everywhere in the Company, so that guests and visitors are greeted with surprises wherever they go. At the same time, the field test results will be fed back to the R&D and product development personnel, so that the product can be perfected in the future design.



- 1 Moveable ePaper signage
- 2 Epidemic prevention promotion at the entrance of the lobby
- 3 Passenger elevator epidemic prevention promotion
- 4 Access control notices (black, white and red)
- 5 Notice on each floor
- 6 Rest room patrol form (black and white)
- 7 Prism color changing Christmas tree
- 8 ePaper car badge
- 9 Staircase hall on each floor
- 10 Toilet use signs
- 11 Colorful table plate for shareholders' meeting
- 12 Resident travel agency DM (ACeP)
- 13 Toilet precautions and epidemic prevention promotion
- 14 Visitor identification badge

ePaper recycling activation

Echoing the idea of circular economy, E Ink has taken the lead in setting up an ePaper activation and utilization promotion project team at its Yangzhou plant since 2017 to revitalize ePaper for recycling, and to combine the idea of multi-purpose use of products to form a corporate culture of replacing general paper in business operations with EPD to reduce waste and consumption.



Activity table plate

We have developed at least 10 ePaper recycling activation solutions by 2020, employing more than 100 ePaper panels in that year

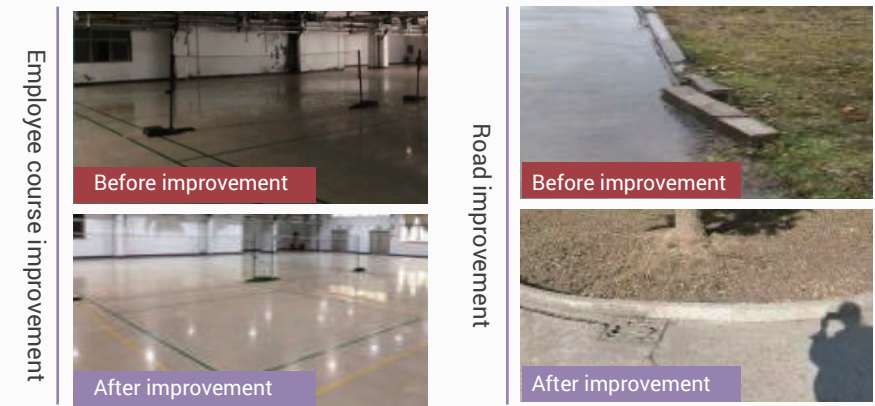


Vendor name ePaper photo wall

Vendor name plate

Yangzhou plant built a convenient and happy living field

In order to effectively utilize the plant environment and enhance the convenience and happiness of employees' accommodation, the Yangzhou plant carried out public space optimization and beautification in 2020.



Employee course improvement

Road improvement

Proactiveness
Communication
and Practices

Forward Looking
Navigation strategy

Innovation
Smart experience

Link Value
co-existence

Sustainability
Green
co-prosperity

Happiness
Workplace Growth

Care Moving
Forward

Appendix



Chapter 07

Care. Moving Forward

7-1 Social Inclusion

Social Inclusion

Driving force for social inclusion

- Link to SDGs
- Connection to company resources
- Needs of society

Objective for social inclusion

- Promotion of digital reading to close the gap of educational resource discrepancy
- Caring for the disadvantaged
- Giving back to the communities

Anchor for social inclusion

- E Ink Can Help! : Actions taken in 2020 in response to COVID-19
- eRead for the Future: to promote digital reading and eliminate the gap in educational resource
- Local care: to pool corporate resources and involve employees to take part in charity and give back to society.

Through our anchor of CSR vision and commitment to care for local communities, the Company has combined our corporate management strategies and our core business of E Ink display technologies and application along with relevant SDGs to promote social inclusion. Through the promotion of digital reading, we endeavor towards our objectives of closing the gap in education resource discrepancy, caring for the disadvantaged and local communities by formulating relevant projects of social inclusion at our various plants in Taiwan, Yangzhou, USA, and Korea, according to local demands in order to fulfill our corporate social responsibilities and work towards a brighter future.

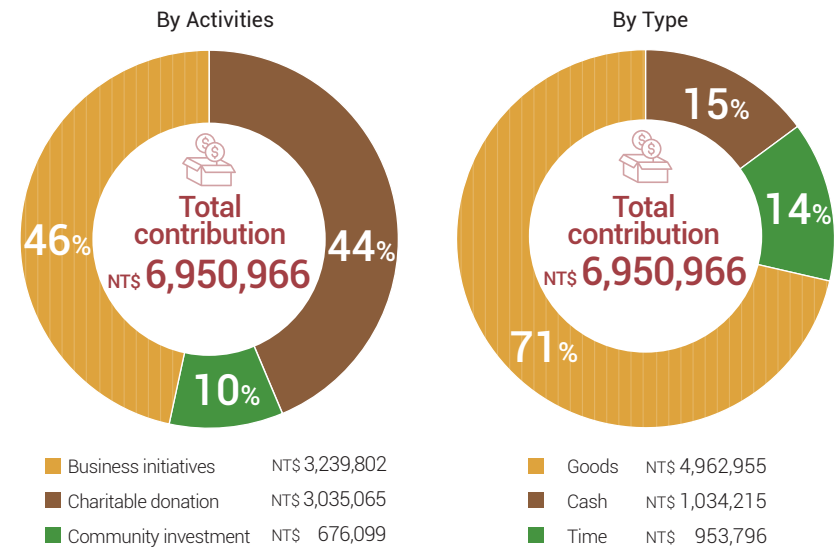
By February 2020, COVID-19 escalated into a global pandemic and ravaged the world, causing demands for relevant medical and disease prevention to spike dramatically. Hospitals began to run low on their surgical masks, protective suits and medical gloves. To further complicate matters, supplies for such resources were severely limited. Consequently, medical personnel were exposed to the threat of exposure and contact to the disease while they tended for patients with confirmed COVID-19 infection. E Ink's operation and distribution locations are spread out around the world. With governments and local governments in various countries implementing lockdowns and enforcing temporary closing of non-essential shops to limit traffic of people and contact to contain the spread of the pandemic. Even though the Company has taken ample measures towards disease prevention and provided relevant resources and supplies for our employees, we are cognizant that a potential community outbreak of COVID-19 would threaten the health of our employees and their families and indirectly impact the Company's day-to-day operations. And as such threatening of COVID-19 looming, the collective well-being of communities became our top priority. By protecting our employees and their families by securing their lives and work environment in mind, we turned our attention to helping frontline medical personnel promote and facilitate disease prevention and quarantine in their operations.

The Company donated 10,000 facial masks in Yangzhou China, together with 1000 protective suits to the Yangzhou Government as our way of supporting the frontline medical personnel. In Korea, we donated a total of 13,000 surgical masks to Daegu Catholic University Medical Center; in the U.S., the Company donated 1.26 million pairs of medical gloves for relevant inspections and placed orders with medical glove manufacturers in Malaysia to deliver the goods to the local Federal Emergency Management Agency (FEMA) before the goods were shipped to the States. Lastly, we have also donated 2,000 surgical masks to Taipei Economic and Cultural Office in Boston to be used by visitors on official business as critical medical resources to prevent and control the epidemic. In May 2021, during the escalation of the epidemic in Taiwan, the Company took the initiative and cooperated with the Group to donate more testing booth to safeguard the frontline medical personnel, with a total of four Positive Pressure Testing Booth (PPTB) to the Hsinchu City Government, Taoyuan City Government and Hualien City Government. The aforementioned donations around the world have all been a part of E Ink's effort to fulfill its responsibility as a global corporate citizen by contributing to epidemic prevention and medical rescue across the world.

Apart from our commitment to support the prevention of COVID-19 in 2020, we have also continued to implement and promote our eRead for the Future Project in Taiwan, China and U.S. by advocating digital reading and our Maitian Project. In addition, we also sponsored equipment that produces potable water for children in rural areas in an effort to eradicate inequality.



Overview of E Ink's Investments for Social Inclusion Promotion in 2020



Note: The funding sources for commitment towards social inclusion promotion include monetary donation, donations in kind and time commitments. The value of time commitment is calculated based on the number of work hours contributed, multiplied by the average hourly employee wage for 2020 to derive the estimate of monetary equivalent.

Proactiveness Communication and Practices
 Forward Looking Navigation strategy
 Innovation Smart experience
 Link Value co-existence
 Sustainability Green co-prosperity
 Happiness Workplace Growth
 Care Moving Forward
 Appendix

7-2 Join hands in eAction care

eRead for the Future

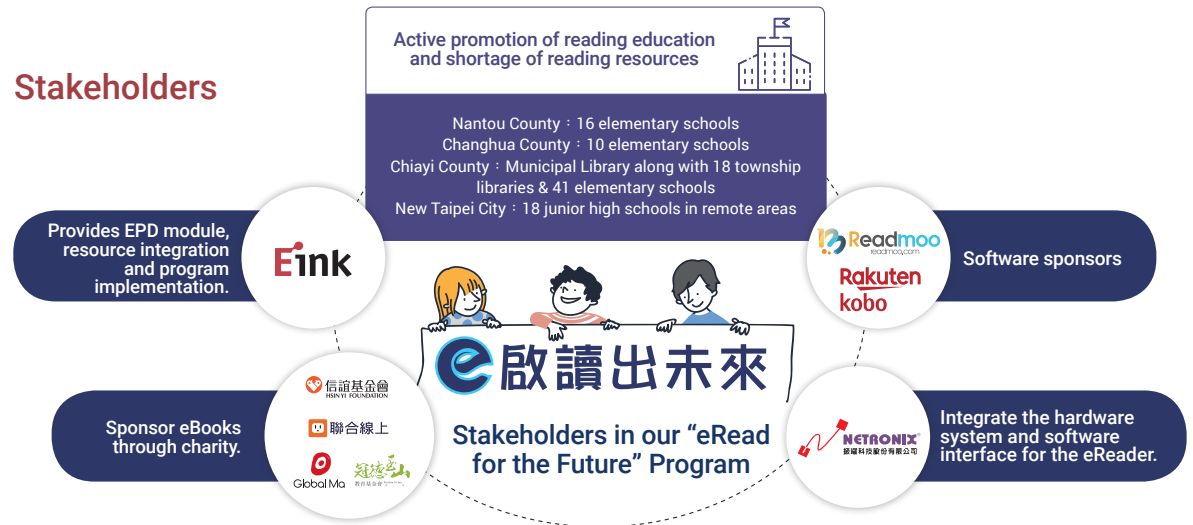
Origins	
<p>Reading is the origin of knowledge acquisition, and digital reading will become an inevitable trend as technology thrives</p> <ul style="list-style-type: none"> Through reading, one can acquire knowledge in different fields and improve one's cognitive, linguistic, analytical, inferential, and other competencies. And as digital technology integrates with education, digital reading will become an inevitable trend. <hr/> <p>Despite its robust and positive development, digital technology has negatively impacted the growth and learning of children.</p> <ul style="list-style-type: none"> With devices such as desktops, tablets, and smartphones with internet connectivity becoming an inseparable part of our daily lives, students nowadays have a hard time resisting the temptation of internet videos, games, and real-time dynamic information. According to the data from the Ministry of Health and Welfare (MOHW)¹, the blue light emitted from LCDs will stimulate human eyes to produce free radicals through the extended use of 3C electronic products at a short distance, thus causing harm to retinal cells. 	
 <p>¹ Reminder from MOHW Health Promotion Administration: Blue light from 3C products will affect children's eyesight - outdoor activities are always better than anything than 3C for children!</p>	
Aim	Origins
<ul style="list-style-type: none"> In conjunction with our management strategy of generating greater value for ePaper for our partners in the ecosphere and collaborating with our supply chain partners, we wish to give back to society as outlined in our core values to promote positive development in our society. 	
<ul style="list-style-type: none"> To utilize the characteristics and strengths of ePaper (see Chapter 3) and create an ideal carrier - our eReader to provide children with a focused and comfortable reading experience 	 

Goals	
Short-term Goals	<ul style="list-style-type: none"> To assist more supply chain partners in providing with more resources to contribute to local students; continue to promote digital reading and eye-caring features to the general public and push for digital reading. <hr/> <ul style="list-style-type: none"> We performed an analysis of social return on investment (SROI) of the "eRead for the Future" program initiated in March 2018 to understand the program's advantages, disadvantages, and effectiveness so that we can improve upon it and maximize its value.
Mid-term Goals	<ul style="list-style-type: none"> Operating based on the core of "digital technology, reading, and knowledge," we plan to revisit schools that have received our donation of eReaders and find out how their students have fared with using our products when working with local governments to jointly promote digital reading workshops, digital reading competition, and other promotional activities to achieve a greater degree of success in popularizing digital reading. To expand the participation of our stakeholders; apart from our employees and supply chain partners, we hope to invite our customers, local communities and so forth to contribute their resources within their capacities to promote eReaders and eBooks to schools across Taiwan so that we can construct our eReader mobile library, which will help to enrich children's lives with diverse bits of knowledge waiting to be found in books.
Long-term goals	<ul style="list-style-type: none"> To deliver eReaders and a rich selection of eBooks to schools in all parts of Taiwan at the pace of "One Year One City" and make digital reading more prevalent. We also hope to continue pooling resources from enterprises, society and individuals to build a self-sufficient philanthropy platform

Model of Implementation for eRead for the Future

“eRead for the Future” is a philanthropic program initiated by E Ink. Through it, we aim to provide students with a comfortable and vision-friendly reading experience with our core ePaper technology in collaboration with our eReader ecosystem partners by involving their expertise, products, and technical advantages. Based on the location of the company and plant, we invest our resources in collaboration with local ecosystem partners to bring eReader mobile library to schools and help students develop reading literacy, acquire more knowledge, broaden their vision with the digital reading resources available through our “eRead for the Future” program.

Stakeholders



2017

• **Initiation and launch of “eRead for the Future” project:**

Taiwan

- Donated a total of 350 eReaders to 16 elementary schools in Nantou County, along with 35,000 volumes of eBooks. The total donation amounted to approximately NTD 23 million. Participating partners: Netronix Inc., Readmoo

Yangzhou

- Donated a total of 100 eReaders to two elementary schools in Hunan Province. Each eReader is pre-bundled with about 500 children’s books at a total value of approximately NTD 200,000.

2018

Taiwan

- **Establishment of the eReader Library:** Donated a total of 310 eReaders to 10 elementary schools in Changhua County along with 31,000 volumes of eBooks. The total donation amounted to approximately NTD 32 million. Participating partners: Netronix Inc., Readmoo
- **Ingraining Digital Reading:** Collaborated with the Nantou County Education Bureau based on three focuses: “reading, digitization, and teaching. Organized teaching training and reading contests at the 16 elementary schools that received our donations to promote digital reading.

South Korea

- Hydis donated 515 eReaders and 220,935 eBooks to 1,209 students from 53 schools in South Korea.

2019

Taiwan

- Donated a total of 450 eReaders and 45,000 eBooks to Chiayi County.
- It was our first attempt to bring eReaders to Chiayi Municipal Library along with 18 township libraries within the municipality, for a total of 19 libraries. Not only that, we also donated relevant resources to 41 elementary schools in the county.
- The total donation amounted to approximately NTD 51 million.
- Participating partners: Hsin-Yi Foundation, Netronix Inc., Readmoo

USA

- The USA Plant donated eBooks to the local library, youth groups, regional elementary school and so forth and has invested over NTD 2.5 million (roughly equivalent to USD 84,000)

2020

Taiwan

- Donated a total of 506 eReaders and 27,830 eBooks to New Taipei City.
- It was the first time for the Company to extend the project to include junior high schools. We identified 18 junior high schools in remote areas with limited educational resources and significant student populations. These schools are not situated in mountainous or urban regions and as a result, they are positioned to be prioritized for resource privileges.
- The total value of commitment came to approximately NT\$ 29.6 million.
- Participating partners: Netronix Inc., Rakuten Kobo Inc., UDN Vision Project, Cite Publishing Ltd., China Times Publishing Co., Ltd., Yuan-Liou Publishing Company, Business Weekly, Global Mall and Kingdom Yu San Education Foundation

USA

- The Company donated 19 eNotes and US\$ 30,000 to two schools in Billerica to assist the schools in the promotion of digital education

China

- The Company donated 49 eReaders along with 24,500 eBooks to two elementary schools located in Danzhai County of Qiandongnan Miao and Dong Autonomous Prefecture in Guizhou Province.

Cumulative benefits of eRead for the Future



Environmental benefits

Using the project promoted in New Taipei City in 2020 as the basis of calculation, which involved the donation of eReaders each pre-bundled with 55 eBooks, the Company has donated 27,830 eBooks in total. The environmental benefits realized through the donation are as follows:

Each tree provides sufficient material for the production of 62.5 paperback books^{*3}

Each tree that reached maturity absorbs approximately 21,7Kg of carbon dioxide each year^{*4}

*Resources donated are calculated based on the data provided by E Ink, Netronix Inc, and Readmoo.

*1: Recipients include students at 16 schools in the USA, China and Nantou County, 10 schools in Changhua County and 18 elementary and junior high schools in Chiayi County and New Taipei City.

*2: The monetary value of the donation for eReaders, eNotes and eBooks is calculated based on their corresponding market prices in units of NTD 10,000

References:

3. eBook: Question: How Many Trees Does It Take To Make A Book?
Link: <https://decoline-shipping.com/qa/how-many-trees-does-it-take-to-make-a-book.html>

4. 2EA: Planting Trees - Understanding its Role in Carbon Offsetting
Link: 2ea.co.uk/Planting-Trees---Understanding-its-Role-in-Carbon-Offsetting.html

Use of eBooks

- The figures translated to 445 trees spared from being cut down and would increase annual carbon dioxide absorption by 12,067kg
- By continuing to use the eBook readers to read donated books, CO₂ emissions of 12,067 kg per year can be reduced.

Use of physical books

- To produce the same amount of books in paperback, it would require the logging of 4,044 trees. This would in turn decrease annual carbon dioxide absorption by 87,765kg
- Note: The calculation is made based on the total number of schools at the 18 junior high schools. Assuming that each of the 4,596 students receives a donation of 55 books in paperback, the donation would require 252,780 physical books.

In contrast with distributing physical books to all students, eReaders offer the advantage of storing multiple books in one device and repeated perusal. Since eBooks do not require logging trees for paper, judging by the environmental benefit of saving the trees to offset carbon dioxide emission, this project provides 7.3 times superior environmental benefits.

Outcomes for eRead for the Future Project in 2020

2020 marks the 4th year of our launch and promotion of the “eRead for the Future” project in Taiwan. And we shall continue to embrace the objectives of “digitization, reading, and knowledge” as the core of the project. At the same time, we expand our construction of libraries for eReaders and our promotion of digital reading.

Establishment of a new eReader Library

Between 2017 and 2019, our “eRead for the Future” project had donated eReaders at 16 elementary schools in Nantou, 10 elementary schools in Changhua, 41 schools in Chiayi County and 19 township libraries to construct their mobile libraries with E Ink’s eReaders. Each of these eReaders has been pre-loaded with a carefully curated selection of eBooks suited for elementary school students across different grades. This long-term endeavor by E Ink has earned positive feedback from competent authorities and sphere of education. In light of our efforts, New Taipei City’s Education Department had actively reached out to E Ink when the department planned new projects for 2020 in the hopes of working with the Company to promote the project further.

After choosing New Taipei City Government as our partner for project promotion in 2020, in light of the project’s mission to close the gap of discrepancy for educational resources through the promotion of digital reading, we planned to focus on schools located in remote regions with limited access to resources for education and schools in non-mountainous or urban areas with a significant student population that are not prioritized candidates for relevant educational subsidies as our targets for donation. Consequently, we identified 18 junior high schools in New Taipei City, including 13 that are located in relatively remote areas including Chin Hsien Junior High School, Wulai Junior High School, Pingxi Junior High School and 5 in non-mountainous and urban areas such as Shengkeng Junior High School and Jian-Shan Junior High School and so forth.

18 schools in New Taipei City		
13 junior high schools in remote areas and 5 in non-mountainous and rural areas		
Wulai Elementary and Junior High School (for junior high school students)	Ping-Lin Junior High School	Jin-Shan Junior and Senior High School (for junior high school students)
Pingxi Junior High School	Wan-Li Junior High School	Ganyuan Junior High School
Fongjhu Elementary and Junior School	Bali Junior High School	Jian-Shan Junior High School
Chin Hsien Junior High School	Ruifang Junior High School	Shengkeng Junior High School
Shimen Junior High School	Shiding High School (for junior high school students)	Sanzhi Junior High School
Gongliao Junior High School	Shuangxi High School (for junior high school students)	Mingde Senior High School (for junior high school students)

Connecting the resources: We invite all partners in our sector ecosystem to take part in the project in order to enrich project resources

In 2020, “eRead for the Future” project shall involve the construction of 18 eReader mobile libraries in New Taipei City. We have called on our ecosystem partners including Netronix Inc., Rakuten Kobo Inc. and so forth to donate a total of 506 Kobo Forma eReaders along with 27,830 volumes of eBooks, with a total worth of approximately NT\$ 29.6 million.

All eReaders donated through this project have been pre-bundled with a carefully curated selection of 55 books in Chinese and English suitable for junior high school students. With regards to the selection of eBooks to be bundled with the eReaders, in light of the heavier emphasis on the cultivation of students’ literacy and habit of reading in the syllabus for 2019, junior high schools have been instructed to assist students through extensive reading to strengthen their comprehension and foster their capacity for systematic thinking, critical thinking and problem-solving on top of the traditional curriculum. And as such, the collection of eBooks included 10 titles chosen by UDN Vision Project on topics covering environmental protection, plants, food safety, transportation and other issues relating to the environment and society. Hopefully, through these books, the junior high school students will be better equipped to comprehend their surrounding environment and current circumstances in the society, which in turn will strengthen their capacity for independent and critical thinking.



ePaper developed and manufactured by E Ink have been chosen as the displays featured on the eReaders, which in turn have been assembled by Netronix Inc. to create the hardware while Rakuten Kobo sponsored its Kobo reader software and reached out to various publishers to acquire eBook titles through charitable procurement. On top of that, UDN Vision Project, Cite Publishing Ltd, China Times Publishing Co., Ltd, Yuan-Liou Publishing Company, Business Weekly, Global Mall and Kingdom Yu San Education Foundation also supported the project by sponsoring various eBooks that have been bundled with the eReader.

eReaders making their way officially at 18 junior high schools in New Taipei City

The “eRead for the Future” Project Donation Ceremony was held on October 13, 2020 at New Taipei City Government. The eReaders have been delivered to each of the 18 junior high schools by the end of November 2020.

In an effort to ensure that recipient schools make effective use of the eReaders, the Company also held “eReader Tutorial Training” on December 24, 2020. The training involved volunteers from Rakuten Kobo Inc. intended for teachers from the 18 junior high schools in New Taipei City responsible for reading promotion by presenting the hardware and software interface of the readers. Volunteers from E Ink familiar with eReader operation also took part in the training to resolve any difficulties that the participants might have operation-related issues. Selected “reading seed” teachers from the 18 recipient schools participated in the “eReader Tutorial Training”. Upon completion of their training, they would be able to give demonstrations on how to operate the eReaders to their colleagues and students at their schools.



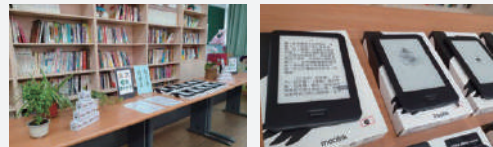
Footage recorded from the 2020 New Taipei City “eRead for the Future” Project

Promoting and ingraining digital reading - Leading children into the world of digital reading

2020 Ingraining Reading Competition in Changhua County

In an effort to achieve the in-depth promotion of digital reading, E Ink engaged in extensive collaboration with Changhua County’s Department of Education in 2020. Focusing on reading, digital technology and knowledge, E Ink organized a reading competition for students in various municipalities in conjunction with their respective reading promotion plans.

E Ink had already collaborated with Changhua County’s Department of Education in 2019 by donating books and preparing competitions for reading and drawing. In 2020, the Company worked with Changhua County’s Department of Education once more by organizing “Ingraining Reading Competition” in 2020 to promote a higher usage rate for eReaders and help students cultivate their habit for digital reading. Apart from the 10 elementary schools that received E Ink’s donation, students from other schools in Changhua County were also invited to participate in the Ingraining Reading Competition. Seed teachers from the County were tasked with picking the books for the event. Depending on which grade the participants are from, participants from grades 3-6 would compete in composition writing (based on their takeaway from reading). Those from grades 1-2 would be competing in a drawing contest instead.



A total of 241 entries from elementary students across Changhua County were submitted for the Competition, which was held to motivate students to share their takeaway from their respective readings. During the evaluation of entries, apart from inviting experts and journalists who specialize in reading and aesthetics to be our judges, we also invited our employees to participate in the online drawing popularity PK match by having our employees vote on their favorite submissions from the younger participants.

Our original plan was to organize a prize-giving ceremony for selected entries of book reading takeaways and illustrations for the competition hosted by Changhua County Government on Children’s Day in 2020. But due to the outbreak of the COVID-19 epidemic abroad, we had to cancel the event. Instead, we asked principals from the participating schools to present the certificate of merit and gift vouchers to the prize-winning students at morning assemblies or other gatherings to encourage students to read and engage in creative work.

In an effort to thank E Ink for the lengths that the company has gone through to benefit students in Changhua County, the magistrate has personally presented a certificate of appreciation at the County Government Supervisor Meeting held in June 2020 to E Ink representative to extend the County Government’s gratitude for the success that the “eRead for the Future” project has accomplished in the past three years.



USA Plant

Unfortunately, COVID-19 has continued to impact the world in 2020 and the year had turned out to be full of new challenges for both educators and students. Due to the pandemic, schools had to suspend classroom lessons and classes could only resume in the format of online distance lessons. In an effort to prevent disruption of studies and learning for local students, our USA plants have donated eReaders along with monetary donations to improve education quality at local schools.

South Hadley Public School

In 2020, we donated 10 eNotes and US\$ 15,000 to South Hadley Public School (USA) in the hopes of improving the quality of their distance education and learning



Shawsheen Valley Technical School

In 2020, E Ink donated 9 eNotes and US\$ 15,000 to Shawsheen Valley Technical School, which is situated near our Boston office to assist local teachers and students in adapting to the distance learning mode brought about by the epidemic in order to achieve good teaching quality



Local Care

As a member of society, we uphold the spirit: "Contributing what is taken from society to society" and continuously investing labor and funds to contribute to the construction of a quality society and the natural environment. Here at E Ink, we believe that CSR is not only apart from monetary donations, philanthropy also involves promoting social welfare and helping those in need of help in society through the teamwork of our employees, charities, the government, and our partners and their voluntary participation in ESG .

Taiwan

Fighting COVID-19 and Helping the Farmers - Sending Warmth through Carnations Subscription

Due to the outbreak of COVID-19 in 2020, we were informed that the flower farmers that cultivated carnations suffered extremely poor sales prior to Mother's Day. And as such, our Employee Welfare Committee decided to help out the carnation farmers by purchasing their products in the hopes of helping them get through this difficult time. The Company ordered a total of 10,850 carnations from the farmers. Each employee received a bouquet (10 flowers) of carnations from the bulk purchase by the Employee Welfare Committee Meetings as a gesture of gratitude and appreciation from the Company for their hard work. Not only that, we also invited employees to take part in the group purchase for carnation so that we can support domestic floriculture and flower farmers through concrete action. We encouraged employees to gift the beautiful carnations to their beloved families members and friends to foster stronger bonds and send warmth to the hearts of recipients during this trying time.



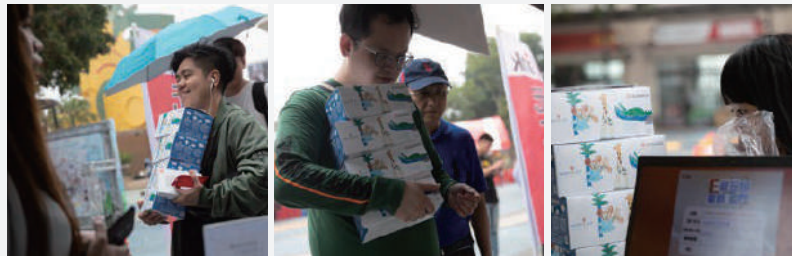
Town Hall Meeting - Tidbits of Joy through Charitable Work

In an effort to facilitate cohesion within the company while promoting the cause of charity, E Ink has organized its meeting for indirect employees. At the meeting, cake and/or confectionery is prepared by disadvantaged minorities and social charity organizations to help nourish and refresh employees physically and mentally when the meeting ends.



E Ink Family Day - A Family Day of Charity

When it comes to Family Day, we will never forget to make charity part of it! In 2020, E Ink had held its Family Day event at Lihpao Land in Taichung. In order to incorporate elements of charity into the event, the Company ordered special charity lunch boxes from Eden Social Welfare Foundation for the 2,060 employees and their friends/family members who participated in the event. The Foundation also presented a certificate of appreciation as a gesture of gratitude for E Ink.



Outing Mountain Cleanup

Apart from recreational outings as our itinerary for employee retreat in 2020, we also threw mountain cleanup into the mix by combining our sight-seeing trip with it at Dakeng Trail in Taichung. From the tour guide, participants learned about local history, culture, and landscape as they put on straw slippers and strolled leisurely along the trail to relish the beauty of the mountains at a profound level. And as they strolled, they also picked up whatever waste they could find along the trail. A total of 520 participants comprising employees and their families attended the activity with great enthusiasm in six different batches



Yangzhou Plant

2020 Maitian Project

Starting from 2012, Yangzhou Plant has launched the Maitian Project to unite the Company, employees and their families as one to assist schools in rural regions by providing relevant resources. In 2020, due to the impact of COVID-19 that severely threatened the livelihood of farmers, the Chairman purchased 200 bags of jujube from the farmers to be sold for charity. All proceed raised from the sale went towards charity items in the Maitian Project.

By supporting the project, we also helped the jujube farmers get through this difficult time period. As of 2020, the Project had held a total of 23 events of varying scales, donating more than **RMB700,000** towards helping students at **13 schools**.

“Spring of Rainbow” - water purification project

In order to ensure clean, potable water for children in remote townships, in 2020, the Plant donated **2 units** of water purification equipment along with **670** thermos flasks to the recipients. Not only that, we also advocated the importance of staying hydrated so that the children will be able to “read great books and drink quality water”

For the project, the Plant donated a total of **RMB 81,740**

The donation went towards the purchase of water purification equipment and thermos flasks



Love Classroom

In 2020, we visited elementary schools in remote areas in Guizhou Province to host charity reading lessons to teach local students how to use eReaders to access more resources and knowledge through e-readers. This would enable students to achieve digital literacy.



Library of eBooks

E Ink donated a total of **55 eReaders** to a local elementary school in Guizhou Province. Our eReaders were pre-bundled with a variety of books and contents to help local students to read more extensively. The eReaders serve as an effective source of educational resources for the students by expanding their vision and boost their knowledge.

The eReaders donated were worth **RMB 28,618.6** in value

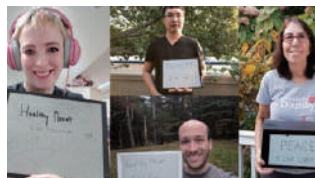


USA

United Nations Global Compact (UNGC)

The UNGC is a non-binding pact consisting of 10 principles that cover domains of human rights, labor, environment and anti-corruption. Our USA plant was chosen as a member of the pact in 2019 for our commitment to sustainable development and outstanding performance in the area.

In the past 40 years, the global consumption of paper increased substantially by 400%. Due to the energy-efficient characteristic of ePaper, our USA plant had committed to the development of innovative applications to reduce our impact on the environment by making the greatest contribution to reducing carbon emission and reducing the logging of trees. Apart from committing to the development of superior ePaper technologies, we have also been actively collaborating with local communities. Presently, our USA plant has been working with local economic development alliances and community care committees to provide relevant assistance to local residents. In 2020, the Middlesex 3 Coalition and the United Nations Global Compact were held at our Massachusetts headquarters. Participants at the event discussed ways to mobilize the global movement to promote sustainability across companies and communities. Not only that, we also donated approximately NT\$ 140,000 (US\$ 5,000) to UNGC Network.



Charitable Donations

Donation to bike rental stations in support of low-carbon transportation

The USA Plant participated in the “The Valley Bike Share” system and donated approximately **NT\$ 336,000 (USD 12,000)** in South Hadley in 2020, Massachusetts towards the establishment of a bike rental station to provide residents with a more convenient, eco-friendly, and healthy form of public transportation.

Sponsorship for local activities and education

Our USA plant had endeavored to foster fruitful relationships with local communities. In 2020, we sponsored Shawsheen Valley Technical School, the music event MillPond.Live, the Springfield Symphony Orchestra and nonprofit organizations including Boys & Girls Clubs, Nonotuck Resources Associations Inc, and South Hadley-AHPC. Throughout 2020, our USA plant donated a total of **NT\$ 1,698,480 (US\$ 60,660)**.



Appendix

Comparison Table of GRI Standards Sustainability Reporting Standards Disclosure Item

General Disclosures		Report Chapters (with omitted description)	Page
Organizational Profile (2016)			
102-1	Name of the organization	2-2 Global deployment	29-31
102-2	Major Activities, brands, products, and services	2-2 Global deployment	29-31
102-3	Location of headquarters	2-2 Global deployment	29-31
102-4	Location of operations	2-2 Global deployment	29-31
102-5	Ownership and legal form	2-2 Global deployment	29-31
102-6	The markets served	2-2 Global deployment	29-31
102-7	The scale of the organization	2-2 Global deployment 2-4 Strategy focus and growth	29-31 39-42
102-8	Information on employees and other workers	6-1 Management overview	94
102-9	Supply Chain	4-1 Building a sustainable supply chain	66-71
102-10	Significant changes to the organization and its supply chain	There are no material changes in the organization and supply chain in the scope of this year's report	-
102-11	Precautionary principle or approach	2-4 Strategy focus and growth 5-2 Climate change response	43-46 80-83
102-12	External initiatives	E Ink did not sign any externally developed economic, environmental and social charters, principles, or other initiatives we subscribe to or endorse.	-
102-13	Membership of associations	2-4 Strategy focus and growth	42

General Disclosures		Report Chapters (with omitted description)	Page
Strategy (2016)			
102-14	Statement from senior decision-maker	Letter from the Chairman	04-05
102-15	Key impacts, risks, and opportunities	2-4 Strategy focus and growth 5-2 Address to climate change	43-46 80-83
Ethics and Integrity (2016)			
102-16	Values, principles, standards, and norms of behavior	2-3 Ethical management and sustainable governance	36-38
Governance (2016)			
102-18	Governance structure	1-2 ESG vision and organization 2-3 Ethical management and sustainable governance	19-20 31-35
Stakeholder engagement (2016)			
102-40	List of stakeholder groups	1-3 Identification of Stakeholders	20-21
102-41	Collective bargaining agreements	6-2 Building a positive, beautiful and happy workplace	98
102-42	Identifying and selecting stakeholders	1-3 Identification of Stakeholders	20-21
102-43	Approach to stakeholder engagement	1-4 Identification of Material Issues and Strategy Management	24-25
102-44	Key topics and concerns raised	1-4 Identification of Material Issues and Strategy Management	21-26
Reporting Practices (2016)			
102-45	Entities included in the consolidated financial statements	About this report	1
102-46	Defining report content and topic boundaries	About this report 1-4 Identification and management of material topics	1 23
102-47	List of material topics	1-4 Identification and management of material topics	22-23
102-48	Restatements of information	Appendix: Environmental Information	134-135
102-49	Changes in reporting	There was no such thing this year	-
102-50	Reporting period	About this report	1
102-51	Date of most recent report	About this report	1
102-52	Reporting cycle	About this report	1
102-53	The contact point for questions regarding the report	About this report	1
102-54	Claims of reporting in accordance with the GRI Standards	About this report	1
102-55	GRI content index	Appendix: Comparison Table of GRI Standards Sustainability Reporting Standards Disclosure Item	130-132
102-56	External assurance	About this report, Appendix Report Assurance Statemen	139-140

Management Approach (2016)		Report Chapters (with omitted description)	Page
103-1	Explanation of the material topic and its boundary	1-4 Identification and management of material topics	23
103-2	The management approach and its components	1-4 Identification and management of material topics	26
103-3	Evaluation of the management approach	1-4 Identification and management of material topics	26
Economic		Report Chapters (with omitted description)	Page
GRI 201: Economic Performance (2016)			
201-1	The direct economic value generated and distributed on an accruals basis	2-4 Strategy focus and growth	41
201-3	Defined benefit plan obligations and other retirement plans	6-2 Building a positive, beautiful and happy workplace For details, please refer to the Company's financial statements	105
201-4	Financial assistance received from the government.	2-4 Strategic focus and growth and government's shareholdings in the Company are described in 4.1.2 Shareholder Structure of the 2020 Annual Report	41
GRI 202: Market Presence (2016)			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	6-2 Building a positive, beautiful and happy workplace	101
202-2	Proportion of senior management hired from the local community	6-1 Management overview	95
GRI 203: Indirect Economic Impacts (2016)			
203-2	Significant indirect economic impacts	7-2 Join hands in eAction care	120-129
GRI 204: Procurement Practices (2016)			
204-1	Proportion of spending on local suppliers	4-1 Building a sustainable supply chain	67
GRI 205: Anti-corruption (2016)			
205-2	Communication and training about anti-corruption policies and procedures	2-3 Ethical management and sustainable governance 4-1 Building a sustainable supply chain: The anti-corruption policy was communicated to all board members during the year A total of 1 director received anti-corruption related training during the year, representing 11% of the Board meeting. Information on anti-corruption training for Yangzhou and U.S. employees are not yet available and will be disclosed in the future.	36-38 69
205-3	Confirmed incidents of corruption and actions taken	There was no such thing this year	-
GRI 206: Anti-competitive behavior (2016)			
206-1	Legal actions involved in anti-competitive behavior, anti-trust, and monopoly practices	There was no such thing this year	-

Environmental		Report Chapters (with omitted description)	Page
GRI 302: Energy (2016)			
302-1	Energy consumption within the organization	5-2 Address to climate change Appendix: Environmental Information	83-84 134
302-3	Energy intensity	5-2 Address to climate change	84
302-4	Reduction of energy consumption	5-2 Address to climate change	83-84 86-88
GRI 303: Water and Effluents (2018)			
303-3	Water withdrawal disclosure	5-3 Resource recycling management Appendix: Environmental Information	89 135
GRI 305: Emissions(2016)			
305-1	Direct (Scope 1) GHG emissions	5-2 Address to climate change Appendix: Environmental Information	85 135
305-2	Energy indirect (Scope 2) greenhouse gas emissions volume	5-2 Address to climate change Appendix: Environmental Information	85 135
305-4	GHG Emissions Intensity	5-2 Address to climate change	85
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	5-3 Resource recycling management	92
GRI 306: Effluents and Waste (2016)			
306-1	Water discharge by quality and destination	5-3 Resource recycle management Appendix: Environmental Information	91 135
306-2	Waste by type and disposal method	5-3 Resource recycling management	92-93
GRI 307: Environmental Compliance (2016)			
307-1	Non-compliance with environmental laws and regulations	2-3 Ethical management and sustainable governance	38
GRI 308: Supplier Environment (2016)			
308-1	New suppliers that were screened using environmental criteria	4-1 Building a sustainable supply chain	69
Social aspect		Report Chapters (with omitted description)	Page
GRI 401: Employers-employee Relatios (2016)			
401-1	New employee hires and employee turnover	6-1 Management overview Appendix: Social Information	95 137
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6-2 Building a positive, beautiful and happy workplace	102
401-3	Parental leave	6-2 Building a positive, beautiful and happy workplace	105

Social aspect		Report Chapters (with omitted description)	Page
GRI 403: Occupational Health and Safety (2018)			
403-1	Occupational health and safety management system	6-4 Maintaining a safe and healthy work environment	110-111
403-2	Hazard identification, risk assessment, and incident investigation	6-4 Maintaining a safe and healthy work environment	113-116
403-3	Occupational health services	6-4 Maintaining a safe and healthy work environment	117
403-4	Worker participation, consultation, and communication on occupational health and safety	6-4 Maintaining a safe and healthy work environment	111
403-5	Worker training on occupational health and safety	6-4 Maintaining a safe and healthy work environment	117
403-6	Promotion of worker health	6-4 Maintaining a safe and healthy work environment	118
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6-4 Maintaining a safe and healthy work environment	113-118
403-9	Work-related injuries	6-4 Maintaining a safe and healthy work environment	112
GRI 404: Training and Education (2016)			
404-1	Average hours of training per year per employee	6-3 Diversified development and growth of employees	109-110
404-3	Percentage of employees receiving regular performance and career development reviews	All employees have undergone performance evaluation.	-
GRI 405: Employee Diversity and Equal Opportunity (2016)			
405-2	Ratio of basic salary and remuneration of women to men	6-2 Building a positive, beautiful and happy workplace E Ink does not pay employees differently by gender.	101
GRI 406: Non-discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken	There was no such thing this year	-
GRI 407: Freedom of Association and Collective Bargaining (2016)			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	There was no such thing this year	-
GRI 408: Child Labor (2016)			
408-1	Operations and suppliers at significant risk for incidents of child labor	There was no such thing this year	-
GRI 409: Forced or Compulsory Labor (2016)			
409-1	Operating locations and suppliers with material risks of forced or compulsory labor incidents	There was no such thing this year	-
GRI 411: Rights of Indigenous Peoples (2016)			
411-1	Incidents of violations involving rights of indigenous peoples	There was no such thing this year	-

Social aspect		Report Chapters (with omitted description)	Page
GRI 412: Human Rights Assessment (2016)			
412-2	Employee training on human rights policies or procedures	6-2 Building a positive, beautiful and happy workplace	96-98
GRI 414: Supplier Social Assessment (2016)			
414-1	New suppliers that were screened using social criteria	4-1 Building a sustainable supply chain	69
GRI 415: Public Policy (2016)			
415-1	Political contributions	There was no such thing this year Appendix: Social Information	- 138
GRI 416: Customer Health Safety (2016)			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There was no such thing this year	-
GRI 417: Marketing and labeling (2016)			
417-2	Incidents of non-compliance concerning product and service information and labeling	There was no such thing this year	-
417-3	Incidents of non-compliance concerning marketing communications	There was no such thing this year	-
GRI 418: Customer Privacy (2016)			
418-1	Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	There was no such thing this year	-
GRI 419: Socioeconomic Compliance (2016)			
419-1	Non-compliance with laws and regulations in the social and economic area	2-3 Ethical management and sustainable governance There were no material violations of social and economic laws and regulations during the year.	38 -

Sustainability Accounting Standards Board (SASB) Indicator Comparison Table

Topic	Indicator code	Property	Disclosure item	Report Chapters (Including description)	Page
Product safety	TC-HW-230a.1	Qualification	Description of the identification of information security risks in products and solutions	2-5 Risk response	44-45 48-49
Employee Diversity and Equal Opportunity	TC-HW-330a.1	Quantification	Percentage of (1) management positions, (2) technical personnel, and (3) all other employees by gender and racial/ethnic group.	Appendix: Social Information	136-137
Raw materials source	TC-HW-440a.1.	Qualification	Description of the risk management associated with the use of critical materials.	4-1 Building a sustainable supply chain	70
Activity indicator	TC-HW-000.A	Quantification	Production quantity by product category	The number of displays produced in 2020 was 20,536 thousand.	-
	TC-HW-000.B	Quantification	Total area of production locations (square feet)	Taiwan: 556,761.6 Yangzhou: 5,457,627.64 USA: 250,000	-
	TC-HW-000.C	Quantification	Percentage of self-made products	E Ink products are 100% self-made	-

Comparison Table of Taipei Exchange Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TPEX Listed Companies

Rule requirements	Report Chapters	Page
The number of full-time employees not in supervisory positions, the average and median salaries of full-time employees not in supervisory positions, and the differences from the previous year for the three items	6-2 Building a positive, beautiful and happy workplace	101
Corporate governance of climate-related risks and opportunities, actual and potential climate-related impacts, how to identify, evaluate and manage climate-related risks, and the indicators and goals for evaluating and managing climate-related issues	5-2 Climate change response	80-83

Appendix

Environmental Information

E Ink Energy Usage Statistics (Original Unit)

Energy Type	Region	Original Unit				
		2016	2017	2018	2019	2020
Self-generated renewable electricity (GWh)	Yangzhou Plant	2.1	2.1	2.0	0.1	0.1
	Subtotal	2.1	2.1	2.0	0.1	0.1
Purchased electricity for production (GWh)	Taiwan Plants	56.8	41.6	40.3	37.9	36.8
	USA	8.7	11.3	12.3	11.7	11.4
	Yangzhou Plant	20.6	17.5	20.3	17.4	20.2
	Subtotal	86.2	70.3	72.9	67.1	68.4
Purchased electricity (dormitories) (GWh)	Taiwan Plants	-	-	-	-	-
	Yangzhou Plant	1.9	2.7	2.6	1.6	1.7
	Subtotal	1.9	2.7	2.6	1.6	1.7
Purchased steam (ton)	Yangzhou Plant	7,162.0	4,977.0	6,403.6	3,429.9	3,145.3
	Purchased steam	7,162.0	4,977.0	6,403.6	3,429.9	3,145.3
Natural gas (cubic meters)	Taiwan Plants	441.7	-	-	-	-
	USA	1,454,863.4	1,331,074.6	1,351,723.1	1,436,746.4	1,404,988.2
	Yangzhou Plant	51,942.0	44,194.0	41,369.0	60,983.0	64,308.0
	Subtotal	1,507,247.1	1,375,268.6	1,393,092.1	1,497,729.4	1,468,296.2
Diesel (L)	Taiwan Plants	3,905.3	2,403.5	5,444.7	4,683.2	5,001.2
	USA	1,857.9	2,157.7	1,506.6	1,900.3	2,745.2
	Yangzhou Plant	23,329.3	18,571.7	9,736.9	595.6	1,390.2
	Subtotal	29,092.5	23,132.9	16,688.2	7,179.0	9,136.6
Gasoline (L)	Taiwan Plants	7,891.9	8,861.5	5,632.0	5,496.7	6,686.1
	Yangzhou Plant	26,456.9	19,442.6	14,917.9	12,689.6	4,531.7
	Subtotal	34,348.8	28,304.1	20,549.9	18,186.3	11,217.8

1: Statistics on electricity consumption are based on the electricity bills, other forms of energy are calculated according to actual consumption.

2: In order to correct the typo data in the previous year, the 2016-2019 data of diesel (liter) was revised.

E Ink Energy Usage Statistics (Converted to GJ)

Energy Type	Region	Converted to GJ				
		2016	2017	2018	2019	2020
Self-generated renewable energy electricity	Yangzhou Plant	7,700.23	7,700.23	7,016.57	431.79	395.81
	Subtotal	7,700.23	7,700.23	7,016.57	431.79	395.81
Purchased electricity for production	Taiwan Plants	204,523.96	149,655.26	145,117.02	136,450.55	132,552.9
	USA	31,441.48	40,556.96	44,284.87	42,251.53	40,956.89
	Yangzhou Plant	74,015.80	62,840.46	73,008.29	62,570.78	72,540.52
	Subtotal	309,981.23	253,052.69	262,410.18	241,272.86	246,050.32
Purchased electricity (dormitories)	Taiwan Plants	-	-	-	-	-
	Yangzhou Plant	6,656.74	9,679.27	9,391.41	5,845.61	6,009.06
	Subtotal	6,656.74	9,679.27	9,391.41	5,845.61	6,009.06
Purchased steam	Yangzhou Plant	20,087.91	13,959.44	17,960.81	9,620.26	8,821.91
	Subtotal	20,087.91	13,959.44	17,960.81	9,620.26	8,821.91
Natural gas	Taiwan Plants	14.78	-	-	-	-
	USA	48,697.19	44,553.73	45,244.87	48,090.78	47,027.77
	Yangzhou Plant	1,738.60	1,479.26	1,384.70	2,041.22	2,152.52
	Subtotal	50,450.57	46,032.99	46,629.58	50,132.00	49,180.28
Diesel	Taiwan Plants	137.25	84.47	191.36	164.59	175.77
	USA	65.30	75.83	52.95	66.79	96.48
	Yangzhou Plant	819.92	652.71	342.21	20.93	48.86
	Subtotal	1,022.47	813.02	586.52	252.31	321.11
Gasoline	Taiwan Plants	257.55	289.20	183.80	179.39	218.20
	Yangzhou Plant	863.43	634.51	486.85	414.13	147.89
	Subtotal	1,120.98	923.71	670.65	593.51	366.09
Total		397,020.13	332,161.35	344,665.72	308,148.35	311,144.58

1: The conversion coefficient is calculated based on the local government's announcement of the energy calorific value coefficient.

E Ink greenhouse gas emission statistics

Unit: TonCO₂e

Region	Scope	2016	2017	2018	2019	2020
Taiwan Plants	Scope 1	3,782.42	88.00	66.06	65.45	128.29
	Scope 2	29,988.82	22,003.92	22,331.34	20,213.79	18,750.67
	Emissions subtotal	33,771.23	22,091.92	22,397.40	20,279.24	18,878.97
USA	Scope 1	2,741.27	2,451.76	2,546.36	2,707.30	2,649.78
	Scope 2	2,237.52	2,886.23	3,151.52	3,006.82	2,914.69
	Emissions subtotal	4,978.79	5,337.99	5,697.88	5,714.12	5,564.47
Yangzhou Plant	Scope 1	316.43	296.42	219.97	182.30	164.63
	Scope 2	21,853.68	18,072.15	21,065.55	17,049.56	18,928.09
	Emissions subtotal	22,170.11	18,368.56	21,285.52	17,231.86	19,092.72

1. Outcomes of GHG inventory in Taiwan plants are the combined volume of the Hsinchu Plant and Linkou Plant. Outcomes of the Hsinchu Plant have passed third-party verification; and outcomes of the Linkou Plant passed third-party verification as of 2015.
2. The GHG inventory outcomes of the Yangzhou Plant have passed third-party verification.
3. The GHG inventory outcomes of the USA Plant are estimated based on energy consumption.
4. We adopt IPCC-AR4 data for GHG emission potential
5. Greenhouse gas emissions are aggregated using the operational control rights method.
6. The types of greenhouse gases included in the calculation include these 7 types: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃.
7. Scope 2 emissions are calculated on a site-based approach.
- 8: In order to correct the typo data in the previous year, the 2016-2017 the USA data was revised.

E Ink water resource statistics

Region	(million liters)	2016	2017	2018	2019	2020
Taiwan Plants	Water withdrawal disclosure	252.90	256.38	240.10	201.73	237.06
	Reclaimed water volume	304.88	184.94	171.19	188.48	192.69
	Proportion of recycle	121%	72%	71%	93%	81%
	Effluent volume	210.31	193.97	176.57	155.90	175.62
USA	Water withdrawal disclosure	26.93	20.90	22.28	18.90	18.29
	Reclaimed water volume	-	-	-	-	-
	Effluent volume	8.51	6.46	7.47	7.03	6.86
Yangzhou Plant	Process of water withdrawal disclosure	166.01	140.83	153.63	139.78	130.65
	Household of water withdrawal disclosure	122.91	104.39	82.76	73.98	82.02
	Purchased hot water	22.85	22.82	22.40	27.38	27.67
	Reclaimed water volume	35.09	4.98	7.80	14.73	41.95
	Effluent volume	No process effluent (all regarded as domestic sewage)				
	Proportion of recycle	11.3%	1.9%	3.0%	6.1%	17.5%

1. All the water used are tap water, and the statistics are based on water bills.
2. Taiwan Plants: The wastewater from the Hsinchu Plant is confirmed to meet the controlled water quality standard and is processed by the Hsinchu Science Park Wastewater Treatment Plant, and the wastewater discharge is recorded by a flow meter. No process wastewater is generated from the Linkou Plant.
3. The Yangzhou Environmental Protection Bureau approved the Yangzhou Plant in January 2011 to stop operating the wastewater treatment facilities for direct discharge. The wastewater discharge was calculated by multiplying the withdrawn water by 80% (wastewater discharge coefficient).
4. USA: The wastewater is discharged into the industrial wastewater discharge system after treatment, and the flow records are counted for statistics.

Appendix

Social Information

Employee Composition Overview

Employment Type	Taiwan Plants			Yangzhou Plant			USA		
	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal
Official Employees	597	275	872	388	372	760	258	123	381
Contract Employees	1	4	5	242	78	320	5	4	9
Total	598	279	877	630	450	1080	263	127	390
Employment Type	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal
Supervisors	126	22	148	21	3	24	112	44	156
Non-Supervisors	471	257	728	367	369	736	146	79	225
Total Official Employees	597	279	876	388	372	760	258	123	381

Employee gender and job category statistics

Job category	Female		Male		N/A or undisclosed		Total	
	Number of employees	%	Number of employees	%	Number of employees	%		
Taiwan Plants	Management position	22	14.9%	126	85.1%	0	0%	148
	Technical personnel	47	33.1%	95	66.9%	0	0%	142
	All other employees	210	35.8%	376	64.2%	0	0%	586
Yangzhou Plant	Management position	3	12.5%	21	87.5%	0	0%	24
	Technical personnel	235	51.6%	220	48.4%	0	0%	455
	All other employees	134	47.7%	147	52.3%	0	0%	281
USA	Management position	44	28.2%	112	71.8%	0	0%	156
	Technical personnel	60	29.9%	141	70.1%	0	0%	201
	All other employees	19	79.2%	5	20.8%	0	0%	24

Employees statistics by race/ethnicity

Race/ethnicity		Asian		Black and African-American		Spanish or Latino		Caucasian		Others		N/A or undisclosed		Total	
		Number of employees	Ratio	Number of employees	Ratio	Number of employees	Ratio	Number of employees	Ratio	Number of employees	Ratio	Number of employees	Ratio	Number of employees	Ratio
Taiwan Plants	Management	147	99.3%	0	0%	0	0%	1	0.7%	0	0%	0	0%	148	100%
	Technical employee	142	100%	0	0%	0	0%	0	0.0%	0	0%	0	0%	142	100%
	Other employees	585	99.8%	0	0%	0	0%	1	0.2%	0	0%	0	0%	586	100%
	Subtotal	874	99.8%	0	0%	0	0%	2	0.2%	0	0%	0	0%	876	100%
Yangzhou Plant	Management	24	100%	0	0%	0	0%	0	0%	0	0%	0	0%	24	100%
	Technical employee	455	100%	0	0%	0	0%	0	0%	0	0%	0	0%	455	100%
	Other employees	281	100%	0	0%	0	0%	0	0%	0	0%	0	0%	281	100%
	Subtotal	760	100%	0	0%	0	0%	0	0%	0	0%	0	0%	760	100%
USA	Management	48	29.8%	4	2.5%	4	2.5%	103	64.0%	2	1.2%	0	0%	161	100%
	Technical employee	48	26.5%	6	3.3%	16	8.8%	103	56.9%	8	4.4%	0	0%	181	100%
	Other employees	4	10.3%	1	2.6%	5	12.8%	27	69.2%	2	5.1%	0	0%	39	100%
	Subtotal	100	26.2%	11	2.9%	25	6.6%	233	61.2%	12	3.1%	0	0%	381	100%
Total	Management	219	65.8%	4	1.2%	4	1.2%	104	31.2%	2	0.6%	0	0%	333	100%
	Technical employee	645	82.9%	6	0.8%	16	2.1%	103	13.2%	8	1.0%	0	0%	778	100%
	Other employees	870	96.0%	1	0.1%	5	0.6%	28	3.1%	2	0.2%	0	0%	906	100%
	Total	1,734	86.0%	11	0.5%	25	1.2%	235	11.7%	12	0.6%	0	0%	2,017	100%

Note: "Other" includes native Americans, Alaska Natives, Native Hawaiians or Pacific Islanders or those of two or more ethnicities.

Number of New Official Employees

Region	Gender		Age				Total	%
	Male	Female	30 years old and below	31-40 years old	41-50 years old	51 years old and above		
Taiwan Plants	84	34	45	45	25	3	118	5.85%
Yangzhou Plant	212	99	200	94	16	1	311	15.42%
USA	18	10	9	10	3	6	28	1.39%
Total	314	143	254	149	44	10	457	22.66%
%	15.57%	7.09%	12.59%	7.39%	2.18%	0.50%	22.66%	-

Number of Resigned Official Employees

Region	Gender		Age				Total	%
	Male	Female	30 years old and below	31-40 years old	41-50 years old	51 years old and above		
Taiwan Plants	14	6	7	10	3	0	20	0.99%
Yangzhou Plant	183	81	175	70	17	2	264	13.09%
USA	22	11	4	5	6	18	33	1.64%
Total	219	98	186	85	26	20	317	15.72%
%	10.86%	4.86%	9.22%	4.21%	1.29%	0.99%	15.72%	--

Proportion of female employees at Taiwan Plants

Item	Proportion
Total number of employees	31.84%
Supervisors	20.31%
Middle-level supervisors	27.77%
Higher-level supervisors	33.33%
Unit heads	23.07%
Appointed to positions relevant to science, technology, engineering or mathematics	26.47%

Achievements of Training and Education

Average Education/ Training Time	Taiwan Plants						Yangzhou Plant						USA						
	Male	Female	Direct personnel	Indirect personnel	Supervisors	Non- Supervisors	Male	Female	Direct personnel	Indirect personnel	Supervisors	Non- Supervisors	Male	Female	Direct personnel	Indirect personnel	Supervisors	Non- Supervisors	
Course Type (hours)																			
Physical Training Courses	1,846.5	953	371	2,428.5	350.5	2449	2,007.5	1,592	2,136.5	1,463	279	3,320.5	247	154	20	381	66	335	
e-Learning course	5,321.4	2,365.6	0	7,687.0	1,278.5	6,408.5	680	598.5	0	1,278.5	99	1,179.5	1,021	690	54	1,657	323	1,388	
External Training Courses	911	529	3	1,437	453	987	643	384	345	682	74	953	24	10	0	34	8	26	
Average Length (hours)	13.46	13.22	2.63	15.42	14.07	13.25	8.58	6.92	5.45	11.22	18.83	7.41	5.01	6.94	0.47	9.21	2.31	8.37	

Type of Education and Training Courses

Course Type	Taiwan Plants			Yangzhou Plant			USA		
	Employees trained	Course frequency	Course hours (people. hours)	Employees trained	Course frequency	Course hours (people. hours)	Employees trained	Course frequency	Course hours (people. hours)
Orientation Training for New Employees	133	7	1,287	310	121	1,240	55	25	173
Core Competency Training and Education	5,367	255	6,900	0	0	0	0	0	0
Managerial Competency Training and Education	2,949	16	2,768	2,826	13	3,329	581	18	826
Professional Competency Training and Education	1,115	196	1,391	314	2	464	1,540	75	2,000

Amount of donation attributed to politics/policies

Unit: NT\$

Annual donation and expenditure	2017	2018	2019	2020
Lobbyists and lobbying organizations, for-profit organizations	0	0	0	0
Political parties, election candidates	0	0	0	0
Trade association/think tanks that may influence the outcome of election or legislation	0	0	0	0
Others, e.g. related expenses for election propositions/referendums	0	0	0	0
Total	0	0	0	0
Scope of coverage	100%	100%	100%	100%

Appendix

Independent Limited Assurance Report

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
11073 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 11073, Taiwan

Tel +886 (2) 2725-9988
Fax +886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

The Board of Directors and Stockholders
E Ink Holdings Inc.

We have performed a limited assurance engagement on the selected subject matter information (see Appendix) in the Corporate Social Responsibility Report ("the Report") of E Ink Holdings Inc. ("the Company") for the year ended December 31, 2020.

Responsibilities of Management for the Report

Management is responsible for the preparation of the Report in accordance with Taipei Exchange Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TPEX Listed Companies and GRI Standards published by the Global Reporting Initiatives (GRI) and other applicable rules according to its sector features, and for such internal control as management determines is necessary to enable the preparation of the Report that are free from material misstatement.

Auditors' Responsibilities for the Limited Assurance Engagement Performed on the Report

We conducted our work on the selected subject matter information (see Appendix) in the Report in accordance with the Statements of Assurance Engagements Standards No. 1 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation of the Republic of China to issue a limited assurance report on the preparation, in all material respects, of the Report. The nature, timing and extent of procedures performed in a limited assurance engagement are different from and more limited than a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We applied professional judgment in the planning and conduct of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

- Obtaining and reading the Report.
- Inquiring management and personnel involved in the preparation of the Report to understand the policies and procedures for the preparation of the Report.
- Inquiring the personnel responsible for the preparation of the Report to understand the process, controls, and information systems in the preparation of the selected subject matter information.
- Analyzing and examining, on a test basis, the documents and records supporting the selected subject matter information.

- 1 -

Proactiveness
Communication
and Practices

Forward Looking
Navigation strategy

Innovation
Smart experience

Link Value
co-existence

Sustainability
Green
co-prosperity

Happiness
Workplace Growth

Care-Moving
Forward

Appendix

Inherent Limitations

The subject matter information included non-financial information, which was under more inherent limitations than financial information. The information may involve significant judgment, assumptions and interpretations by the management, and the different stakeholders may have different interpretations of such information.

Independence and Quality Controls

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which contains integrity, objectivity, professional competence and due care, confidentiality and professional behavior as the fundamental principles. In addition, the firm applies Statement of Auditing Standard No. 46 "Quality Control for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China and, accordingly, maintains a comprehensive system of quality controls, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected subject matter information in the Report are, in all material respects, not prepared in accordance with the above mentioned reporting criteria.

Other Matters

We shall not be responsible for conducting any further assurance work for any change of the subject matter information or the criteria applied after the issuance date of the Report.

The engagement partners on the limited assurance engagement is Han-Ni Fang.

Han-Ni Fang

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 4, 2021

Notice to Readers

For the convenience of readers, the independent auditors' limited assurance report and the accompanying summary of selected subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' limited assurance report and summary of selected subject matter information shall prevail.

APPENDIX

SUMMARY OF SELECTED SUBJECT MATTER INFORMATION

#	GRI Number	Descriptions of Indicators	Corresponding Section	Applicable Criteria
1.	GRI 302-1: 2016	Energy consumption within the organization	5-2 Address to climate change Appendix: Environmental Information	The energy consumption calculated by externally purchased electricity, diesel and gasoline in Taiwan.
2.	GRI 303-3: 2018	Water withdrawal	5-3 Resource recycling management Appendix: Environmental Information	The calculation results of water withdrawal breakdown of all areas and all areas with water stress by the source (running water) in Yangzhou plant.
3.	GRI 306-2: 2016	Waste by type and disposal method	5-3 Resource recycling management	Total weight of waste breakdown by disposal methods in Yangzhou plant.
4.	GRI 403-9: 2018	Work-related injuries	6-4 Maintaining a safe and healthy work environment	The number and ratio of fatalities as a result of work-related injuries, the number and ratio of high-consequence work-related injuries, the number and ratio of recordable work-related injuries, the main types of work-related injuries, and the number of hours worked, by employee categories, by contractor in Yangzhou plant.
5.	GRI 405-2: 2016	Ratio of basic salary and remuneration of women to men	6-2 Building a positive, beautiful and happy workplace E Ink does not pay employees differently by gender.	The ratio of basic salary and remuneration of women to men for managerial position and none-managerial position in Taiwan.
6.	Other indicator 1	Code of conduct management process	2-3 Ethical management and sustainable governance	The total number of confirmed violations of the code of conduct and the total number of employees that have received training on code of conduct in Taiwan.
7.	Other indicator 2	VOCs emissions	5-3 Resource recycling management	The total emissions of volatile organic compounds in Taiwan.