

2015 CORPORATE SOCIAL RESPONSIBILITY REPORT

E INK HOLDINGS INC. 2015 CORPORATE SOCIAL RESPONSIBILITY REPORT





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LETTER FROM CHAIRMAN AND CEO FRANK KO

As the leader of the electronic paper display (EPD) technology, we aggressively develop new products and cultivate application markets through continual innovation. While pursuing sustainable growth, we hope to incessantly create values for human society. For we believe that combining products and services for sustainable development is the only way to achieve sustainable development for E Ink. Hence, it is our mission to contribute to society and the environment by promoting low-energy consuming EPD products with customers through our core EPD technology.

CSR Committee

To show our determination to promote corporate social responsibility (CSR), we officially established the CSR Committee on March 17, 2016. Chaired by the vice president of the operational center, the committee is composed of the Secretary Office, the Green Production Division, Employee Care Division, Governance Division, and Product Marketing Division to plan and implement the annual CSR business from different dimensions. By doing so, we hope to promote CSR within the organization in a more consistent and organized manner.

Taiwan and China Together

Aside from continuing our care for employees, concerns about customers, and contributions for shareholders, we reinforce environmental protection, social involvement, and governance as actions to fulfill CSR. In this CSR report, we have voluntarily expanded our scope to Yangzhou Plant, our China subsidiary, to disclose their efforts in energy to save energy, electricity, and water and their explicit actions to in kind and pro bono engagement.

Development and Innovation of EPD Technology and Products

The low electricity consumption and easy legibility features of EPD meet the global energy saving and environmental trends for industrial development. Based on our corporate vision to provide better user experience and higher energy efficiency, we are committed to promoting EPD applications to all parts of everyday life through the continual innovation of technology and product applications in order to aggressively promote energy saving and eco-friendly intelligent life and bring more values to customers with our technology and services. Further, we have insistently established cooperation with strategic partners and suppliers to build a value chain for sustainable development.

Continual Innovation and Steady Profit

In 2015, we were recognized by the industry in both technology and product innovation. After E Ink Prism™, a color EPD, was announced at the Consumer Electronics Show (CES), it has since caught increasing attention and received worldwide feedback. When the E Ink Spectra™, a tri-color (black, white and amber) EPD, was introduced at The Society for Information Display (SID) Intentional Conference, it has expanded the scope of application of electronics shelf labels (ESLs) in the retail and channel industries. In 2015, we won the “Outstanding Technology Award” at 2015 Gold Panel Awards with the wireless EPD for our success in overcoming the battery restriction in display product development to create a brand new application market and business model. At CES 2016, we won the CES Innovation Award with the Joan Meeting Room Assistant, a meeting room scheduling solution co-developed by E Ink and Visionect, among other energy-efficient and sustainable products for professional system integration and outstanding energy saving performance.

In addition to advocating energy saving and waste reduction and implementing lean management within the organization, we persistently develop green technologies and products, as well as a second and third mainstream products other than the e-book reader, hoping to keep E Ink growing and make profit steadily and thereby to share our gain with shareholders, employees, and society. Through the concerted effort of the management team and all employees, we believe we will contribute to the sustainable development of the environment and society with our superior core technology.



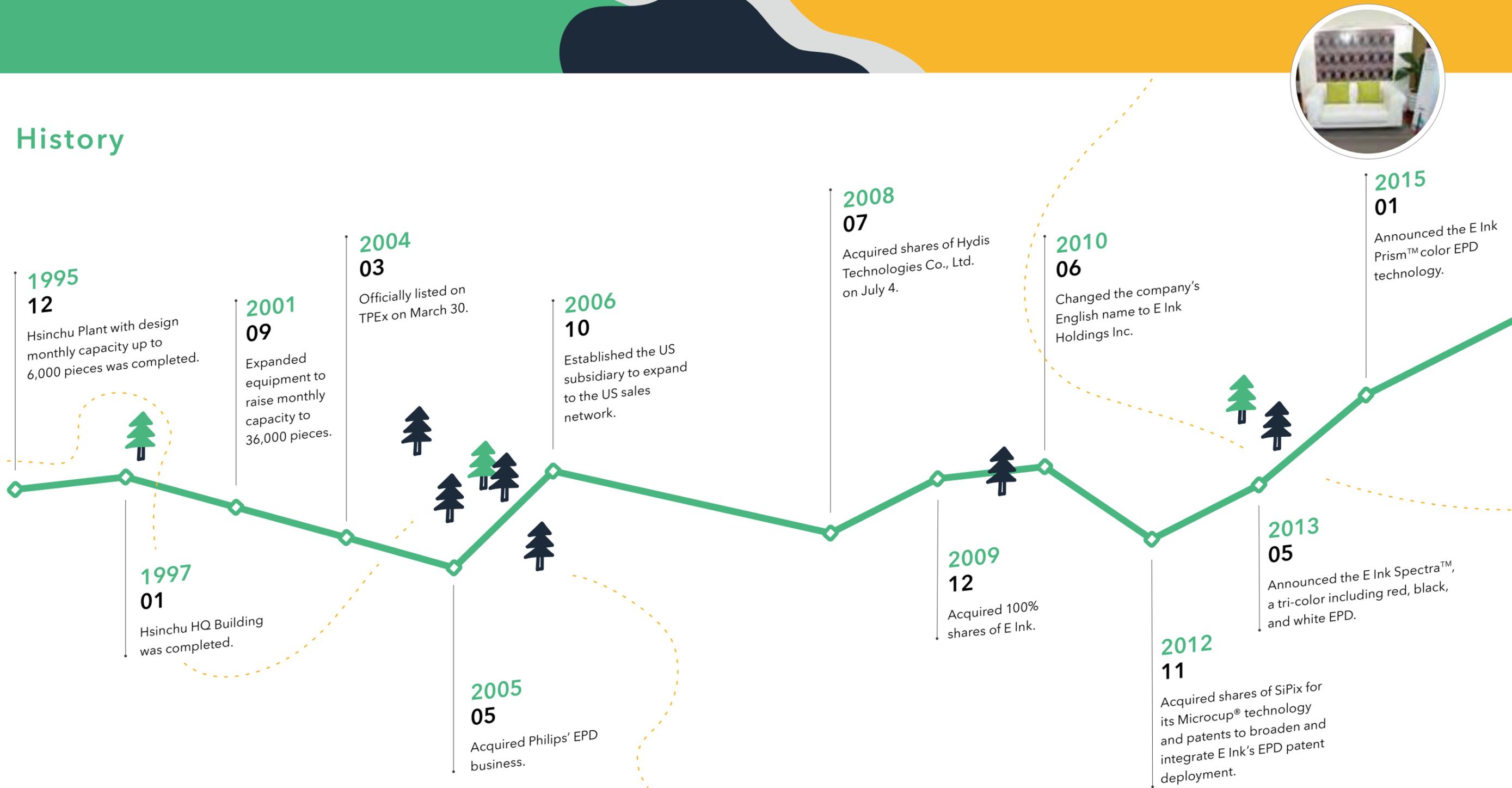
Chairman and CEO E Ink Holdings Inc.
Frank Ko

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E Ink CHRONICLE

Established on: June 16, 1992.

History



Major Awards and Credits

2010

- The E Ink Pearl™, a new generation black and white EPD, won the Best of What's New 2010 award from Popular Science (PopSci).

2011

- The Bureau of Energy, Ministry of Economic Affairs, honored Hsinchu Plant as the "Outstanding Energy Saving Organization".



- Yangzhou Plant won the following awards: Best Ten Tax-Paying Enterprises, Grade A Tax Credit, Special Contribution in Business Solicitation and Investment Introduction, Top 100 Industrial Enterprises, and Best Ten Enterprises Above Designated Size.



- The E Ink Triton™ color EPD won the 2011 Display Component of the Year Gold Award from the Society for Information Display.

2012

- Yangzhou Plant won the following awards: Best Ten Tax-Paying Enterprises, Demo Base for Circular Economy Education, and Model Unit for Integrity in Labor Protection.



- E Ink next generation high-performance EPD won the 15th Outstanding Photonics Product Award from the Photonics Industry & Technology Development Association.

2013

- Won the Best in Show of 2013 from the Society for Information Display.



- Yangzhou Plant won the following awards: Best Ten Enterprises and Platforms for Technology Innovation, Eco-Friendly Enterprise of Suzhou, and Model Unit for Integrity in Labor Protection.



- The E Ink Triton™ color active matrix Won the 16th Outstanding Photonics Product Award from the Photonics Industry & Technology Development Association.

2014

- The E Ink Spectra™ tri-color EPD won the 17th Outstanding Photonics Product Award from the Photonics Industry & Technology Development Association.



- Yangzhou Plant won the following awards: Top 100 Enterprises and Model Unit for Integrity in Labor Protection.



- Won the SEMI Standards Contribution Award from SEMI Taiwan.

2015

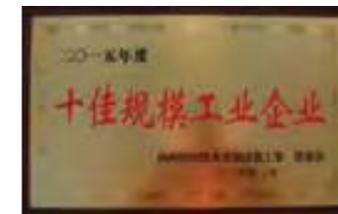
- E Ink won the CES Innovation Award with the Joan Meeting Room Assistant, a meeting room scheduling solution co-developed by E Ink and Visionect. Both the E Ink Spectra™ tri-color EPD and the E Ink Mobius™ flexible EPD won the Taiwan Excellence Award.



- The wireless EPD won the "Outstanding Technology Award" at the 14th Gold Panel Awards organized by the Taiwan Display Union Association.



- Yangzhou Plant won the following awards: Best Ten Enterprises Above Designated Size, Enterprise Technology Center, Model Home for Employees, and Model Unit for Employment Promotion in Yangzhou City.



REPORT PROFILE



Editing Principles

This is the corporate social responsibility (CSR) report published by E Ink Holdings, Inc. (E Ink). Currently, it is published in Chinese. In addition to a paper version, this report is available for download from the **CSR section** of E Ink's corporate website. With this CSR report, we hope to disclose our efforts to pursue sustainable development and fulfill social corporate responsibilities for the public to understand more and better about E Ink and its products. We also hope that the public can give us suggestions, so that we can maintain 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 topics, responses, actions, and performance in fiscal year 2015 (January 1, 2015 to December 31, 2015). For readers to better understand relevant information, some contents have been traced back to 2011.

Reporting Cycle

E Ink publishes its CSR report on an annual basis. The previous issue (CSR Report 2014) was published in December 2015.

The current issue (CSR Report 2015) was published in June 2016.

The next issue (CSR Report 2016) will be published in June 2017.

Reference Guidelines

E Ink applies the reporting framework in Global Reporting Initiative (GRI)-G4 Sustainability Report Guidelines and adopts the Core disclosure principle.

Contact

Should you have any questions regarding this report, please contact the following window:

E Ink CSR Committee
csr@eink.com

E Ink Corporate Website



LISTENING AND RESPONSE



1-1 Identification of Stakeholders

E Ink identifies stakeholders and material topics in accordance with the AA 1000 Stakeholder Engagement Standard (AA1000 SES) to understand stakeholders' concerns about material environmental, social, and governance topics. Together with the representative of all departments, E Ink's Corporate Social Responsibility Committee (CSR Committee) assessed stakeholders in terms of the following five stakeholder attributes: dependency, influence, tension, responsibility, and diverse perspectives. Finally, we have identified nine major stakeholder groups based on materiality.



Attributes of Stakeholders

Dependency

Groups or individuals who are directly or indirectly dependent on the organisation's activities, products or services and associated performance, or on whom the organisation is dependent in order to operate.

Responsibility

Groups or individuals to whom the organisation has, or in the future may have, legal, commercial, operational or ethical/moral responsibilities.

Influence

Groups or individuals who can have an impact on the organisation's or a stakeholder's strategic or operational decision-making.

Diverse Perspectives

Groups or individuals whose different views can lead to a new understanding of the situation and the identification of opportunities for action that may not otherwise occur.

Tension

Groups or individuals who need immediate attention from the organisation with regard to financial, wider economic, social or environmental issues.

1-2 Material Topics and Aspects

To identify the report boundary and to ensure that the information disclosed in this report can best cover the topics and aspects that concern stakeholders, we have identified material topics with regard to the identified stakeholder groups in collaboration with the CSR Committee and relevant units. Based on the principles for defining report content and the methods for determining material aspects in GRI G4 Guidelines, with "the significance of a topic's economic, environmental and social impacts on the organization" as the x-axis, and "the influence on stakeholder assessments and decisions of a topic" as the y-axis, representatives of E Ink departments assessed the topics that concern stakeholders. After the discussion of three higher-level executives, we summed up and distinguished the "core topics" of high sensitivity, "main topics" of medium sensitivity, and "supplementary topics" of low sensitivity. Information disclosures and future operational strategies in this report emphasize the response to core and main topics and timely demonstrate the effectiveness on supplementary topics to fulfill the expectation of part of stakeholders.

Identification

Based on the status of routine operations and current events of the industry, representatives of E Ink departments listed the material topics that concern stakeholders. We have further validated the importance of each material topic in the overall value chain.

Prioritization

Based on the significance of economic, environmental, and social impacts of a topic within and outside of the organization, and the stakeholder influence, responsiveness, and transparency of a topic, E Ink employees assessed, analyzed, and identified the influence and significance of impacts of each topic, and higher level executives validated the results of identification of material topics.

Validation

We validated the overall report framework and gathered relevant information based on the results of materiality analysis.

Review

This report will inform Step 1 Identification for the next reporting cycle in order to review the result of materiality analysis of the current report and determine the need for adjustments.

The figure below shows the matrix of the 24 material topics disclosed in our 2015 CSR report. After identification and prioritization, we have categorized them into seven core topics, eight key topics, and nine supplementary topics.

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. Core Topics (seven)

- Topics with the most significant economic, environmental, and social impacts. Topics of higher stakeholder tension.
- Topics of higher stakeholder tension.

- | | |
|---|--|
| A1. Business ethics and integrity | A5. Strategy for sustainable development |
| A2. Management performance and strategy | A6. Product and technology innovation |
| A3. Governance | A7. Corporate image |
| A4. Risk management | |

B. Key Topics (eight)

- Topics with significant economic, environmental, and social impacts or of high stakeholder tension or at a medium level of both.

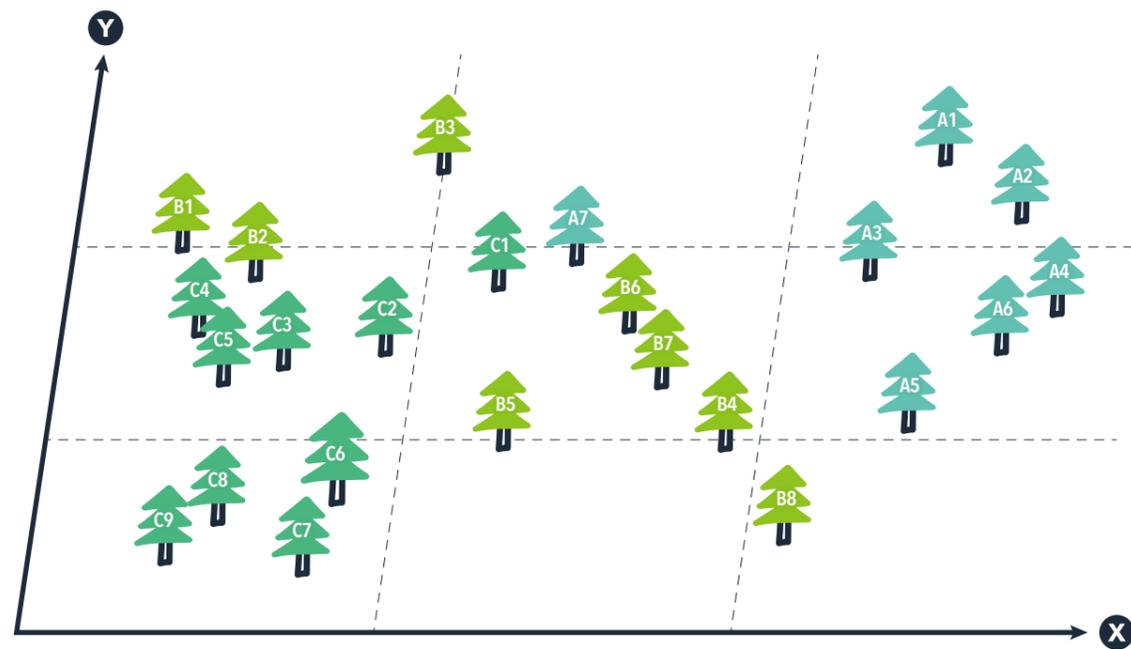
- | | |
|---|---|
| B1. Mechanisms for grievances and communication | B5. Compensation and benefits |
| B2. Compliance | B6. Labor-management relations and communication |
| B3. Transparency of information disclosures | B7. Customer service and customer relationship management (CRM) |
| B4. Supply chain management (SCM) | B8. Product quality |

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

C. Supplementary Topics (nine)

- Topics with less significant economic, environmental, and social impacts but still concern part of stakeholders.

- C1. Crisis and disaster prevention and management
 C2. Pollution control
 C3. Work environment safety
 C4. Waste disposal
 C5. Pro bono activities
 C6. Water resources management
 C7. Career planning and development
 C8. Energy management
 C9. Gender equality



X Economic, environmental, and social impacts on the organization.
Y Influence on stakeholder assessments and decisions.

The table below is the cross reference between the key topics and the boundary of GRI G4 aspects and the value chain.

Key Topics (including core and key topics)	GRI Material Aspects	Value Chain Impact						Corresponding Section
		Within the Organization		Outside of the Organization				
		HQ	Subsidiaries and Plants	Suppliers	Customers/Channels	Investors	Environmental and Social	
Governance	Indicators for Generic Disclosures	●	●			●		2-4 Organization Framework
Corporate Image	Indirect Economic Impacts and Local Communities	●	●	●	●	●	●	2-5 Employee Compensation and Benefits 4-4 SCM 6-2 Active Involvement and Contribution
Product and Technology Innovation	Products and Services	●	●		●			3-2 Smart Applications and Innovative Solutions
Management Performance and Strategy	Economic Performance	●	●			●		2-5 Growth Momentum 4-4 Happy Workplace
Business Ethics and Integrity	Anti-corruption, Anti-competitive Behavior, and Public Policy	●	●	●	●	●		2-3 Building Trust
Strategy for Sustainable Development	Indicators for Generic Disclosures	●	●		●	●	●	2-2 Vision and Mission of Sustainable Development
Mechanisms for Grievances and Communication	Environmental Grievance Mechanisms, Labor Practices Grievance Mechanisms, Human Rights Grievance Mechanisms, and Grievance Mechanisms for Impacts on Society	●	●	●	●		●	2-3 Building Trust 4-1 People Centered 5-1 Eco-Friendliness
SCM	Procurement Practices, Supplier Environmental Assessment, Supplier Assessment for Labor Practices, Supplier Human Rights Assessment, and Supplier Assessment for Impacts on Society;	●	●	●	●		●	3-3 Supply Chain Cooperation
Compliance	Compliance (EN, SO, PR)	●	●			●	●	2-3 Trust Building 3-4 Quality Persistency 5-1 Eco-Friendliness
Risk Management	Compliance (EN), Occupational Health and Safety, Investments	●	●					2-3 Building Trust 4-5 Health and Safety 5-1 Eco-Friendliness
Product Quality	Customer Health and Safety, Product and Service Labeling, and Marketing Communications	●	●		●	●	●	3-4 Quality Persistency
Transparency of Information Disclosures	Product and Service Labeling and Marketing Communications	●	●		●	●		3-4 Quality Persistency
Labor-Management Relations and Communication	Employment, Labor/Management Relations, Non-discrimination, Freedom of Association and Collective Bargaining, Child Labor, and Forced or Compulsory Labor	●	●			●	●	4-1 People Centered 4-2 Management Overview
Compensation and Benefits	Market Presence and Employment	●	●			●	●	4-2 Management Overview 4-4 Happy Workplace
Customer Service and CRM	Product and Service Labeling	●	●	●	●	●		3-4 Quality Persistency

Based on the interaction with stakeholders in routine operations, representatives of E Ink departments identify and gather the concerns and topics 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 G4 aspects covered by relevant topics. We will also faithfully disclose clear and complete information of special topics.

1-3 Management Approach

At E Ink, we have established processes or countermeasures for the routine management of various material topics. The table below shows these processes and countermeasures presented in accordance with relevant requirements in the GRI G4 DMAs. Please refer to corresponding sections for the details of respective management approaches.

Category	Management Approach Overview	Corresponding Sections	Page
Economic	Economic Performance	<ul style="list-style-type: none"> Establish the Audit Committee. Review the organization's economic performance regularly at business meetings and disclose complete information by the law in financial statements and annual reports. 	2-4 Organization Framework 2-5 Growth Momentum 27 30-31
	Market Presence	<ul style="list-style-type: none"> Establish the Compensation Committee Establish a compensation policy to ensure wages are higher than the local minimum wage; and encourage employment of local employees. 	2-4 Organization Framework 4-4 Happy Workplace 27 61
	Indirect Economic Impacts	<ul style="list-style-type: none"> Draw up plans for participation in social charitable activities and launch cooperation with NGOs. 	6-1 Social Inclusiveness 6-2 Active Involvement and Contribution 81 82-84
	Procurement Practices	<ul style="list-style-type: none"> Establish a complete supplier evaluation procedure and evaluate suppliers periodically. 	3-3 Supply Chain Cooperation 46
Environmental	Products and Services	<ul style="list-style-type: none"> Establish a product environmental quality policy, manage restricted hazardous substances to reduce the environmental impact of products, and print the recycle mark on product packages. 	3-4 Quality Persistency 48-50
	Compliance	<ul style="list-style-type: none"> Keep track on legal requirements and update relevant regulations periodically, and organize education and training activities. 	5-1 Eco-Friendliness 67-68
	Supplier Environmental Assessment	<ul style="list-style-type: none"> Include environmental standards in supplier evaluation, with evaluation items including environmental policy, environmental management system, hazardous substances, pollution control, waste disposal, and energy and resource uses, to evaluate suppliers periodically and select new suppliers. 	3-3 Supply Chain Cooperation 45
	Environmental Grievance Mechanisms	<ul style="list-style-type: none"> Provide grievance channels and include the status of grievances in the annual audit program for management. 	5-1 Eco-Friendliness 68
Labor Practices and Decent Work	Employment	<ul style="list-style-type: none"> Establish a complete personnel statistics system to capture the status of employment. Include employment in the supplier evaluation procedure, with evaluation items including equality and human rights, for periodical supplier evaluation and the reference of new supplier selection. 	3-3 Supply Chain Cooperation 4-2 Management Overview 46 57-58
	Labor/Management Relations	<ul style="list-style-type: none"> Specify the minimum notice periods for collective bargaining regarding significant operational changes according to the law. 	4-1 People Centered 54
	Occupational Health and Safety	<ul style="list-style-type: none"> Establish the ESH policy and arrange employee health examinations, occupational hazard health examinations, and relevant talks, education and training activities. 	4-5 Health and Safety 62-63, 65
	Supplier Assessment for Labor Practices	<ul style="list-style-type: none"> Include labor practices in the supplier evaluation procedure, with evaluation items including occupational safety, training and education, for periodical supplier evaluation and the reference of new supplier selection. 	3-3 Supply Chain Cooperation 47
Social	Labor Practices Grievance Mechanisms	<ul style="list-style-type: none"> Establish a complete grievance mechanism and a grievance procedure and include them in the annual audit program for management. 	4-1 People Centered 55
	Investment	<ul style="list-style-type: none"> When there are major investment projects, the legal and financial units will consider human rights. 	2-3 Building Trust 23-24
	Non-discrimination	<ul style="list-style-type: none"> Establish the code of business conduct, reinforce awareness education, and include the code in the annual audit program for management. 	4-1 People Centered 53
	Freedom of Association and Collective Bargaining	<ul style="list-style-type: none"> Encourage employees to join the labor union (Yangzhou Plant) or clubs. 	4-1 People Centered 54
Human Rights	Child Labor	<ul style="list-style-type: none"> Establish the code of business conduct, reinforce awareness education, and include the code in the annual audit program for management. 	4-1 People Centered 53
	Supplier Human Rights Assessment	<ul style="list-style-type: none"> Include labor practices in the supplier evaluation procedure, with evaluation items including child labor, forced, compulsory labor, indigenous rights, and non-discrimination for the reference of new supplier selection. 	3-3 Supply Chain Cooperation 46
	Human Rights Grievance Mechanisms	<ul style="list-style-type: none"> Establish a human rights grievance mechanism and include in the mechanism annual audit program for management. 	4-1 People Centered 55

Category	Management Approach Overview	Corresponding Sections	Page
Society	Local Communities	<ul style="list-style-type: none"> Verify impacts on local communities through environmental impact assessment and reinforce management. Encourage hiring local employees 	4-2 Management Overview 6-1 Social Inclusiveness 58 81
	Anti-corruption	<ul style="list-style-type: none"> Establish the code of business conduct, reinforce awareness education, and include the code in the annual audit program for management. 	2-3 Building Trust 23-24
	Public Policy		
	Anti-competitive Behavior		
Compliance	<ul style="list-style-type: none"> Keep track on legal requirements and update relevant regulations periodically, and organize education and training activities. 	2-3 Building Trust 24	
Social	Supplier Assessment for Impacts on Society	<ul style="list-style-type: none"> Include impacts on society in the supplier evaluation procedure, with evaluation items including corruption, monopoly, and scan, for the reference of new supplier selection. 	3-3 Supply Chain Cooperation 47
	Grievance Mechanisms for Impacts on Society	<ul style="list-style-type: none"> Establish a grievance mechanism for impacts on society and include the mechanism in the annual audit program for management. 	6-1 Social Inclusiveness 81
	Customer Health and Safety	<ul style="list-style-type: none"> Establish a restricted substances management committee for management to ensure no E Ink product contains toxic substances. 	3-4 Quality Persistency 48-49
Product Responsibility	Product and Service Labeling	<ul style="list-style-type: none"> Conduct customer satisfaction periodically and include customer feedback as the reference for future planning. 	3-4 Quality Persistency 50
	Marketing Communications	<ul style="list-style-type: none"> Manage and verify the content of marketing communications with the internal audit mechanism. 	3-4 Quality Persistency 50
	Compliance	<ul style="list-style-type: none"> Keep track on legal requirements and update relevant regulations periodically, and organize education and training activities. 	3-4 Quality Persistency 48

1-4 Communication Channels

We have established individualized communication channels for different stakeholder groups, and accept and respond to the concerns and requirements raised by stakeholders. The table below shows the communication channels, communication frequency, and material topics concern stakeholders.

Stakeholder Group	Concerned Topic	Taiwan (E Ink HQ, Hsinchu Plant, and Linkou Plant)		China (Yangzhou Plant)	
		Communication Channels and Frequency	2015 Concrete Communication Results	Communication Channels and Frequency	2015 Concrete Communication Results
Customers	1. Management Performance and Strategy	1. Visits by sales staff and higher level officers (irregular)	1. Sales staff and higher-level officers visited each other 24 times to discuss technology development, product shipping, and delivery date of key parts and components.	E Ink Taiwan took charge of customer communication.	
	2. Governance	2. Business review meeting (weekly)	2. Organized one QBR for heavyweight customers with 20 participants from both sides.		
	3. Product and Technology Innovation	3. Quarter Business Review (QBR) (quarterly)			
	4. Risk Management	4. Customer Satisfaction Survey Form (annually)			
	5. Corporate Image	5. In-house audit by customers (irregularly)			
	6. Customer Service and CRM	6. Customer questionnaire response (irregularly)			
	7. SCM	7. Purchase Order			
	8. Information Disclosure	8. Seminars and trade fairs (irregularly)			
	9. Product Quality	9. Corporate website (regularly)			
	10. Work Environment Safety				
			4. The coverage of customer questionnaire was 100%.		

Stakeholder Group	Concerned Topic	Taiwan (E Ink HQ, Hsinchu Plant, and Linkou Plant)		China (Yangzhou Plant)	
		Communication Channels and Frequency	2015 Concrete Communication Results	Communication Channels and Frequency	2015 Concrete Communication Results
Employees	<ol style="list-style-type: none"> Governance Corporate Image Labor-Management Relations and Communication Compensation and Benefits Career Planning and Development Mechanisms for Grievances and Communication Work Environment Safety Management Performance and Strategy Strategy for Sustainable Development Gender Equality 	<ol style="list-style-type: none"> Labor-management seminar between employees and the management (quarterly). Labor-management meeting (quarterly) Employee Welfare Committee meeting (regularly) Annual performance evaluation (annually) President's Box on the intranet (anytime) Internal mails and announcements (anytime) Employee education/training (irregularly) E Ink Quarterly (quarterly) E Ink Employee Forum, E Ink employee website, all kinds of talks and seminars (irregularly) 	<ol style="list-style-type: none"> Held two seminars for all employees. Held three labor-management meetings were held and reached consensus on 16 proposals. Held four Employee Welfare Committee meeting and made resolutions on two proposals. Conducted one annual performance evaluation. Announced one CEO message. Organized fourteen employee education/training courses. Published three issues of E Ink Quarterly. Six health talks were organized. 	<ol style="list-style-type: none"> Labor-management seminar between employees and the management (quarterly). Labor union meeting (regularly) Performance evaluation (monthly, general evaluation is conducted annually) Department head box, labor union suggestion box, audit box (anytime) Internal mails and announcements (anytime) Employee education/training (irregularly) Labor Union Monthly (monthly) Trainee welcome party/farewell party (irregularly) Employee health preservation knowledge promotion (quarterly) 	<ol style="list-style-type: none"> Held four employee seminars. Conducted one annual performance evaluation. Received six employee comments. Published 12 issues of Labor Union Monthly. Organized trainee welcome parties/farewell parties eight times. Organized four base level officer luncheons. Constantly gathered employee comments and posted them on the control room bulletin board. Organized 56 employee education/training activities. Announced items to be implemented by and promoted to employees 35 times.
Parent Company	<ol style="list-style-type: none"> Governance Management Performance and Strategy Corporate Image Crisis and Disaster Prevention and Management Water Resources Management Energy Management 	<ol style="list-style-type: none"> Board Meetings Higher level executive meetings (weekly) Project meetings (irregularly) 	Held five board meetings, with average attendance of 87%.	L1 executive weekly meeting (Fridays)	Held over 40 L1 executive weekly meetings.
Shareholders	<ol style="list-style-type: none"> Governance Management Performance and Strategy Risk Management Transparency of Information Disclosures Corporate Image 	<ol style="list-style-type: none"> Board Meeting (at least once quarterly) General meeting of shareholders (annually) Investor conference (quarterly). Monthly revenue announcement (monthly) Financial statement (quarterly) Investor Relations section on the corporate website (irregularly) Disclosures of material information and financial reports on the Market Observation Post System (MOPS) (irregularly) Press release (irregularly) 	<ol style="list-style-type: none"> Held one general meeting of shareholders attended by shareholders representing 60.14% of the totally issued shares. Held four investor conferences to debrief E Ink's financial and sales information. Reported financial statements by the law four times. Published 33 material messages by the law. 	E Ink Taiwan took charge of shareholder communication.	

Stakeholder Group	Concerned Topic	Taiwan (E Ink HQ, Hsinchu Plant, and Linkou Plant)		China (Yangzhou Plant)	
		Communication Channels and Frequency	2015 Concrete Communication Results	Communication Channels and Frequency	2015 Concrete Communication Results
Government	<ol style="list-style-type: none"> Transparency of Information Disclosures Compliance Crisis and Disaster Prevention and Management Work Environment Safety Pollution Control Corporate Image Waste Disposal 	<ol style="list-style-type: none"> Documentary communication (irregularly) MPOS (upload and disclose relevant contents by the law) Pollution control awareness meeting, regulation presentations, in-plant audit and interview (irregularly) 	<ol style="list-style-type: none"> Participated in over 30 regulation presentations organized by government agencies. Uploaded/disclosed information by the law. 	<ol style="list-style-type: none"> Documentary communication (irregularly) Gathering information from government websites (quarterly) Pollution control awareness meeting, regulation presentations, in-plant audit and interview (irregularly) Government routine/unannounced inspections (irregularly) 	<ol style="list-style-type: none"> Participated in 10 regulation presentations/environmental and safety management meetings organized by government agencies. Government in-plant inspections found no major non-compliance.
Suppliers and Contractors	<ol style="list-style-type: none"> SCM Management Performance and Strategy Work Environment Safety Risk Management Corporate Image Product and Technology Innovation 	<ol style="list-style-type: none"> Supplier audit and visit (irregularly) QBR (regularly) meeting (weekly) QBR Supplier guidance and audit (annually) Production-marketing coordination meeting (weekly) Cost Reduction Meeting (annually) Procurement contracts, industrial safety training, in-house tour inspection 	<ol style="list-style-type: none"> Audited and visited over five suppliers every monthly. 10 suppliers attended the QBR meeting. Provided guidance for Quality Process Audit (QPA) for 21 suppliers. 	<ol style="list-style-type: none"> Supplier audit, working meeting, and business visit (irregularly) QBR (regular) meeting (weekly) Supplier guidance and audit (annually) Production-marketing coordination meeting (weekly). Cost Reduction Meeting (annually) Routine security work discussion meeting (weekly) 	<ol style="list-style-type: none"> Visited over three suppliers monthly. Held the weekly QBR meeting with eight major material suppliers. Provided QPA guidance for 11 suppliers.
Neighboring / Nearby Residents	<ol style="list-style-type: none"> Pollution Control Compliance Pro bono Activities Waste Disposal 	<ol style="list-style-type: none"> Report to government agencies (anytime) Grievance line (anytime) 	<ol 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. 	<ol style="list-style-type: none"> Report to government agencies (anytime) Nearby resident surveys on construction projects (irregularly) 	<ol style="list-style-type: none"> Received no complaint from neighboring/nearby residents. Participated in the nearby resident survey on new construction project in HSP conducted by the environmental science laboratory.
Industry Associations	<ol style="list-style-type: none"> Pollution Control Product and Technology Innovation Compliance Waste Disposal 	<ol style="list-style-type: none"> Taiwan TFT LCD Association (TTLA) Business association. 	<ol style="list-style-type: none"> Attended six TTLA industrial safety and environment committee meetings. 	E Ink Taiwan took charge of industry association communication.	
The Media	<ol style="list-style-type: none"> Corporate Image Management Performance and Strategy Governance Crisis and Disaster Prevention and Management Transparency of Information Disclosures 	<ol style="list-style-type: none"> Investor conference (quarterly) General meeting of shareholder (annually) Trade fair: Touch Taiwan 2015 Press release for EPD technology, products, and quarterly financial statements. Interview and feature story. Press conference (irregularly). Major event 	<ol style="list-style-type: none"> Voluntarily invited about 10-12 media to the investor conference. Voluntarily invite about 6-8 media to the annual general meeting of shareholders. About 13 suppliers during the Touch Taiwan period. Voluntarily sent press releases to the media and publish them on the corporate website immediately, and published about 11 press releases on average. The Economic Daily interviewed CEO. 	E Ink Taiwan took charge of media communication.	

ABOUT E INK



2-1 E Ink Profile

A member of the Technology Group of YFY, Inc. established in 1992, E Ink plays an important role in the global ePaper industry. E Ink has two main product ranges: ePaper based on electrophoretic technology with major applications including e-readers, electronics shelf labels (ESLs), mobiles, and watches; and thin film transistor based liquid crystal display (TFT-LCD) panels under 12.1 inch and modules with major applications including automobile and entertainment systems, vessel/aircraft navigator, medical instruments, video phones, and industrial instrumentation. All are niche application markets.

Following the invention of paper by ancient Chinese, the establishment of E Ink marks a historical significance. Thanks to Cai Lun (AD 48–121) who invented paper and Bi Sheng (AD 990–1051) who invented world’s first movable type technology, people could disseminate culture with paper and pass down characters with printing. Foreseeing the rise of digital publishing would change the way of culture dissemination and the impact on traditional printing and writing paper of electronic devices and paperless trend in the 1990s, YFY founder S. C. Ho began to find an alternative for printing and writing paper aggressively. As computers and portable electronic devices became increasingly popular in that time, more and more consumers browse and read information with computers and mobile terminal devices, the display would be an indispensable key component of all electronic devices and the principle next-generation carrier for text communication. YFY thus established E Ink.

In addition to being Taiwan’s first TFT-LCD manufacturer, E Ink produces and manufactures superior displays to replace paper, turning displays into the carrier of information communication. In view of the rising demand for TFT-LCD in 2002, E Ink established Transcend Optronics in Yangzhou, China, to specialize in the production and manufacture of panel modules. As the last line of the panel industry chain, Transcend Optronics insists on quality and high yield rate to produce and manufacture display modules for terminal device manufacturers.



Business Philosophy

Our Philosophy

Innovation • Discipline • Teamwork

Our Vision

E Ink on Every Smart Surface

Our Mission

Develop various advanced technologies for revolutionary products, better user experience, and more environmental benefits.

Following the development of digital content, the concept of a new-type display—ePaper thus arises. ePaper has started a new trend across the world for a great number of characteristics: paper-like legibility, no harm to eyes, low power consumption, long standby time, and viewable under sunlight. Foreseeing the future development of ePaper, E Ink took the lead to start the research, development, and production of ePaper and acquired Philips’ ePaper business in 2005 to become the world’s largest ePaper manufacturers and suppliers. Realizing that the existing capacity could no longer meet the future market demand, E Ink acquired TFT-LCD manufacturer Hydis Technologies of South Korea in 2008. After acquiring US key e-ink technology proprietor E Ink in 2009, E Ink has completed the integration of ePaper production chain covering e-ink, ePaper panel, and ePaper module manufacture through the professional division of labor among US E Ink, E Ink, and Transcend Optronics.

The continuous heat of e-readers has raised the market demand for ePaper. With leading edge technology, outstanding products, and mature mass production capacity, E Ink continuously and steadily supply products to world leading manufacturers, such as Amazon, SONY, Hanvon, and Barnes & Noble. Currently, E Ink’s EPD shares over 90% of the market, and Transcend Optronics is the manufacturer and supplier of ePaper modules used by e-readers of world leading brands.

In the future, we will uphold our advantages in leading edge technology, quality superiority, and abundant capacity to continuously release innovative, superior ePaper products and bring EPD into color, flexible, and touch domains to meet the market demand and lead the world to an innovative reading experience.

Name of organization	E Ink Holdings Inc.
HQ location	Taiwan Hsinchu Science Park (HSP), No. 3, Lixing 1st Road, Hsinchu Science Park, Hsinchu City, Taiwan
Major Product or Service Ranges	Research, development, manufacture, and sale of TFT-related displays, such as the ePaper display (EPD) and thin film transistor based liquid crystal display (TFT-LCD).
Major countries or markets served	The USA, Europe (Germany and France), Russia, Japan, and China
Number and distribution of sales locations	We have eight sales locations, including Hsinchu and Linkou in Taiwan; Yangzhou and Shenzhen in China; Billerica and Fremont in the USA; Japan; 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 Taipei Stock Exchange (TPEX: 8069) in March 2004.
Total number of employees	Taiwan—E Ink HQ (including Hsinchu Plant): 946 persons and Linkou plant: 58 persons. China—Yangzhou Plant: 1,269 persons and Shenzhen Office: 26 persons. South Korea: 51 persons USA: 355 persons Japan: 10 persons

全球據點



ASIA

- E Ink Holdings (Headquarters)**
 TFT Plant
 HQ for R&D, sale, and application service.
 No. 3, Lixing 1st Road, Hsinchu Science Park, Hsinchu City, Taiwan
- E Ink Linkou Plant**
 Sales and application service office
 No. 199, Huaya 2nd Road, Guishan District, Taoyuan City, Taiwan 33383
- Transcend Optonics**
 Module Plant
 No. 8, Wuzhouxi Road, Yangzhou Economic and Technological Development Zone, Jiangsu Province, China
- E Ink Shenzhen Office**
 No.8, Kefa Road, Nanshan District, Shenzhen, PRC
 9F, Financial Service & Technological Innovation Building 1, Sci-Tech. Park, Guangdong Province, China.
- 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
- Hydis Technologies (South Korea)**
 101-2406 Brown stone Seoul, 355 Jonglim-dong, Jong-gu, Seoul 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 Fremont Site**
 R&D center
 47485 Seabridge Drive Fremont, CA 94538 USA

2-2 Vision and Mission of Sustainable Development

As a specialist ePaper and LCD R&D, design, and manufacturing company re-invested by YFY, E Ink has undergone steady operations for years and several transformations before achieving today's success. Extending YFY's papermaking expertise, strength from strength, E Ink upholds its "Innovation, Discipline, Teamwork" business philosophy; accountability work culture; and "One Team, One E Ink" operational thinking to develop new-generation products and contribute to changing human life and creating social value.

It is our commitment to investing 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.

Product Innovation	Capture key technology Develop patented materials Promote market application Create unlimited business opportunities
Governance	Uphold business ethics and integrity Disclose information transparently Reinforce risk management Improve business performance
Diversify Communication	Implement SCM Fulfill customer demands Contribute to society Optimize corporate social image Value employee career development
Green Production	Undertake energy saving and emissions reduction Control process materials Produce eco-friendly products

CSR Committee

In early 2016, we established the CSR Committee with a prime mission to compile the 2015 CSR Report. At the beginning of establishment, we arranged internal education and training for seed staff to raise the awareness and to get familiar with GRI G4 guidelines. Then, we asked all departments to provide data, explanations, and reports with regard to the GRT G4 guidelines based on their roles and responsibilities in order for the CSR Committee to compile the 2015 CSR Report.

Later on, we will set up different divisions according to the duties of each functional groups and hold meetings to discuss their tasks in order to continuously promote work relating to CSR and sustainable development.



2-3 Building Trust

Ethics and integrity is the core value of E Ink. Upholding ethical business practices, we keep reminding ourselves 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.

Code of Business Conduct

To maintain E Ink's core value, bribes, corruptions, or violations of organizational regulations in any form are strictly prohibited. To create a transparent operating atmosphere and sound work order, we have established the "Code of Business Conduct Standard Operating Procedure" which also applies to subsidiaries and affiliates to enable consistency in legal compliance between E Ink and its subsidiaries and affiliates.

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 (AOOT@eink.com), by letter, or over our website. After receiving a report, the Audit Office 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 addition, we consistently keep employees aware of the importance of business integrity, arrange relevant education and training activities, and request all employees to strictly comply with the code of business conduct. In 2015, no incident of corruption was reported.

E Ink Code of Business Conduct

- 01 No fraud, corruption, or injury to character by exerting one's authority and that harms the corporate image and causes social criticism is allowed.
- 02 No spread of rumors and fallacies that harm the corporate image or the repute of specific employees or organizational harmony is allowed.
- 03 No offering or acceptance of bribes, corruption, nonfeasance/misfeasance/malfeasance to obtain undue or improper advantage by exerting one's authority (including soliciting kickbacks or other undue or improper advantages from suppliers or customers) is allowed.
- 04 No offense of laws relating to fair trade is allowed.
- 05 No conducting business with low-efficiency methods, falsification of financial reports, or unreasonable or unfair treatment is allowed.
- 06 No conversion or theft of organizational equipment or property is allowed.

Non-Disclosure of Material Information

To persistently build an environment for innovation, maintain technology leadership, and keep profit growth, we request employees to strictly respect intellectual property rights and keep classified information and trade secret confidential. We also request employees to use corporate assets for the sole corporate purpose and prohibit them from using them for personal purposes in order to achieve our future vision.

In addition, we have established codes for processing internal material information and communicate this message to all employees, directors, and managers to prevent insider trading due to violation of the Internal Material Information Processing Standard Operating Procedure.

Anti-Competitive Behavior

As the world 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 and have arranged relevant education and education activities both regularly and irregularly to educate higher level managers to general employees the basic code of conduct at work. Through education and training, we hope that employees can understand the concept of antitrust for them to comply with and further understand relevant laws in order to prevent any alleged violation of law.

We are involved in two lawsuits concerning anti-competitive behavior, antitrust, and monopoly.

01

The 2006 cartel incident of world-leading TFT LCD manufacturers violating the antitrust law caused a crisis on Europe, the USA, Japan, and South Korea. As we always uphold business integrity and legal compliance and emphasize governance, we have never been listed as a target of criminal or administrative investigation by the competent authorities of any country. Unfortunately, our South Korean subsidiary Hydis was listed as a co-defendant with other leading TFT-LCD manufacturers in civil trial raised by the state prosecution of California and Oregon of the USA. Fortunately, the Californian state prosecution voluntarily dropped all charges on Hydis. Although the Oregonian state prosecution still charged Hydis as a co-defendant, they did not take any further action. According to the judgment of US professional antitrust legal counsels, both the Californian and Oregonian state prosecutions have given up on Hydis in this case.

02

On January 28, 2013, Copytele Inc. (CopyTele) pressed charges against AUO and its US affiliate and E Ink Holdings and E Ink Corporation for breach, fraud, and other so-called anti-competitive behaviors at the United States District Court for the Northern District of California. The story begins with the EPD agreement between CopyTele and AUO. In that agreement, CopyTele granted an exclusive global license of its EPD patent(s) to AUO and its affiliates. According to that agreement, AUO could make, have made, sell, and make consignment sale of the licensed product(s), as well as re-license the licensed patent(s). In the complaint, CopyTele claimed that AUO willfully obtained EPD patent licensing by signing the EPD agreement and willfully sell CopyTele's EPD patent(s) along with AUO's subsidiary SiPix to E Ink at US\$50 million to transfer the said licensing to E Ink. After reaching a settlement on the EPD agreement with AUO, CopyTele dropped all the charges.

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 local competent authorities and internalize 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 relevant laws and regulations and the company's internal operating standards and promptly revise the scope and items of audit to prevent illegal activities and thereby ensure E Ink's sustainable operations. After detecting any illegal activities, we will honestly disclose their cause(s) according to the regulatory requirements and codes of competent authorities without hiding.

Transparency of Information Disclosures

At E Ink, we process and disclose material information in accordance with relevant laws, orders, and the regulations specified by Taipei Stock Exchange. We have also established the spokesperson system to disclose material information through the spokesperson or deputy spokesperson, except as otherwise specified by the law or regulation.

Apart from periodically report information disclosures by the law, we hold the investor conference every quarter and the general meeting of shareholders every year. We further post the meeting data, handbook of meetings, minutes of meetings, annual reports, and financial statements on the Market Observation Post System (MOPS) (<http://mops.twse.com.tw>) for public access.

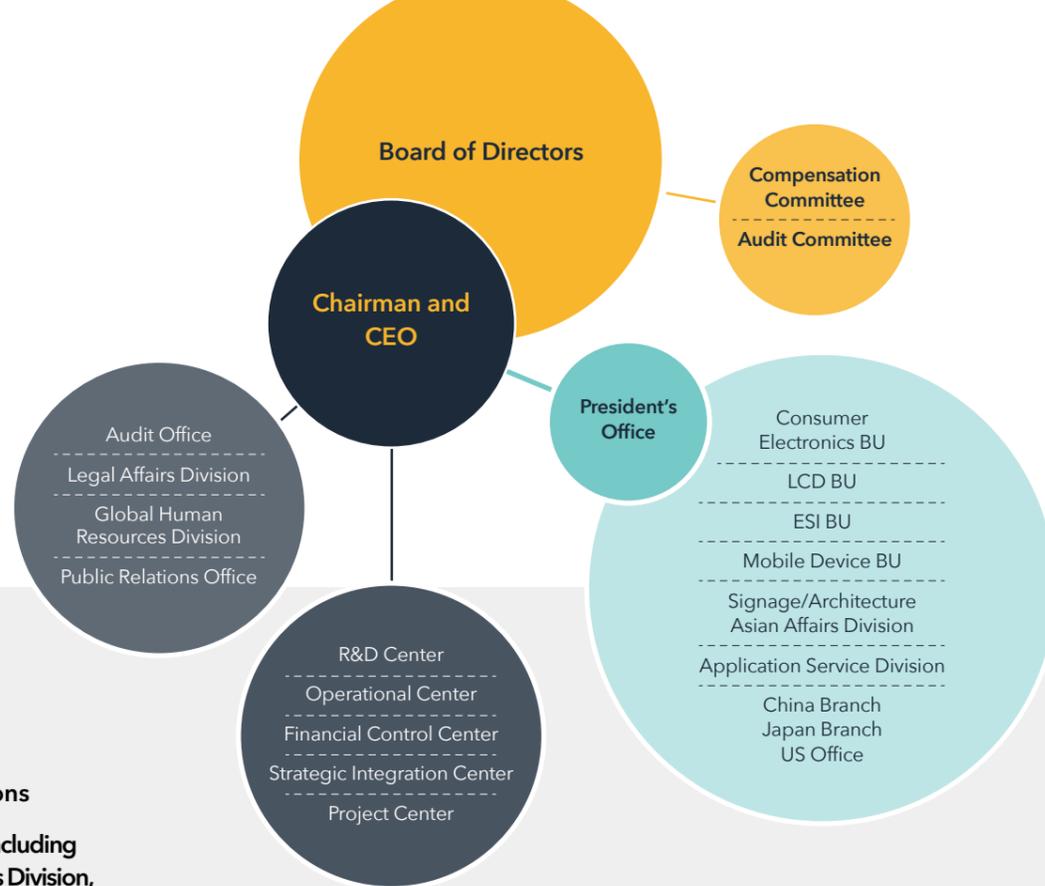
In product information disclosure, we participated in the international Consumer Electronics Show (CES) for the first time in 2014 to raise the visibility and transparency of E Ink products and technologies. Apart from organizing product presentations and publishing relevant press releases from time to time, we post detailed descriptions of our products and technologies on the corporate website. Furthermore, those interested in our products and technologies can contact us from the Investor Relations (ir@eink.com) section on the cooperate website. We will sincerely answer their inquiries and respond to their comments.

2-4 Organization Framework

Governance

1. Organization System

(1) Organization Chart



(2) Organizational Functions

Chairman & CEO's Office (including the Audit Office, Legal Affairs Division, Global Human Resources Division, and Public Relations Office), and President's Office

Plan and implement corporate strategies and internal control; administer legal affairs and plan and manage document control; plan and implement human resources affairs and public affairs; plan and implement industrial safety and environmental protection affairs; build the external corporate image and contact the media; plan, implement, and supervise public affairs, such as international exhibitions and product promotional activities.

R&D Center

Research, develop, and innovate ePaper 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. Provide reference designs of terminal application products for customers; develop ePaper system products; and assist customers on quick design for mass production.

Operational Center

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

Financial Control Center

Make financial, accounting and information planning; implement new information technology; and plan and implement operational management.

Strategic Integration Center

Verify the specifications of new products of all BUs; plan product management; and implement the product management platform.

Project Center

Plan long-term development and strategies for the non-display application of products based on the internal materials, structures, and process technologies of the company's e-ink.

Consumer Electronics BU

Sell EPDs for e-reader and e-note and cultivate customers and markets. Resolve and analyze problems related to customer projects; and discuss, produce, and provide technical documentation.

LCD BU

Sell LCD products; cultivate customers and business and supervise operations; and provide support for customers to verify the mass production of new products and develop new products.

ESI BU

Research, develop, manufacture, and sell ESL, Smart Card/Home, Industrial/IoT products.

Mobile Device BU

Design mobile phone and wearable products; provide solutions; establish the mobile device ecosystem and sell products; and assist customers on the planning, design, and mass production of products.



Management Team (from left to right: Operational Center VP Luke Chen, CTO Chuang-Chuang Tsai, Chairman and CEO Frank Ko, President Johnson Lee, Financial Center AVP Lloyd Chen)

2. Board Members Basic Data

Title	Nationality	Name	Elected (Inaugurated) Date	Term	First Elected Date	Major Experience/Education Attainment	Concurrent Post at E Ink and Other Companies
Chairman	ROC	Frank Ko, representative of YFY Inc.	06.18 2014	3 years	06.18 2014	VP, Technology and Strategic Development Office, AUO/ PhD, Institute of EO Engineering, National Chiao Tung University.	CEO, E Ink Holdings Inc., and chairman or director of E Ink subsidiaries.
Director	ROC	Johnson Lee, representative of Yuan Cheng Fa Technologies Corporation	06.18 2014	3 years	06.18 2014	BA/BS in Economics and Electrical Engineering, Tufts University, USA.	President, E Ink Holdings Inc., and chairman or director of E Ink subsidiaries./ Supervisor, Netronix, Inc./ Executive Director, Shin Lung Natural Gas Co., Ltd./ Director, UltraChip Inc./ Director, Foongtone Technology Co., Ltd./ Director, BoardTek Electronics Corporation
Director	ROC	S. C. Ho, representative of Yuan Cheng Fa Technologies Corporation	06.18 2014	3 years	06.18 2014	MS in Mechanical Engineering, University of Wisconsin, USA.	Chairman, SinoPac Holdings/ Director, Chung Hwa Pulp Corporation/ Director, TaiGen Biotechnology Co., Ltd./ Director or supervisor of YFY subsidiaries./ Director of E Ink subsidiaries.
Director	ROC	Felix Ho, representative of Yuan Cheng Fa Technologies Corporation	06.18 2014	3 years	06.18 2014	MA in Financial Management, MIT Sloan School of Management	Chairman of E Ink subsidiaries/ Chairman of YFY Consumer Product Group/ Chairman of YFY Containerboard and Packaging Group/ Director, SinoPac Holdings/ Director or supervisor of YFY subsidiaries
Director	ROC	Chuang-Chuang Tsai, representative of YFY Inc.	06.18 2014	3 years	06.20 2002	Professor, Department of Photonics and Institute of Display, National Chiao Tung University./ Senior VP, Quanta Display Inc./ PhD, University of Chicago	CTO, E Ink Holdings/ Independent Director, Raidant Innovation, Inc./ Director of E Ink subsidiaries
Director	ROC	Michael Chang, representative of YFY Inc.	06.18 2014	3 years	06.20 2002	Senior VP, Grand Cathay Securities Corporation/ Director, Grand Cathay Securities Corporation/ Chairman, Grand Cathay Futures Corporation/ Chairman & President, KGI Securities (Korea)/ MA, University of Essex, UK	CSO, SinoPac Holdings/ CFO, Bank SinoPac/ Director, SinoPac Securities Corporation/ Supervisor of SinoPac Holdings and Hydix Technologies Co., Ltd.
Independent Director	ROC	Tian-Chong Chen	06.18 2014	3 years	06.16 2005	President, Advantech America/ Director or supervisor of Advantech Co., Ltd. / MBA, Indiana University	Supervisor, Advantech Co., Ltd./ Independent Director, SinoPac Holdings
Independent Director	ROC	Bling-Seng Wu	06.18 2014	3 years	06.18 2014	Chairman, Himax Technologies, Inc./ PhD, Institute of Electrical Engineering, National Cheng Kung University.	Chairman, Himax Technologies, Inc./ Chairman or director of subsidiaries of Himax Technologies, Inc.
Independent Director	ROC	Chao-Tung Wen	06.18 2014	3 years	06.18 2014	PhD in Urban and Environmental Management, Rensselaer Polytechnic Institute, USA./ Professor, NCCU Graduate Institute of Technology, Innovation, and Intellectual Property Management./ Convener, Cultural & Creative, Technology, and Information Communication Innovation Section, EMBA Program.	Independent Director, PharmaDax Inc./ Independent Director, Tatung System Technologies Inc.

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

Board of Directors

We uphold the spirit of governance and practice governance, insist on operation and information transparency, and care 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 select, supervise, and instruct 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 risk experience in related industries and higher education attainment in related fields, such as technology, business, finance, accounting, and corporate operations. After the re-election of directors at the 2014 annual general meeting of directors, the board current has nine directors, including three independent directors and one female director. The term of all current directors is three years, from June 18, 2014 to June 17, 2017.

Audit Committee

To optimize audit and supervision functions and strengthen management adequacy, the Audit Committee assists the board of directors on implementing its supervision duty and exercise 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, independency, and performance of CPAs. At the same time, internal auditors periodically submit the summary audit report 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, independency, 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), independency, 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.

The Audit Committee held five committee meetings in 2015. The operation is shown below:

Title	Name	Actual attendance frequency	Proxy attendance frequency	Attendance attendance rate (%)
Convener	Tian-Chong Chen	5	0	100%
Member	Biing-Seng Wu	4	1	80%
Member	Chao-Tung Wen	5	0	100%

Compensation Committee

The Compensation Committee is established to make a reasonable, impartial, and competitive compensation strategy according to the external competition 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 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.

Avoidance of Conflicts of Interest for Directors

We have included provisions regarding avoidance of conflicts of interest in both the Rules of Procedure for 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 2015 board meetings are shown below (please refer to the 2015 Annual Report for details).

- Board of Directors: There were two times of avoidance of conflicts of interest involving five proposals in the five board meetings held in 2015.
- Audit Committee: There was one time of avoidance of conflicts of interest involving one proposal in the five committee meetings held in 2015.

The table below shows the number of meetings and attendances of the Board of Directors, Audit Committee, and Compensation Committee in 2015.

	Board of Directors	Audit Committee	Compensation Committee
Number of Meetings in 2015	5	5	2

Title	Name	Board Meeting Actual Attendance Rate (%)	Audit Committee Meeting (1) Actual Attendance Rate (%)	Compensation Committee Meeting (1) Actual Attendance Rate (%)
Chairman	Frank Ko, representative of YFY Inc.	100%	-	-
Director	Johnson Lee, representative of Yuan Cheng Fa Technologies Corporation	100%	-	-
Director	S. C. Ho, representative of Yuan Cheng Fa Technologies Corporation	100%	-	-
Director	Felix Ho, representative of Yuan Cheng Fa Technologies Corporation	60%	-	-
Director	Chuang-Chuang Tsai, representative of YFY Inc.	80%	-	-
Director	Michael Chang, representative of YFY Inc.	40%	-	-
Independent Director	Tian-Chong Chen	100%	100%	100%
Independent Director	Biing-Seng Wu	100%	80%	100%
Independent Director	Chao-Tung Wen	100%	100%	100%

1: The Audit Committee and Compensation Committee are formed by all independent directors (please refer to the 2015 Annual Report for details).

2: The Audit Committee replaced the supervisor system as of June 18, 2014.

4. Further Education of Directors

Title	Name	Start date	Length	Organizer	Course
Representative of corporate directors	Frank Ko	12/02/2015	3	Securities and Futures Institute	Practical Advanced Seminar for Directors and Supervisors (including Independent Directors): Investigation of the Employee Reward Strategy and Tool Utilization
		12/18/2015	3	Securities and Futures Institute	Practical Advanced Seminar for Directors and Supervisors (including Independent Directors): Rules for Takeover Contests and Case Study
Representative of corporate directors	Johnson Lee	07/02/2015	3	Securities and Futures Institute	Practical Advanced Seminar for Directors and Supervisors (including Independent Directors): Practical Judicial and Litigation Procedures for Insider Trading and Corporate crime
		07/30/2015	3	Securities and Futures Institute	Practical Advanced Seminar for Directors and Supervisors (including Independent Directors): Case Study on the Confirmation of Breach of Trust and Special Breach of Trust of Directors and Supervisors
Representative of corporate directors	S. C. Ho	07/31/2015	8	Taiwan Academy of Banking and Finance	Auditor Financial Training Course
Representative of corporate directors	Felix Ho	12/15/2015	3	Taiwan Academy of Banking and Finance	Governance Forum: Tax Governance Blueprint
		12/17/2015	3	Securities and Futures Institute	Practical Advanced Seminar for Directors and Supervisors (including Independent Directors): Case Study on the Confirmation of Breach of Trust and Special Breach of Trust of Directors and Supervisors
Representative of corporate directors	Chuang-Chuang Tsai	11/20/2015	3	Securities and Futures Institute	Practical Advanced Seminar for Directors and Supervisors (including Independent Directors): Analysis of Corruptions in Business Acquisition: From a Governance Perspective
		11/26/2015	3	Securities and Futures Institute	Practical Advanced Seminar for Directors and Supervisors (including Independent Directors): Practice and Analysis of Employee Fraud Risk Prevention
Representative of corporate directors	Michael Chang	01/27/2015	7	Taiwan Academy of Banking and Finance	Financial Double Tenth Trend Forum: From CNY Internationalization Strategy to the New Inspiration for the Development of Taiwan's Financial Industry
Independent Director	Tian-Chong Chen	02/05/2015	3	Securities and Futures Institute	Practical Advanced Seminar for Directors and Supervisors (including Independent Directors): Essential Risk Management Mechanisms for Business Operations
		12/15/2015	3	Securities and Futures Institute	Practical Advanced Seminar for Directors and Supervisors (including Independent Directors): Analysis of Business Financial Information and Strategy Utilization
Independent Director	Biing-Seng Wu	11/18/2015	3	Securities and Futures Institute	Practical Advanced Seminar for Directors and Supervisors (including Independent Directors): Judgment of Business Performance Information
		12/17/2015	3	Securities and Futures Institute	Practical Advanced Seminar for Directors and Supervisors (including Independent Directors): Case Study on the Confirmation of Breach of Trust and Special Breach of Trust of Directors and Supervisors
Independent Director	Chao-Tung Wen	03/09/2015	3	Securities and Futures Institute	Practical Advanced Seminar for Directors and Supervisors (including Independent Directors): Governance and Social Corporate Responsibility
		03/09/2015	3	Securities and Futures Institute	Practical Advanced Seminar for Directors and Supervisors (including Independent Directors): Creating Multi-Win Opportunities by Capturing Governance and CSR Trends

2-5 Growth Momentum

In 2015, we were ranked the top 20% best in the 2nd Corporate Governance Evaluation.

To strengthen corporate governance in Taiwan, 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. By establishing the Rules of Procedure for Board Meetings and the independent director post, we implement the decent board meeting operation. In 2014, 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 achieve corporate governance.

A total of 1,447 public companies participated in the 2nd Corporate Governance Evaluation which evaluated those companies with 98 indicators falling into five types.

We were ranked the top 20% best in both the first and second corporate governance evaluation. These results show the efforts and achievements of the management team in corporate governance and encourages us to keep going, in order to put corporate governance, information transparency, and CSR promotion in practice. While aggressively pursuing growth, we also contribute to sustainable operations.

Indicator Type	Number of Indicators	Score Proportion
Protecting Shareholder Rights and Interests	14	15%
Treating Shareholders Equitably	13	13%
Enhancing Board Composition and Operation	33	32%
Increasing Information Transparency	23	22%
Putting Corporate Social Responsibility into Practice	15	18%
Total	98	100%

Business Strategy and Performance

Business Strategy

Reviewing our 2015 sales achievements, we continuously cultivated EPD and reinforced the cultivation of new markets and development of new applications of ePaper. The market demand of e-readers was still steady. By persistently optimizing product design to fulfill the customer's requirements for product function development, we secured stable revenue sources for the company. The sales achievement of the Electronic Shelf Label (ESL), another key E Ink product, was also outstanding in 2015. Increasing customers worldwide accepted our ESL and used it on their system products. As a result, the total shipping volume in 2015 was over 60 million pieces. Estimates show that this growth momentum will extend to 2016, and we will challenge the target of 100 million pieces.

In addition, as more and more mobile and wearable device manufacturers began to use our new products: E Ink Mobius™ flexible substrate, this will gradually improve our business performance.

At the 2015 Touch Taiwan, we announced the application of large-size EPD, including large signage spliced by four pieces of 32-inch EPD, and the E Ink Prism™ ePaper wall featuring dynamic pattern and color display for outdoor applications. The future growth potential will be promising.

Following the popularization of EPD applications on ESLs, mobile devices, digital signage, and construction materials, we aggressively drew up cooperation plans with strategic partners in 2015 to integrate the upstream and downstream supply chain resources, expand the ePaper ecosystem together, provide customers with better services and more comprehensive options, and to achieve the goal of EPD market diversification.

The key development outcomes of E Ink products and technologies include:

01	02	03
<p>Announced the E Ink Spectra™, a tri-color (black, white and yellow) EPD, was introduced at The Society for Information Display (SID) Intentional Conference to expand the scope of ESL application in the retail and channel industries.</p>	<p>In 2015, we won the "Best Technology Award" at 2015 Gold Panel Awards organized by the Taiwan Display Union Association with the WPT EPD for our success in overcoming the battery restriction in display product development to create a brand new application market and business model.</p>	<p>At CES 2016, we won the CES Best of Innovations Award with the Joan Meeting Room Assistant, a meeting room scheduling solution co-developed by E Ink and Visionect, among other energy-efficient and sustainable products for professional system integration and outstanding energy saving performance.</p>

Look out to 2016, we will extend our achievements in 2015 to continuously promote various operational and management strategic projects and establish a complementary and win-win cooperation relationship through cooperation with strategic partners to cultivate markets together, increase the growth momentum of all new product applications, and to keep E Ink grow.

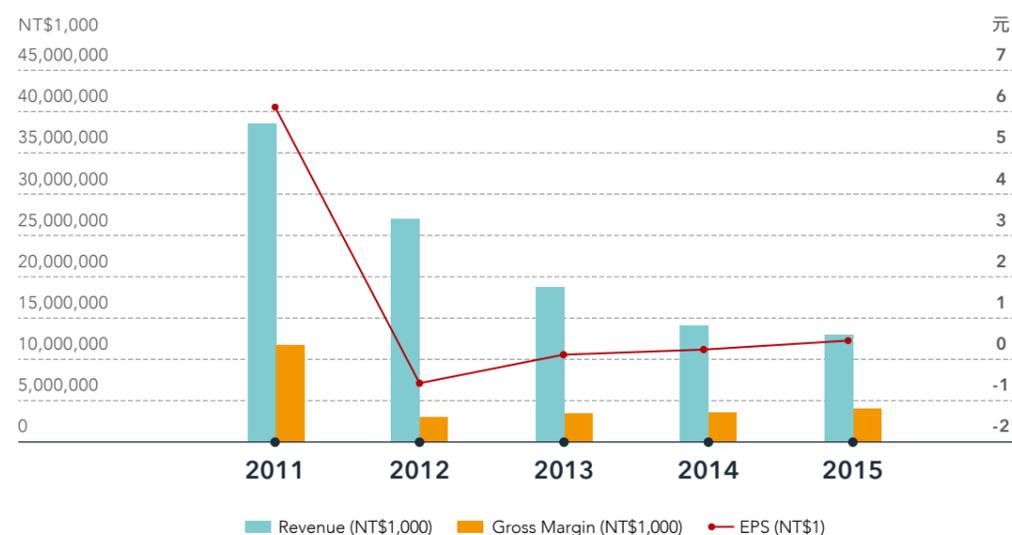
Consolidated Financial Performance in 2015

The table below shows the consolidated financial performance of E Ink and subsidiaries. In 2015, our total E Ink capital amounted to NT\$26,583,530,000.

Unit: NT\$1,000 (except for EPS/LPS which are expressed in NT\$1)

Item	Year	2011	2012	2013	2014	2015
Revenue		38,428,121	26,704,782	18,905,129	13,498,720	13,306,503
Gross Margin		12,027,544	2,819,788	3,018,681	3,049,866	4,148,730
EPS (LPS)		6.05	(0.69)	0.03	0.01	0.47

*As Hydys was shut down in 2015, relevant financial figures have been adjusted to from the operating segment to discontinued operations. As a result, the information in 2015 financial statement differs from that of the 2014. Relevant figures have been verified by CPAs.



Category	Item	Amount
		NT\$1,000 (except for EPS/LPS which are expressed in NT\$1)
Economic Value Produced	Operating Profit	13,306,503
	Net Income (Loss)	(449,217)
	Other Income and Gain	3,628,842
	Other Expense and Loss	432,660
Economic Value Allotted	Operating Expenses	13,755,720
	Cash Dividend Per Share (Note 1)	0.47
	Shareholder's Cash Dividend and Bonus (Note 1)	536,020
	Income Taxes	317,792
	Employee Wages and Benefits	3,167,165
	Social Expense	404
	Retained Earnings	4,122,865
Economic Value Retained	Profit for the Period	2,429,173

Financial data is extracted from the 2015 Consolidated Financial Statement of E Ink Holdings Inc. and Affiliates audited and verified Deloitte Taiwan after auditing.

(Note 1) Approved by resolution at the general meeting of shareholders on June 22, 2016.

Based on the Regulations Governing Application for Tax Credits for Corporate Research and Development Expenditures, we applied for a tax credit amounting to NT\$237,180,671 in 2015.

2-6 Risk Warning and Management

Operational Risk Identification Results

To effectively strengthen risk management, we have established a complete risk management organization to establish standard operating procedures and standards; equip employees with the correct concept of risk management through the internal control system and education/training; and promote and enforce various risk management items in routine operations. With the internal audit system, we periodically audit the status of implementation of various risk management regulations to ensure the normal operation of the risk management system.

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

Operational Risk Category	Item	Risk Description	Control Strategy
Financial Risk	Foreign Exchange Risk	This is because we use foreign currencies (mainly USD) in export trade.	1. Keep track on 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 long-term foreign currency loan or forward exchange.
	Interest Rate Rise	Long-term and short-term loans and financial derivatives.	Set the acceptable criteria for interest rate risk for liabilities with floating interest rate.
	Credit Risk	Failure to capture the credit limit of customers may cause bad debt risk and affect the turnover of the company's operating capital.	Capture the credit limit of customers based on the company's credit regulations and the customer's financial and sales status.
	Group Capital Utilization Efficiency	1. Cope with the potential fraud or untimely disclosure of financial status due to the financial structure and operational status of overseas affiliates. 2. Potential ineffective fund dispatch or utilization among group members resulted from potential foreign exchange control or taxation consideration.	1. Periodically analyze the financial structure of group members and set up a warning mechanism. 2. Monitor the value of the company's financial assets in real time to strengthen capital dispatch among group members and enhance capital utilization efficiency.
Manufactured Risk	Supply Risk	Supply risk from 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."	1. Check the stock of various raw materials every week to determine optimal stock planning. 2. Carefully assess suppliers and aggressively cultivate supply sources.
	Production-Sale Imbalance	Stock cost and warehousing cost increase as a result of production-sale imbalance or loss of customers due to under production.	Plan and simulate various production-sale situations based on purchase order estimation to dynamically adjust the production plan.
Information System Risk	Information System Anomalies	Achieve business continuity and establish the information security management system.	1. Standardization of information system operating procedures. 2. Strengthen the disaster prevention, information security, monitoring, reporting mechanism, anomaly management, and redundancy.
ESH Risk	Disaster Risk	To prevent various disasters from causing critical business interruption, we have established the "Business Continuity Management Regulations" and the disaster response team to achieve business continuity.	1. Establish standard operating procedures and arrange employee education and training periodically. 2. Update hardware protection and conduct inspections periodically.
	GHG Emissions Management	To comply with the national policy, laws, and regulations, and to achieve sustainable development of ecology, relevant units should reduce the emission of various GHGs and promote environmental stewardship. In addition, they should pay attention to the change in important policies and laws to adjust the company's internal system and business activities to ensure sustainable development of ecology.	Update plant facilities, optimize operation and management, reduce chemical uses, control air-conditioning and lighting within the plant and of the office area.
	Environmental Stewardship		Reduce air pollutant emissions and wastewater discharge. Reinforce water saving and wastewater recovery. Control the use of recyclable materials.
	Tightening of Regulations		Ensure compliance with all environmental regulations by keeping up with new regulations.

Status of Audit Mechanism Operation

We have a dedicated Audit & Organization Optimum Team (AOOT) to audit the financial and sales operational and management systems of E Ink and subsidiaries.

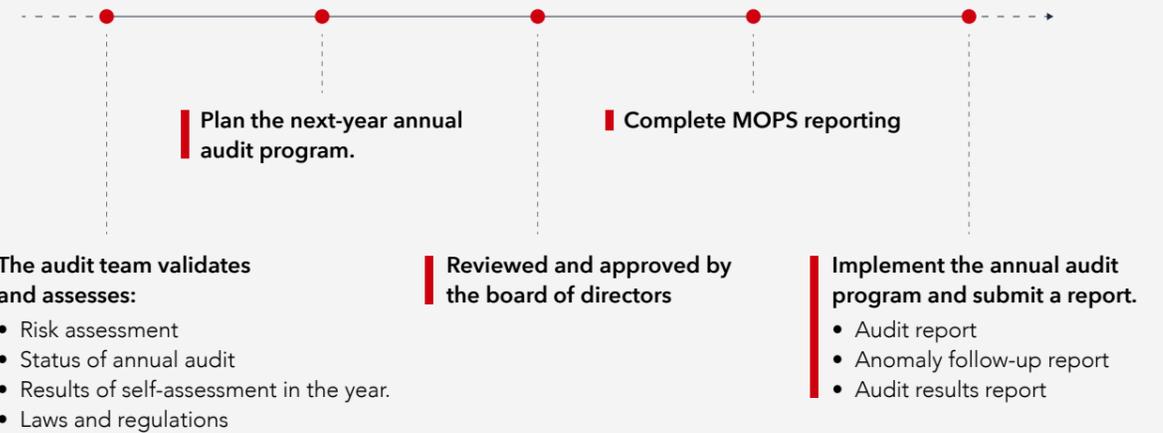
The AOOT is led by the chief auditor. Apart from implementing the annual program according to the "Regulations Governing Establishment of Internal Control Systems by Public Companies," the team conducts project audits as necessary to assess and detect potential defects in the internal control system in real time and to make recommendations for improvement. In addition, for 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 scrap of odd scraps to further reduce potential risks in the business process. Apart from submitting the status audit report and audit results to the board of directors and Audit Committee periodically (quarterly), the team should produce a monthly report on audit findings to follow up and audit the improvement and upload such reports by the law.

- Assist E Ink to establish an effective internal control system.
- Turn E Ink into a global benchmark enterprise through organization optimization and business process improvement.



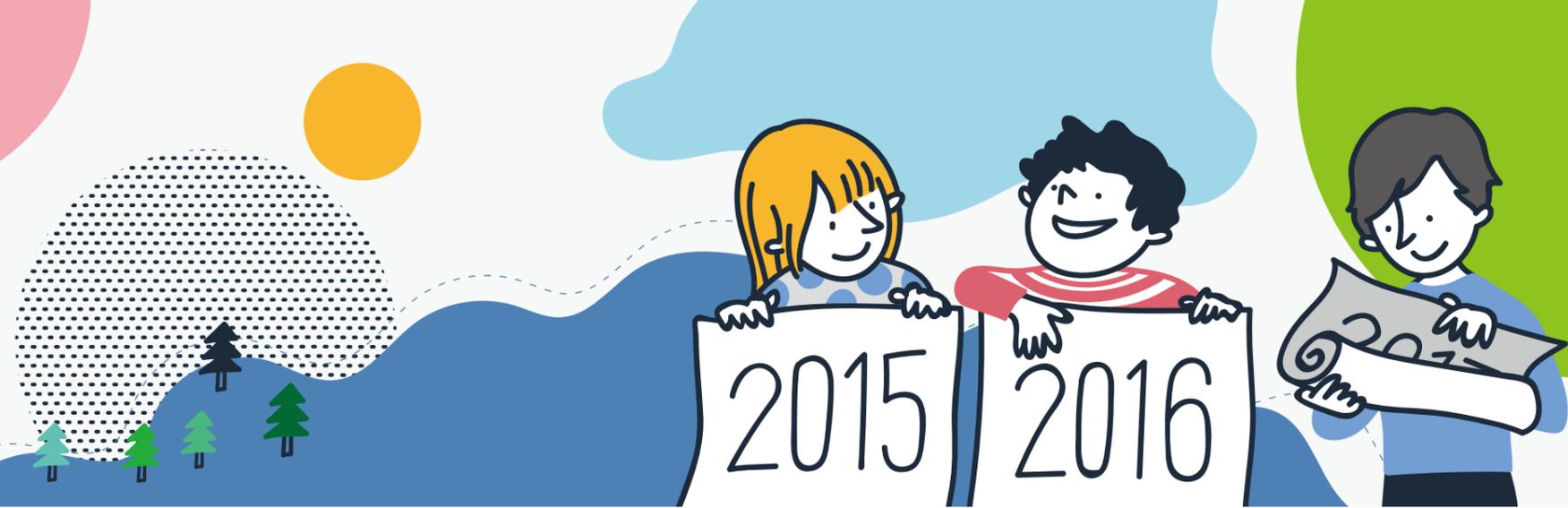
- Establish a risk-oriented audit system
- Develop transnational organizational cooperation for audits within the group.
- Introduce global audit skills and tool training.
- Promote preventive control design

Audit / Report / Communication Optimization



In the 2015 annual audit, the audit team found defects in 36 audit items out of a total of 38 items in Taiwan region. The audit team has implemented improvement follow-up every month. By May 31, 2016, improvement of 34 items has been completed, with an achievement rate of 95%. The deadline of improvement of the remaining two items has not come, and the team will keep track on them. The audit team of China region completed 16 audit reports and found defects in 115 items, where improvement of 112 items has been completed. Improvement of the remaining three items will be completed in August. The overall achievement rate is 97.39%.

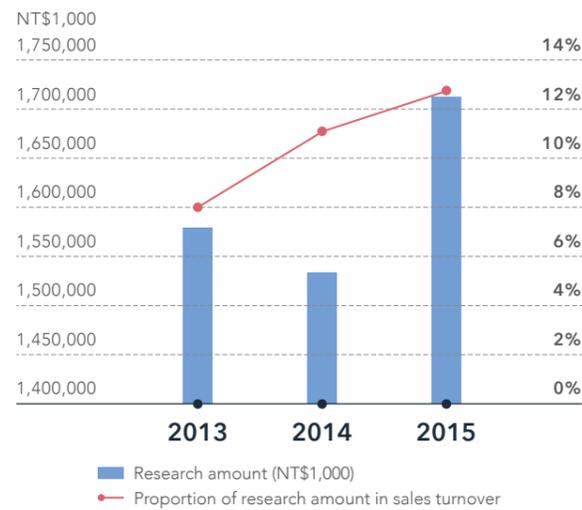
BUILDING A SUSTAINABLE VALUE CHAIN



3-1 R&D Optimization

Product and Technology Innovation

In 2015, we continued to research and develop ePaper related products and technology. Apart from continuously optimize 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 capacity to fortify our leadership in the ePaper market, we managed to maintain sustainable and leading development in the highly competitive display industry. In 2015 we invested about NT\$1.72 billion in R&D, and we increase the proportion of R&D fund in sales turnover every year. 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.



* As Hydys was shut down in 2015, relevant financial figures have been adjusted to from the operating segment to discontinued operations. As a result, the information in 2015 financial statement differs from that of the 2014. Relevant figures have been verified by CPAs.

1. E-ink technology

The E Ink Carta™ is the latest generation of mass-produced e-ink product. It is the ePaper with the highest surface reflection rate so far. Compared to the previous generation e-ink products, contrast has enhanced by 50% and reflection rate increased by 22%. As the E Ink Carta™ is lightweight, thin, and eco-friendly and supports long-time reading, it can be widely used on e-readers, e-dictionaries, e-reference books, and e-magazines to replace the traditional paper version for users to enjoy the convenience of electronic products without sacrificing the comfortable legibility of paper. In 2015, we upgraded the E Ink ink panel technology to Carta 1.2 with brighter and sharper font display.

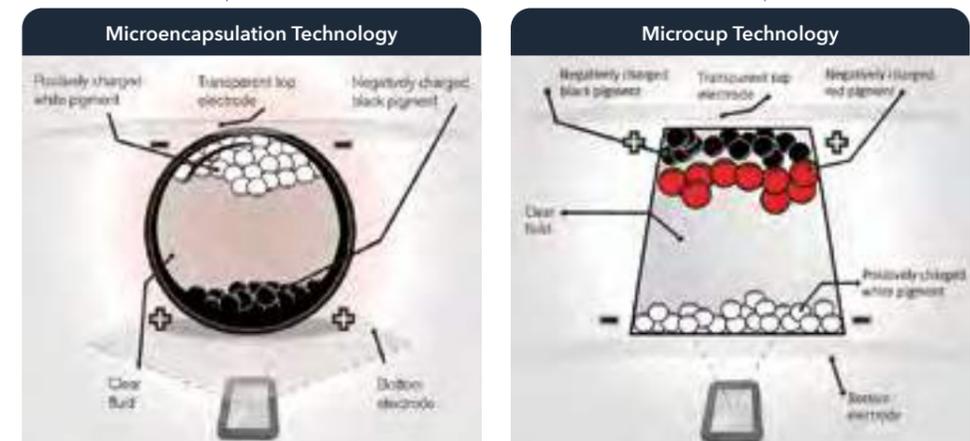
E Ink Carta EPD

B/W Active Matrix

Compared to the previous generation products, we have enhanced the brightness of the E Ink Carta™ by 50%. It also supports the latest E Ink Regal waveform technology to reduce whole page refresh frequency during page switch for users to read more attentively and comfortably.



Two Major Technologies



2. Three Pigment ePaper Technology

The E Ink Spectra™ is the latest generation mass-produced red or yellow e-ink product. In addition to black and white, we have added one more color to the E Ink Spectra™, making it very suitable for ESL and signage applications. Shop owners can easily and accurately change product prices to catch consumer attention for marketing and significantly increase product sales ability. In addition, the different combination with red or yellow enable shop owners to achieve better interaction with consumers when setting the price. Shop owners can drive the EPD through a wireless control system to replace traditional paper labels. Besides displaying product information, users can activate the third color of ESL from a remote area to dynamically display the information of promotion or special offer products. The Spectra supports active matrix and segmented systems, making it suitable for use by all kinds of retailers. The three pigment ePaper can also be used as ID cards, making it equally suitable for use by industry, smart cards, and the healthcare industry.

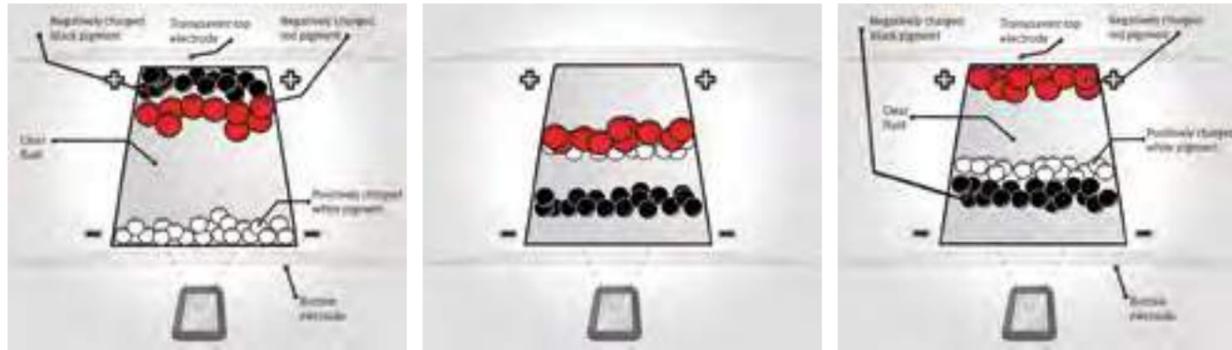
E Ink Spectra EPD

Color Active Matrix

As the latest color EPD from E Ink, the E Ink Spectra can be used on the ESL of retail stores. In addition to black and white, we have added one more color to the E Ink Spectra™ for shop owners to remark important information, such as promotion or corporate identification logo on ESL.



Operating Principle of Three Pigment ePaper Technology



The Spectra is composed of millions of microcups, each with a diameter as small as human hair. Each microcup contains positively charged white pigments, negatively charged black pigments, and negatively charged red pigments suspending in a clear liquid.

Being positively charged, repelling pigments will move toward the top of the microcup and form the image composed of black, white, and red pigments as seen by viewers.

The Spectra is the world's first EPD using tri-color e-ink layers and the world's first tri-color EPD for ESL.

3. Applications for digital signage and construction materials

E Ink applies the innovative EPD technology to building surfaces to revolutionize the appearance of existing displays and demonstrate the dynamic cortex of buildings for buildings to present the imagination of the public. In short, it is an EPD product from aggressive application diversification with promising development potential in the future.

The E Ink Prism™ is the latest display material that can dynamically change colors, patterns, and habitats. It is suitable for static display without consuming electricity. By sensing external motions, it turns into a dynamic display to change the display space into a unique interactive environment. Three key features of E Ink Prism™:

- Fully Programmable: Gives greater freedom of creation to content providers and designers
- Fully Reflective: Delivers a printing-like or painting-like appearance and a natural visual experience and effect.
- Low Power Consumption: Consumes very little electricity only when changing visual effects, making receptacles unnecessary.

This epoch-breaking pioneer undertaking enables architects and designers to exert their talent by presenting space and the surroundings in a unique way. The E Ink Prism™ revolutionizes the way of building surface presentation and gives architects and designers greater flexibility and more freedom. With the automatic color change of E Ink Prism™, users can significantly enhance visual sensation for commercial buildings, hotel lobbies, airport transit stations, or arenas.



An ePaper house composed of 32 pieces of large EPD.



A dynamic display column (Roller Coaster) using the E Ink Prism™ color programmable EPD.

4. Flexible ePaper

The E Ink Mobius™ is a flexible EPD from E Ink. It integrates the design experience and process technology of amorphous silicon or organic transistors with flexible substrates and modules, as well as the stacking stress of plastic materials. It is a flexible, lightweight, sturdy, and portable plastic display that makes light weight and sturdiness a reality. Flexible EPDs enable customers to add conformal elements to product design to give products a unique appearance design and functionality. Therefore, they have been widely used on the market.

Compared to glass substrates, sturdiness and light weight are the distinctive features of flexible EPDs using plastic substrates. Being much thinner than EPDs using glass substrates, plastic flexible EPDs play an exceptionally important role in products using large-size EPDs. Currently, we are aggressively making cooperation with world-leading manufacturers by supplying them the Mobius™ module using plastic substrates for product mass production. Their products have won immediate critical acclaim after release. As wave of environmental protection is sweeping across the globe, EPDs have become a fashion for its eco-friendly and energy-efficient characteristics, thus bringing a promising future for flexible EPDs.

The E Ink Mobius™ EPD

Flexible Active Matrix

The E Ink Mobius™ is the latest released flexible ePaper technology suitable for use on large-size equipment to reduce weight and enhance sturdiness.



5. Frontlight display and touch EPD technologies

Reading comfortably at night and in dim environments has always been an e-book requirement. By applying a frontlight display to EPD mass production, we make reading comfortably on e-books at night and in dim environments a reality. In addition, we independently develop the frontlight technology with cold and warm color adjustments for consumers to better enjoy the convenience brought by e-books. The frontlight technology also diversifies ePaper application.

In touch EPDs, besides the commonly used capacitive touch technology, we aggressively co-develop different types of touch modules with manufacturers. Without reducing the reflection rate of EPDs, these built-in touch modules provide many design advantages that bring more possibilities for new product development.



6. Wireless power transfer EPD technology

Wireless power transfer (WPT) EPD uses the latest low-voltage driven ePaper technology and exerts the ultra-low-power characteristic of ePaper to achieve wireless data transfer. As the micro power generated from wireless transfer is sufficient to drive and refresh the display, the WPT EPD is absolutely batteryless. The WPT EPD also supports mainstream wireless communication protocols, including short-distance near field communication (NFC) at 13.56MHz and long-distance ultrahigh frequency (UHF) at 915MHz. In short-distance application, it uses the NFC receiver that can support the e-purse, e-ID, and even the e-reader and smart watch. In long-distance application, with the ultrahigh frequency radio frequency ID (UH-RFID) reader, the WPT EPD can be used on application systems for transportation, ESLs for the retail industry, luggage trackers for the logistics industry, automated storage and retrieval system (ASRS), and even smart card, home automation, e-bulletin board, and digital signage.

**Ultra-low power consumption
Batteryless Solution**

WPT EPD

- Combines ePaper and wireless transfer technologies
- Supports NFC and UHF protocols
- Batteryless

GOLD PANEL AWARDS 2015 Best Technology Awards

Future Trend of Technology Development and Application

Based on E Ink's present status of development, the trend falls into four directions:

- 01 Draw up new product development plans for ePaper modules based on market feedback to fulfill customer demands and promote fields of application.
- 02 Reinforce products for specialty applications, such as IoT displays, mobile devices, intelligent homes, and industrial displays.
- 03 Develop and implement new materials and new processes; develop new applications or add new functions to or improve existing products to meet market demands to raise product competitiveness.
- 04 Fortify international cooperation to co-invest technology and process resources to develop new-generation low-cost and low-power consumption display technology as the foundation for sustainable operations.

3-2 Smart Applications and Innovative Solutions



Fields of Application of Advanced Technologies

ePaper is our key product whose characteristics include:

01 All E Ink EPDs use reflective display technology. They are easy-on-the-eyes and maintain excellent legibility under direct sunlight. Therefore, reading information on an EPD is as comfortable as reading a paper book, and protective equipment or measures will be unnecessary.

Research finds that the blue light component in backlit displays will disrupt our natural sleep patterns when such devices are used before sleep. In his article, famous PopSci columnist Dan Nosowitz¹ has pointed out that "E-readers using E Ink technology deliver the best digital reading experience. These devices can be used outdoor and will not reflect eye-irritating light. Information shown on the display is like printing on real paper. The display effect of E Ink technology is superior to other display technologies."

¹ Dan Nosowitz. Fastcompany.com. Aug. 12, 2010.

02 Using bistable technology, E Ink ePaper needs no power to retain an image on the display. By combining with solar energy, it can be used on digital signage erected in remote areas and even areas without power supply. In addition, for its energy-efficient characteristic, the E Ink ePaper can significantly lower power consumption to achieve energy saving and reduce environmental impacts to mitigate global warming.

Ultra-low Power Consumption

LCD consumes 333 times more power than EPD Assumptions

- Assumptions
- 32-inch outdoor LCD digital signage wattage: 195W
 - 32-inch indoor LCD digital signage wattage: 50W
 - 32-inch outdoor/indoor LCD digital signage wattage: refresh screen 13.3W; still screen 0.37W
 - EPD screen refresh frequency: one time/minute, one second/time



Comparison of Total Power Consumption of 32-inch displays operating 16 hours a day for three years consecutively:			
		Power Consumption (kWh)	Times more than EPD
E Ink 32-inch EPD (outdoor/indoor)		10	---
32-inch LCD	Outdoor	3,416	333 times
	Indoor	876	85 times

EPD: Electrophoretic display

- Bistable: Retain image displayed without consuming power after disconnecting from the source.
- Reflective: No need of backlight source and delivers paper-like, comfortable legibility.

03

ePaper technology has created the multi-billion US dollar e-book market that did not exist even a decade or so ago. Conservatively speaking, each e-reader user that downloads just one e-book a year can save 10 million trees! Research finds that e-reader users download an average of 12 e-books a year, suggesting that about 120 million trees are saved each year. Assuming that we can grow 1,200 trees on each hectare of land, it will need 100,000 hectares for 120 million trees. This space is equivalent to 317.5 times of New York's Central Park and 3,862 times of Taipei's Da'an Forest Park.

Take electronic shelf labels (ESLs) for example, we installed about 12 million ESLs worldwide in 2013. Assuming that retailers update ESLs every month, they have saved about 144 million pieces of paper shelf label.

A UC Berkeley research finds that reading a newspaper electronically released 32-140 times less CO₂ and used 27² times less water. Compared to printed paper, ePaper can make positive contribution to CO₂ reduction in the atmosphere. By replacing all physical newspapers with e-newspapers tomorrow, we can save 95 million trees³, which absorbs up to 98 million tons of GHGs.⁴

² Vivian Song, Electronic Ink, Paperless Display Technology Saves Trees and The Environment, 2010 Toronto Sun.com

³ New Generation of e-book Readers Contributes to Environmental Protection, 7/20/09 Digital Book Readers.com

⁴ JamesDeRosa, GlobalWarmingInitiatives, Inc. 5/3/2007 www.greenpdf.com

Smart Life Solutions with E Ink EPaper

EPaper: Key to promoting digital reading

When E Ink released the world's first e-reader in 2004, the product has since caught the attention of worldwide book lovers for its paper-like display characteristic, light weight and portability, and space for over one thousand books. After years of efforts and keeping close cooperation with world-leading brands, we have changed the appearance of e-books and expanded their functions to make e-books more convenient and friendlier to use, in order to boost digital reading across the globe and thereby bring a significant change to the reading and education markets. A new survey by UK charity Quick Reads indicates that 48 percent of respondents agree that e-readers get them to read more and over half say that being able to change the size and appearance of text helps as well.⁵ E-readers can bring positive effect in the literacy education for children in remote areas that lack reading materials. Research⁶ found that combining e-readers with relevant courses and activities can achieve the best education effect to significantly improve the literacy and reading ability of children in Ghana, Africa.

Coincidentally, both the PRC and Russian governments introduced the e-reader in their pilot e-book bag project to test the efficacy of e-learning through classroom administration.⁷ The e-reader has also started the digital library fashion. In Bexar County, St. Antonio, Texas, in view of the development trend of e-reader, judge Nelson Wolff built the world's first library offering only e-books for local citizens to borrow e-readers for two weeks.⁸



⁵ UK Charity Quick Reads, Mar 18, 2014 <http://www.wired.com/2014/03/ebooks-read-more/>

⁶ <http://www.worldreader.org/blog/new-study-shows-e-readers-help-children-learn-to-read/>

⁷ Please refer to for information regarding the e-book bag pilot project in the PRC. <http://video.xinhua08.com/a/20120905/1015915.shtml> : Please refer to for information regarding the e-book bag pilot project in Russia. <http://goodereader.com/blog/electronic-readers/russian-educational-system-going-digital>

⁸ <http://www.cnet.com/news/first-all-digital-library-in-the-u-s-will-look-like-an-apple-store/>

Brand new life experience from the innovative applications of ePaper

In addition to the e-reader that has earned wide market acceptance, ePaper brings brand new smart life experience different from the past to the public for its comprehensive applications in new business or life domains. The Abbott Diabetes Care blood sugar tester is a good example. As deterioration of eyesight is a common symptom in diabetic patients, Abbott has chosen E Ink ePaper as the tester's display for its high legibility and low power consumption. Apart from enabling a larger screen, ePaper has high contrast and high legibility to benefit product users.

In addition, research found that excessive light contamination not only consumes more energy, harms the human and animal physical and mental health, and brings negative impacts to the ecosystem as well. Hence, many communities have established regulations to ban emitter displays. By exploiting ambient light sources based on the reflective display principle, the ePaper provides a timely solution for many governments and communities. Combining E Ink's EPD technology with digital signage also brings brand new visual experience to passers-by.

The intelligent drug box is another application developed for convenient life. Combing the energy-efficient, sturdy, durable, and readily legible characteristics of the E Ink ePaper with a temperature sensor, a timer, and an activator, intelligent drug boxes can detect ambient changes during delivery and storage to ensure drug quality and record the drug use schedule of patients. Besides helping patients to take medication as prescribed by the physician, the intelligent drug box can maintain a full drug use record and transfer the record to the remote health management system with wireless transfer technology to make telecare and cloud care a reality.



Abbott Diabetes Care blood sugar tester

Digital Signage



Intelligent Drug Box



Highlight Story

In 2015, E Ink, world-leading luggage maker RIMOWA, and Lufthansa co-announced the RIMOWA electronic tag to successfully combine the E Ink Mobius™ EPD, Lufthansa's digital check-in app, and Bluetooth technology to make luggage check-in easier and more convenient. The RIMOWA electronic tag not only reduces paper tag consumption but also makes luggage check-in much more convenient and safer and saves waiting time for passengers.

Statistics show that there were about 3.5 billion flight passengers in 2015, as most of them use smartphones, integrating digital technology with luggage check-in in a natural process. According to Bag2Go CEO Jan Reh, "To RIMOWA and Lufthansa, to set out the product standard for electronic tag is the prime mission to seamlessly convert analog technology to digital technology. The unique display characteristics of E Ink's ePaper make our ideas a reality. The screen size and appearance of the electronic tag are identical to the paper tag they use today. The digital information display on the electronic tag brings brand new convenient experience to travelers."



E Ink's ePaper has extremely high application potential in different parts of everyday life. In addition to the paper-like legibility and light weight, the ePaper has the flexible and versatile use as an electronic display. In particular, as the IoT is thriving, the ePaper can bring people huge convenience in everyday life covering food, clothing, housing, transportation, education, and entertainment.



Pushed by globalization and incessant technological advancement, we continuously develop comprehensive product applications for EPD to keep closer to our everyday life and create a smarter and more convenient lifestyle for the public. Even when hardware evolves rapidly, E Ink will continue to create brand new experience and provide smart life solutions with the EPD for its great legibility, energy efficiency, and flexibility in order to contribute to health, energy saving, and environmental protection and pursue sustainable development for Earth.

E Ink is omnipresent in future life



Credits and Honors of Key Products

With fruitful achievements in the development of ePaper technology and products, E Ink has won numerous awards at home and abroad over the years. For example, we won the "Best Technology Award" at 2015 Gold Panel Awards with the WPT EPD which achieves wireless data transfer with the latest low-voltage driven ePaper technology and makes batteryless a reality with the ultra low power consumption. The WPT EPD also supports NFC and UHF applications to expand the scope of ePaper applications and market.

In addition, we won the CES Best of Innovations Award at CES 2016 with the Joan Meeting Room Assistant, a meeting room scheduling solution co-developed with Visionect, for our expertise in product design and system integration which fully demonstrates E Ink EPD's exceptional energy efficiency to significantly reduce the environmental impact of electronic products, and for the Joan Meeting Room Assistant's outstanding performance in the Eco-Design and Sustainable Technology category.

The E Ink Spectra™ tri-color EPD is the key unveiling the color ePaper technology. Developed with E Ink's exclusive microcup technology process and combining with outstanding process integration technology, the E Ink Spectra™ is the world's first tri-color EPD ready for mass production. The E Ink Mobius™ flexible EPD uses plastic substrates to reduce weight to half of models using glass substrates. In addition to being lightweight and sturdy, it can be curved and rolled to significantly reduce the change of breaking of displays, reduce electronic waste, and enhance use safety. Therefore, the E Ink Mobius™ flexible EPD is the most eco-friendly display on Earth. Both products were recognized by the 2016 Taiwan Excellence Awards.

With leading technology, excellent products, and mature mass-production capacity, we continuously and steadily provide products and services. Out of pragmatism and faith in our products, we never exaggerate or mislead the public or willfully hide things from or swindle consumers in sales and marketing advertisements. In addition, we have never produced disputed products or products banned from sale in other places. In 2015, no incident of non-compliance with laws and regulations resulting in a fine or penalty due to the provision and use of our products and services was reported.

- The E Ink WTP EPD won the "Best Technology Award" at 2015 Gold Panel Awards.
- The E Ink Spectra Three Pigment EPD won the 2016 Taiwan Excellence Award.
- The E Ink Mobius Flexible EPD won the 2016 Taiwan Excellence Award.
- The Joan Meeting Room Assistant, a meeting room scheduling solution co-developed between E Ink and Visionect, won the CES Best of Innovations Award at CES 2016.
- E Ink Chairman and CEO Frank Ko (right) was invited to the ribbon cutting ceremony at Touch Taiwan 2015 and received the "Best Technology Award" at 2015 Gold Panel Awards. From Economics Minister John Chen-Chung Deng.

3.3 Supply Chain Cooperation

We purchase most raw materials, parts, accessories, machines, and equipment for producing ePaper and LCD panels overseas. To strengthen business competitiveness, promote local economic development, and practically implement green procurement, we have been aggressively supporting local suppliers through co-design and co-development in order to improve their production techniques, technical standards, and product quality. Apart from turning them into our stable supply sources and increasing our local procurement, we aim to promote the overall development of the optronics industry. In 2015, we launched cooperation with large touch panel suppliers in Shenzhen to co-develop large-size interactive displays and with optical film suppliers in Taiwan to increase the number of suppliers. To cope with the display demand of aviation and home control, we have added high hardness protective glass and special printing supplied by qualified local suppliers to work out the ideal of local co-prosperity.

In Taiwan, our major sales locations include Taiwan's Hsinchu Science Park and SiPix Technologies, an E Ink subsidiary located in Hwa Ya Technology Park (HYTP) in Linkou. In China, our major production base is located in Yangzhou City, Jiangsu Province. EPaper and LCD panels are our core products. In addition to the own manufactured LCD panels and FPLs, we also need other key parts and components, including optical glass, TFT driver ICs, touch panels, light bars, optical clear adhesives, optical films, FPCs, various electronic grade chemicals, and various other raw materials, parts, and accessories, to manufacture ePaper or LCD panel modules. Therefore, suppliers have always been our major partners. In addition, 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.

Proportion of Local Procurement in 2015

Item	Materials		Parts and Accessories		Machines and Equipment		Total Purchase	
	Taiwan	China	Taiwan	China	Taiwan	China	Taiwan	China
Local procurement amount (NT\$1,000)	1,691,365	299,473	14,886	3,669	52,142	612	1,758,393	303,754
General procurement amount (NT\$1,000)	2,914,132	2,319,535	21,538	5,629	55,310	652	2,990,980	2,325,817
Percentage of local procurement amount (%)	58.04%	12.91%	69.12%	65.17%	94.27%	93.77%	58.79%	13.06%
Number of Supplier	Taiwan	China	Taiwan	China	Taiwan	China	Taiwan	China
Number of local procurement suppliers	117	31	95	17	58	3	270	51
Total number of local procurement suppliers	151	68	106	31	62	4	319	103
Percentage of procurement from local suppliers (%)	77.48%	45.59%	89.62%	54.84%	93.55%	75.00%	84.64%	49.51%

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

Supplier Environmental Assessment

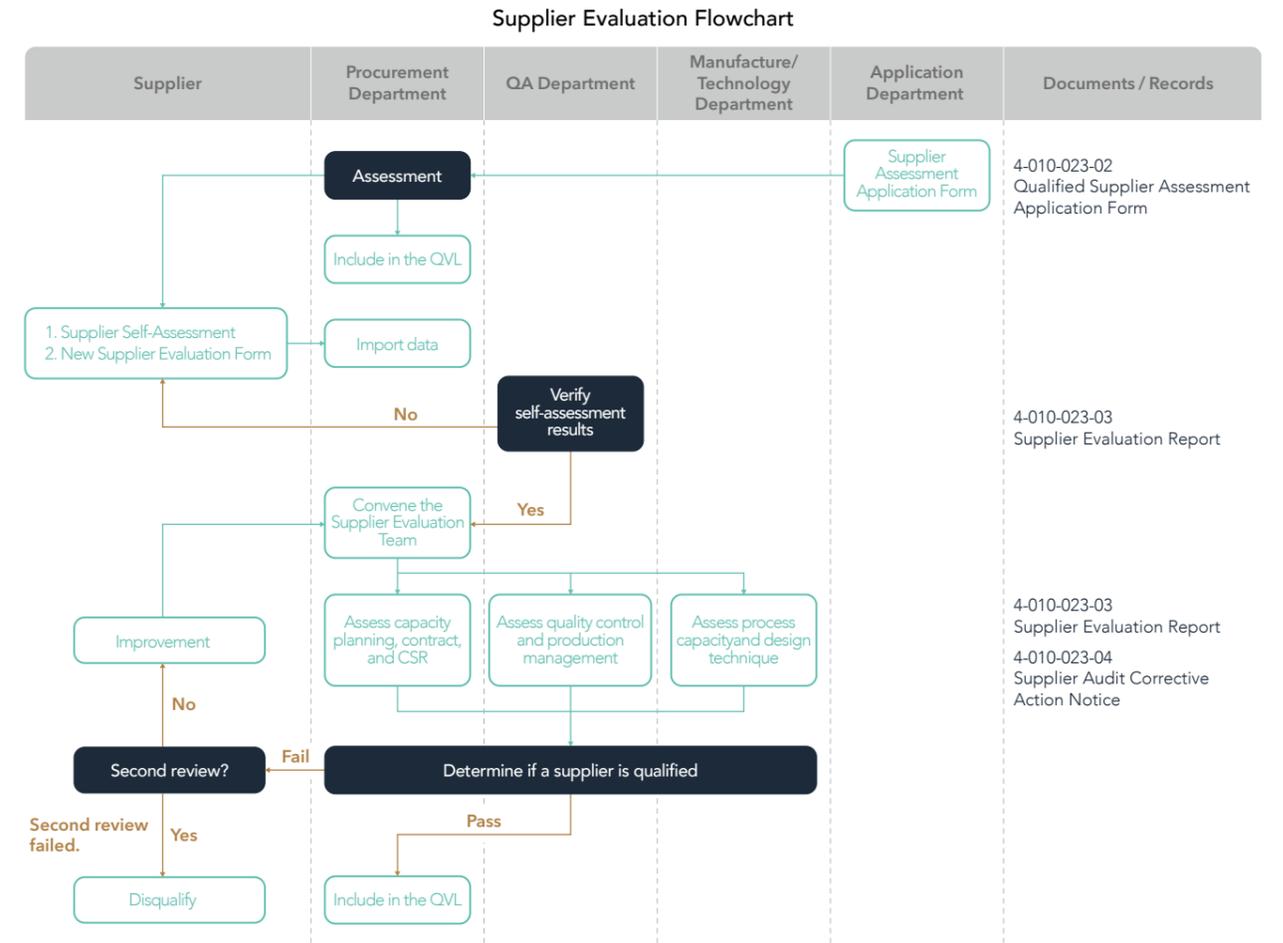
First, we request suppliers to supply products that comply with the Level 1 requirements set out in SONY SS-00259 Management Regulations for the Environment-Related Substances To Be Controlled Which Are Included In Parts and Materials; to make commitment on no use of conflict minerals; and enforce recovery and recycling of packaging materials. For example, hiring recycling plants to recover and recycle plastic packages into secondary materials for use in plastic packages to achieve resource recycling and waste reduction. In machines, equipment, and instruments, we request suppliers to supply products that comply with radiation testing standards. To ensure that the requirements and standards for green products and environmental stewardship are effectively implemented in procurements and transactions, we explicitly include relevant requirements in the remarks and points for notice in each purchase order as part of the trading terms to provide a dependable reference for E Ink and suppliers.

In new supplier selection, we set ISO 14001 certification as a prerequisite to assess the environmental impact control of suppliers. We also conduct on-site inspections at new suppliers with relevant departments as necessary to ensure if they have established, implemented, and maintained an environmental management system and if on-site operation complies with the legal requirements for environmental management.

In 2015, we did not disqualify new and existing suppliers for significant environmental impacts.

Supplier Evaluation Process

At E Ink, we have established a complete set of procedures for supplier evaluation to select quality suppliers through these procedures in order to fulfill our requirements for production and business operations.



Supplier Human Rights Assessment

We abide by the requirements in the "Standard and Code of Supplier Responsibility" of world-class customers, therefore, we also request upstream suppliers to comply with the same requirements. In addition, we make large posters to express our care for supplier human rights and explicitly indicate our determination to ban child labor, discrimination, and forced or compulsory for people within and outside of the organization to understand the exact items and approaches of indicators in the human rights sub-category.

In September 2015, we even added the criteria for human rights assessment in the New Supplier Evaluation Form to directly link human rights performance with supplier selection. In the future, we will explicitly disclose in the Supplier Evaluation Form the non-compliance with human rights resulting in a fine or penalty by local labor affairs unit of suppliers during the periodic screening or rating of suppliers.

In 2015, we did not disqualify any new and existing suppliers for non-compliance with labor human rights.

Supplier Labor Practices Assessment

While the occupational safety and basic education and training of suppliers' employees will directly affect the stability of supply and quality of products, we keep reminding suppliers that labor-management harmony is the only way to ensure quality operations and request them to comply with the labor requirements of local governments in all kinds of interaction with suppliers.

Either screening new suppliers or rating existing suppliers, occupational safety management framework, basic education and training, and on-site work environment of suppliers have always been our key and required rating items. By sending suppliers the Supplier Evaluation Report, we aim to continuously remind suppliers of the importance of occupational safety in order to reduce the safety risk of suppliers and thereby secure the quality of products supplied. In September 2015, we have added the items for supplier labor practices assessment as the required items for new supplier selection and request suppliers to arrange occupational safety and duty-related education and training for employees to ensure their employees are equipped with skills adequate to carry out their duties and safety awareness.

In 2015, we did not disqualify any new and existing suppliers for non-compliance with labor practices.

Supplier Assessment for Impacts on Society

We abide by the requirements for ethics and integrity of world-class customers, therefore, we also request upstream suppliers to comply with the same requirements. In addition, we make large posters to express our care for supplier anti-corruption and incessantly raise the ethical standard of suppliers.

To set a high ethical standard, we have especially established the "Clean Transaction Commitment" for all suppliers to clearly understand our standard and principle. In the commitment, we specifically define the scope of related party and undue or improper advantage to avoid any grey zones. In the remark column of every purchase order, we concisely mark the grievance methods to extend the concept of anti-corruption to each transaction.

In September 2015, we even added the criteria for impacts on society assessment in the New Supplier Evaluation Form. In the future, we will explicitly disclose the negative impacts on society (such as corruption, fraud, and monopoly) of suppliers in the evaluation form in the periodic screening or rating of suppliers. Such results will also be the reference for transactions and audits of respective suppliers.

In 2015, we did not disqualify any new and existing suppliers for non-compliance with impacts on society.

Supplier CSR Audit Items

Category	Audit Items
Environmental	<ul style="list-style-type: none"> Environmental management system and relevant certification Management, education, training, and audit of environment-related substances to be controlled in products Fines or penalties resulting from non-compliance with environmental regulations. Impacts on local environments Waste management Environmental and quality management policies
Labor Practices	<ul style="list-style-type: none"> Status of implementation of occupational safety training Status of implementation of work-related training
Human Rights	<ul style="list-style-type: none"> Non-compliance with freedom of association and collective bargaining Compliance with local overtime work regulations Ban child labor Establishment of codes for non-discrimination
Impacts on Society	<ul style="list-style-type: none"> Clean Transaction Commitment Internal grievance mechanisms

Results of 2015 Supplier Audit

Year	Supplier Type	Environmental Assessment	Human Rights Assessment	Labor Practices Assessment	Assessment for Impacts on Society
2015	Number of New Suppliers	3	3	3	3
	Number of Existing Suppliers	6	6	6	6

Supplier Feedback Channels

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

3-4 Quality Persistence

Quality Policies

We have passed ISO9001 and ISO/TS 16949 quality system certification and have established respective quality management systems (QMSes) accordingly within the organization. We have also implemented quality management based on the PDCA cycle as specified in these QMSes to ensure product quality and fulfillment of customer requirements. After establishing quality policies and objectives with regard to the framework of these QMSes, we implemented them throughout the organization for all employees to understand and follow relevant regulations in order to provide customers with quality products and services.

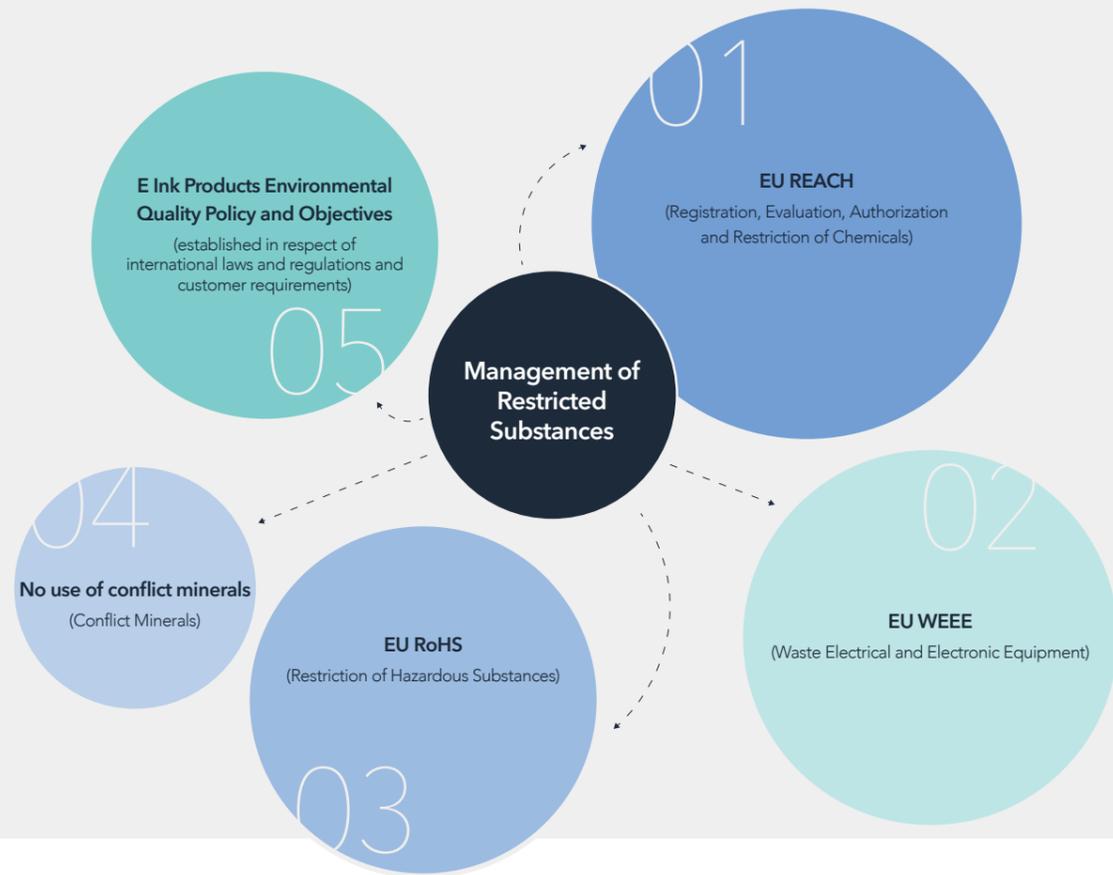


Management of Restricted Substances

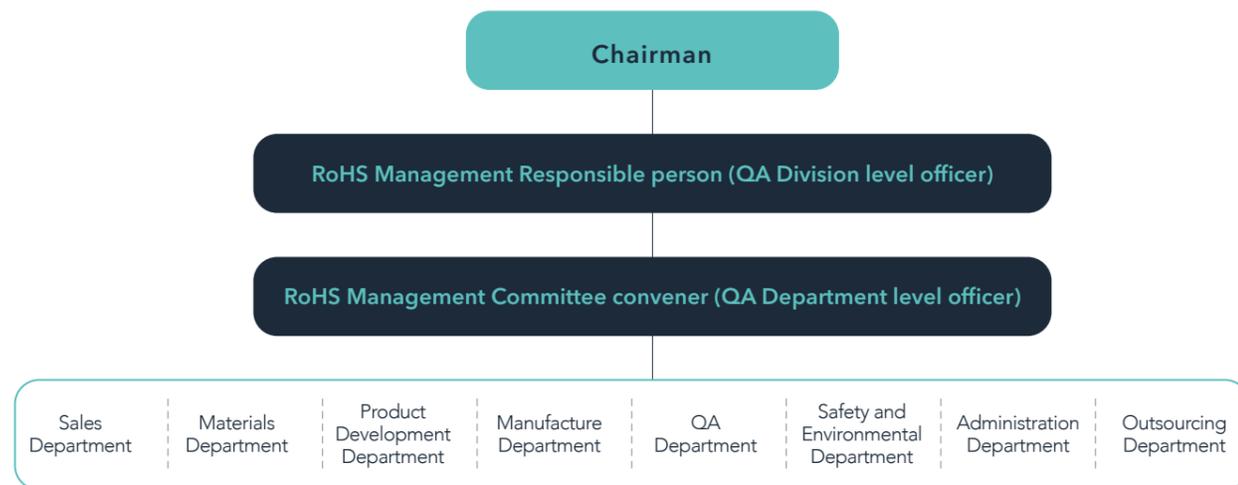
To ensure the parts, raw materials, packing materials, and components we use on products do not contain environment-related substances to be controlled in products; to comply with current laws and codes; to meet customer requirements; to protect Earth and the environment, and to reduce impacts on ecosystems, we request suppliers to supply materials that comply with our environmental and quality policies right at the beginning of development of new parts and components for products.

Product Environmental Quality Policy

- To optimize and promote the product environmental quality assurance organization and earnestly maintain and improve product environmental quality.
- To abide by environment-related laws, regulations, protocols, and customer requirements and implement total quality management on materials, parts and secondary materials used on products from product design, material procurement, product manufacture, and shipping to ensure products contain no environment-related substances to be controlled in products as requested by customers.
- To comply with the customer's product environmental quality requirements by establishing a product environmental assurance system for all processes, covering product design, procurement, material warehouse management, manufacture, and finished product warehouse management.
- To add the operating quality assurance system to the product environmental quality management system and establish countermeasures as the scope of implementation of quality assurance.
- To verify the product environmental quality system through internal audits in order to make continual improvement of the management system.
- To improve the employee's awareness and support of product environmental quality and support activities for product environmental quality assurance.



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



By operating the above well-established restricted substances and product environmental quality systems, we are capable of providing customers with quality green products and to contribute to Earth and the environment.

Customer Health and Safety

In customer health and safety, as our products are electronic parts and components, we will conduct final inspections on products before shipping. These inspections include the vision inspection of package completeness, product damage, and foreign objects. In doing so, we aim to prevent customers from injuries while removing products from the package. We also put the “Fragile,” “RoHS,” and carton recycling labels and symbols on the package for effective identification of product characteristics. Furthermore, we design electronic products complying with respective product safety test and certification requirements (e.g. UL safety certification) at the customer’s product safety certification requests as practiced in the electronics industry in order to ensure the life and property safety of consumers while using the terminal products assembled by customers with our products. In 2015 no incident of non-compliance with regulations and voluntary codes in product labeling was reported.



Customer Satisfaction

We fully understand that customer demand and satisfaction are the key to business operations. Therefore, we provide quality customer service and maintain sound customer relationships to boost sales achievements. In addition, through close and complementary interaction with customers, we aim to improve operational performance for both parties. At E Ink, we are committed to ensuring customer satisfaction with our products and services through high-quality management, process planning, continuous review, continual improvement, passage of relevant inspections and certification, and follow-up of customer satisfaction.

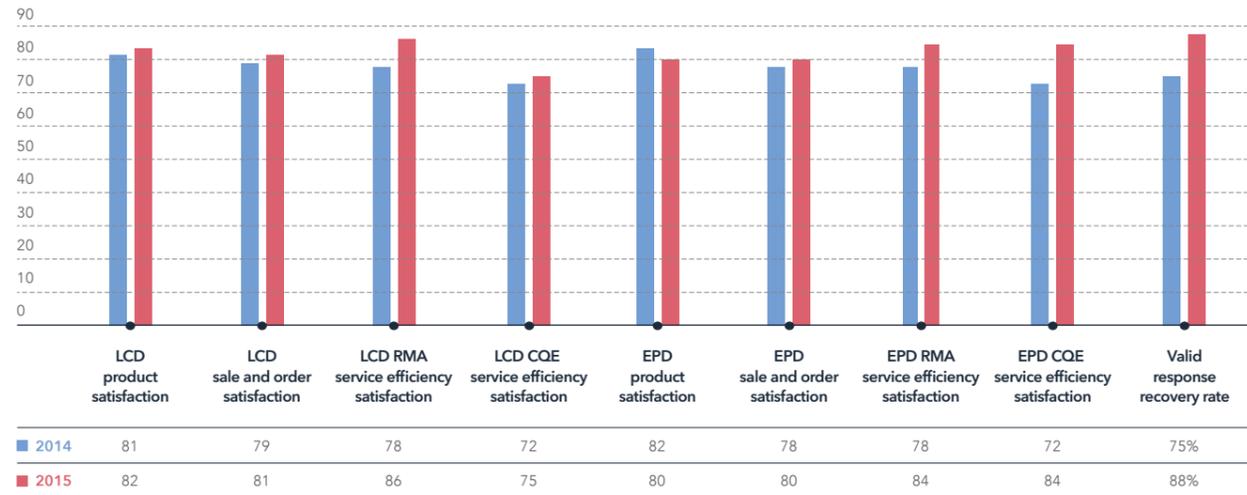
In customer satisfaction, we have been voluntarily promoting total customer satisfaction. Therefore, we conduct a customer satisfaction survey every year with items covering four main dimensions: “product satisfaction,” “sale and order delivery satisfaction,” “RMA service efficiency satisfaction,” and “COE service efficiency satisfaction.” We also survey customer satisfaction by product type: LCD and EPD.

Four Dimensions of Customer Satisfaction Survey

Product Satisfaction	Sale and Order Delivery Satisfaction	RMA Service Efficiency Survey	COE Service Efficiency Survey
1.1 Does the electronic design meet your requirements?	2.1 Punctuality of delivery	3.1 Efficiency of the repair, return, and handling of RMA items	4.1 Preliminary response to customer problems
1.2 Does the mechanism design meet your requirements?	2.2 Quantity accuracy of delivery	3.2 Charge for the repair of RMA items	4.2 Corrective and preventive actions for quality problems
1.3 Does the package design meet your requirements?	2.3 Flexibility of delivery time	3.3 Satisfaction with RMA service	4.3 Handling efficiency of customer requests
1.4 Does the technical support meet your requirements?	2.4 Delivery documents		4.4 Handling attitude of customer requests
1.5 Do E Ink’s product specifications meet your product design requirements?	2.5 Price competitiveness		4.5 Satisfaction with overall service
	2.6 Service attitude of sales staff		
	2.7 Sample provision and support		

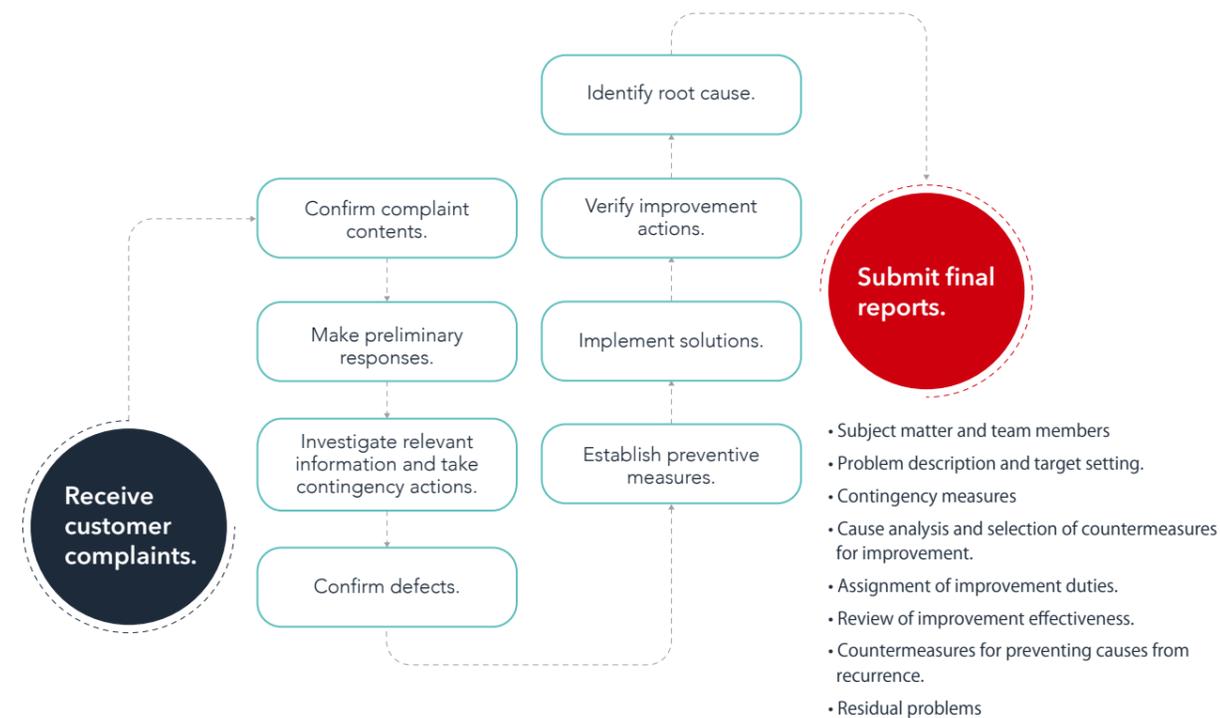
After receiving the response to our customer satisfaction survey form from customers, we immediately analyze data concerning customer satisfaction, compliance with product requirements, the characteristics and trend of processes and products (including preventive actions), and suppliers; locate the main trends related to customers and their correlations; and make decisions and long-term planning after reviewing and improving the present condition. As the valid response rate of the 2015 survey is 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.

The table below shows the results of the customer satisfaction survey of the past two years. Compared to 2014, customer satisfaction in 2015 tends to rise, in particular satisfaction with RMA and CQE service efficiency rose the greatest. Although satisfaction with EPD products fell slightly, the score kept at 80.

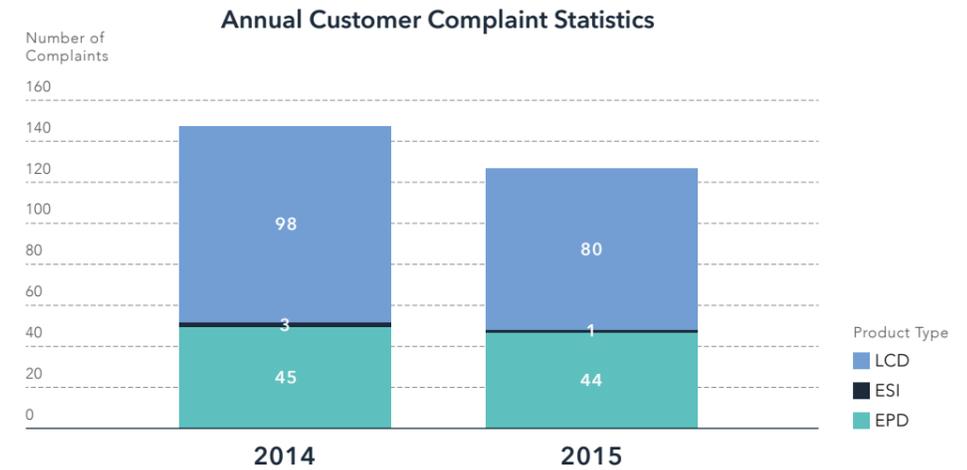


Response to Customer Feedback

At E Ink, customer satisfaction with our products and services is extremely important to us. Aside from surveying customer opinions with the said customer satisfaction survey, we arrange business visits on, hold business meetings with, send emails to, or make calls to customers from time to time to ask for feedback and make immediate management and responses to their feedback.



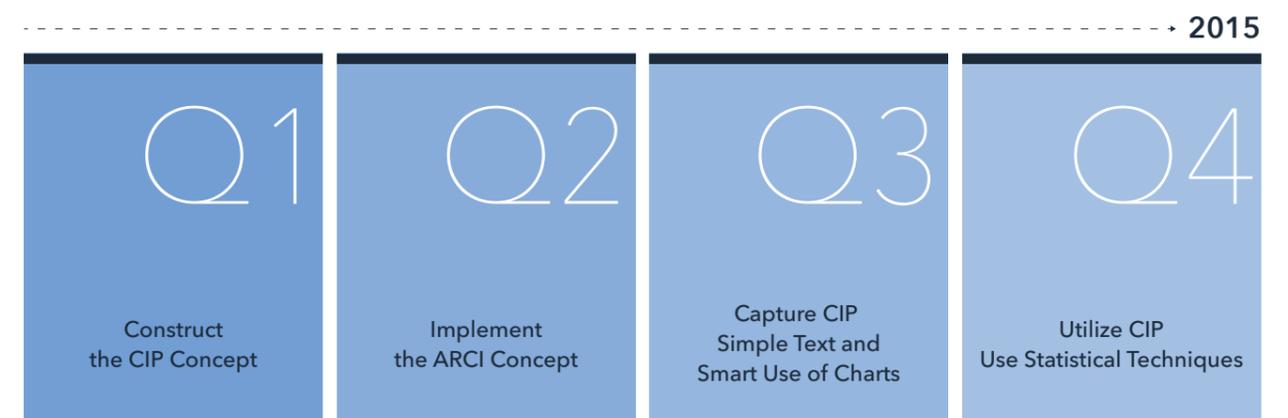
In 2015, we received 125 customer complaints, 21 complaints less than in 2014. The final report of all complaints has been completed.



Continuous Improvement of Production Performance

Apart from making reference to customer feedback and promoting various product quality improvement programs, we have implemented the ARCI concept: accountable, responsible, consult, and inform to 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.

In 2015, Yangzhou Plant implemented the continual improvement plan (CIP) to encourage employees to voluntarily find problems and possible solutions in the production process. Every quarter, the plant selected outstanding proposals and commended their proposers and drew up action plans. In 2015, Yangzhou Plant received 109 proposals, and the result was outstanding.



DEVOTION TO TALENT DEVELOPMENT



4-1 People Centered

Respect for Human Rights

Apart from abiding by the Labor Standards Act and relevant laws and regulations, we are committed to respect for human rights in our “Code of Business Conduct” in the employment, management, and development of employees.

E Ink Code of Business Conduct

Non-discrimination

- Abide by the Labor Standards Act and relevant laws and regulations.
- Committed to not engaging in discrimination based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, or marital status in hiring and employment practices such as wages, promotions, rewards, and access to training. All these should be based on the work capacity of employees.

No Forced/Compulsory Labor

- Abide by the Labor Standards Act and relevant laws and regulations.
- Committed to, declare, and enforce freely chosen employment. Employees can exercise their rights to terminate the employment contract in accordance to the Labor Standards Act.
- Prevent forced labor by the internal audit system.

Workplace Harmony

- Establish the “Measures and Regulations for the Prevention, Grievance, and Punishment of Sexual Harassment” to build a harmonious work environment.
- Not force or allow employees to take biased medical examinations.

No Child Labor

- Abide by the Labor Standards Act and relevant laws and regulations in the employment, management, and development of employees.

Labor-Management Relations and Communication

At E Ink, talents are the most important corporate assets. Therefore, labor-management relations are extremely important to us. The pursuit of labor-management harmony is the main drive to achieve corporate growth, and building internal consensus and achieving organizational coherence through various, unimpeded labor-management communication channels even benefit the establishing of our corporate culture: One Team, One EInk.

To promote effective labor-management communication, 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.

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.

Intranet: MyEink

It is an exchange platform for communicating business philosophy and establishing corporate culture or publishing corporate news or announcements.

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 regularly every year for employees to openly and directly communicate with the management.

Labor Union (Yangzhou Plant)

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

Employee Suggestion Handling Process

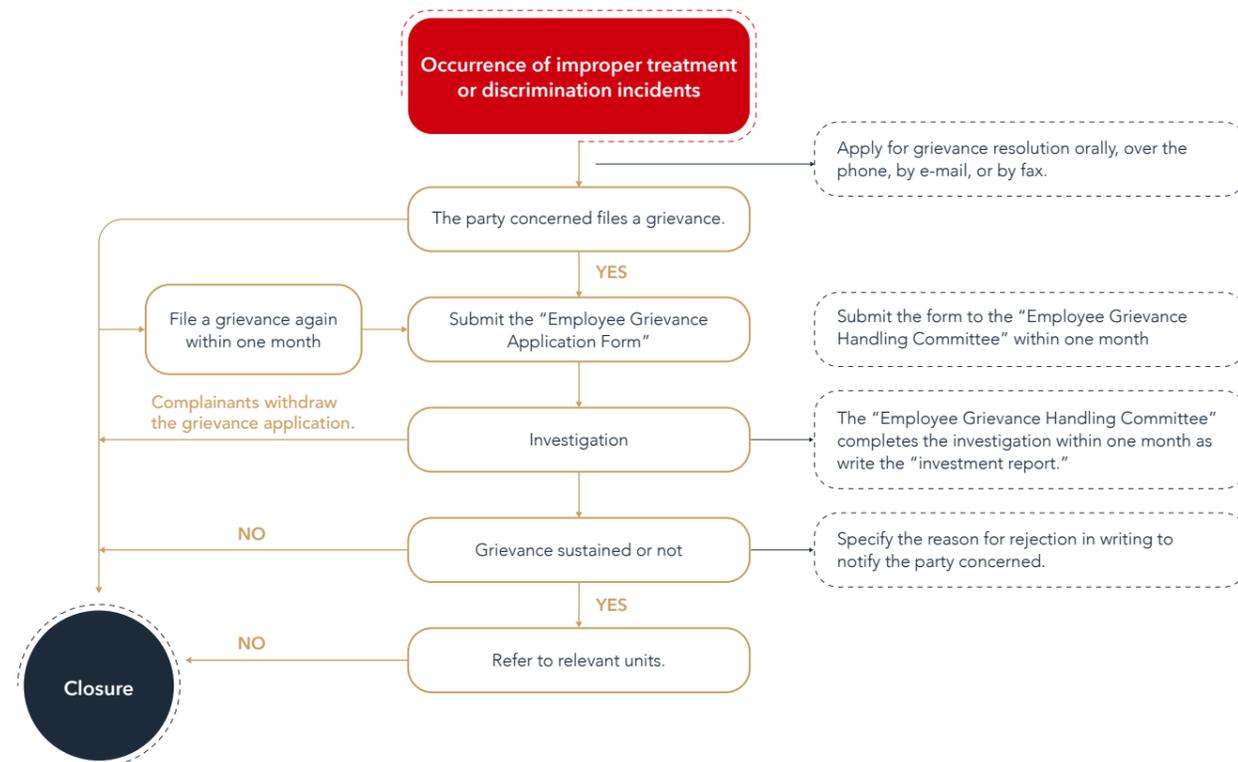


Meeting	Number of Proposals	Number of Closed Cases
Labor-Management Meeting	40	40
Employee Welfare Committee Meetings	12	12
Seminars with Direct Production Workers	20	20
Seminars with Indirect Production Workers	2	2

Employee Grievance Mechanisms

In addition to the above communication channels, we have established additional channels for grievances concerning labor practices for employees to grievance more comfortably. These channels include oral reporting, telephone reporting, and president's mail. After filing a grievance, employees will need to submit the "Employee Grievance Application Form" to start the grievance procedure. For grievances regarding sexual harassments, we will hold a Sexual Harassment Grievance Handling Committee meeting to address each such grievance.

Employee Grievance Flowchart



Handling Sexual Harassments

To effectively handle all sexual harassment grievances and reliably protect the rights and interests of complainants and the accused, we have specifically established the Sexual Harassment Grievance Handling Committee (SHGHC) to take charge of the grievance, investigation, and resolution of sexual harassments.

When holding a committee meeting, SHGHC may notify the victim (or complainant) or related parties to testify at the meeting. SHGHC may also invite people with relevant knowledge and experience to give assistance.

Member of the Sexual Harassment Grievance Handling Committee

- The HR head shall be the committee chief.
- Plant managers, division heads, or officers of higher ranks shall be committee members.
- Auditing staff shall be committee members.
- Female committee members shall be no less than half of all committee members. When there are insufficient female committee members, the committee chief may appoint appropriate female committee members.

Incidents of Non-Compliance with Labor Regulations

The table below shows the incidents of non-compliance with labor regulations. In November 2015, we were fined by the Department of Labor Affairs of the Taipei City Government for violation of the Employment Service Act. We have made an official apology for misuse of the foreign worker quota. In the future, we will reinforce employee training and foreign worker quota management to comply with the government regulations. Although others are minor offenses, we will draw up improvement plans to prevent their recurrence.

Offense	Frequency	Amount of Fine (NT\$)	Improvement Plan
Failure to report insurance salary as net.	1	13,816	We will report the adjustment of insurance salary every February and August by the law.
Limitation of extended working time.	2	40,000	We will supply statistics on employee attendances for unit heads to make adjustments when there are anomalies.
Failure to report the withholding statement by the deadline.	1	10,000	We will immediately report withholding statements each time after completion to prevent omissions.
Violation of the Employment Service Act.	1	750,000	We will reinforce employee training and foreign worker quota management to comply with government regulations.

Labor-Management Topics of Hydis

While LCD manufacturers keep launching new-generation production lines, the overall capacity of the industry became excessively higher than needed, and manufacturers with earlier generation production lines were forced to close as a result. As the manufacturing cost of the 3.5 generation production line of Hydis, our South Korean subsidiary, was excessively high which made product prices uncompetitive, Hydis' board of directors thus shut down the production line on March 31, 2015, according to local laws and regulations. Apart from distributing a statutory redundancy pay to employees according to the law of South Korea, the Hydis management team offered them a retirement plan and education allowance significantly higher than that of competitors to minimize the impact from this significant change in operations. Although Hydis' labor union kept making protests against the management decision and filed an undue discharge grievance against Hydis to the Regional Labor Relations Council (RLRC) of Gyeonggi Province and the Central Labor Relations Council (CLRC) of South Korea, both RLRC and CLRC overturned the grievance and made decisions favorable to Hydis as Hydis made the closure resolution and implement the closure process in compliance with the law of South Korea and did not constitute an undue discharge as claimed by the labor union.

2015

- **03/31** Hydis of South Korea closed officially
- **05/26** E Ink made a statement to explain Hydis' closure decision.
- **06/10** E Ink held a press conference to explain the protest of Hydis employees in Taiwan.
- **07/30** The RLRC of Gyeonggi Province confirmed that Hydis' closure did not constitute an undue discharge.
- **11/30** The CLRC of South Korea confirmed that Hydis' closure did not constitute an undue discharge.

4-2 Management Overview

2015 Employee Distributions (by December 31, 2015)

Employment Type	Taiwan (Hsinchu Plant and Linkou Plant)			China (Yangzhou Plant)		
	Male	Female	Subtotal	Male	Female	Subtotal
Official Employees	530	465	995	610	651	1,261
Contract Employees	2	7	9	5	3	8
Total	532	472	1,004	615	654	1,269
Employment Type	Executives		Subtotal	Non-executives		Subtotal
Official Employees	102	902	1,004	27	1,242	1,269

*Executives are managers or officers of higher levels.

In addition, we respect the right of employment for people with disabilities and abide by Taiwan's laws and regulations. In 2015, we hired visually impaired masseurs at a proportion greater than the statutory requirements. Currently, we have hired six full-time masseurs with severe visual impairment.

Number of New Official Employees

	Gender		Age				Total	Ratio of New Official Employees
	Male	Female	30 and under	31-40	41-50	51 and over		
Taiwan	65	94	60	73	25	1	159	16%
Yangzhou, China	267	845	1,035	69	8	0	1,112	88%
Total	332	939	1,095	142	33	1	1,271	56%

Number of Resigned New Official Employees

	Gender		Age				Total	Turnover Rate of New Official Employees
	Male	Female	30 and under	31-40	41-50	51 and over		
Taiwan	17	18	18	14	3	0	35	22%
Yangzhou, China	196	708	832	66	6	0	904	81%
Total	213	726	850	80	9	0	939	74%

Number of Resigned Official Employees

	Gender		Age				Total	Turnover Rate of Official Employees
	Male	Female	30 and under	31-40	41-50	51 and over		
Taiwan	133	120	104	112	31	6	253	25%
Yangzhou, China	477	1,113	1,484	86	19	1	1,590	126%
Total	610	1,233	1,588	198	50	7	1,843	82%

The turnover rate is comparatively high for three main reasons: the turnover rate includes employees who did not complete probation; Chinese employees often return to their hometown for the Chinese New Year; and some of them would find another job after the Chinese New Year.

Statistics on Parental Leave of Absence

	Taiwan					Yangzhou, China				
	Male		Female		Total	Male		Female		Total
	Direct production workers	Indirect production workers	Direct production workers	Indirect production workers		Direct production workers	Indirect production workers	Direct production workers	Indirect production workers	
A: Number of applicants for parental leave of absence in 2015	4	7	0	3	14	0	2	0	0	2
B: Number of employees applying for reinstatement in 2015	3	8	1	2	14	0	1	0	0	1
C: Actual number of employees reinstating in 2015	0	4	1	2	7	0	1	0	0	1
D: Number of employees who should reinstate in 2015 applying for leave extension	2	2	0	0	4	0	0	0	0	0
E: Number of employees reinstating in 2014 continuing service for one year	0	3	0	2	5	0	0	0	0	0
F: Number of employees reinstating in 2014	0	3	0	3	6	0	2	0	0	2
Reinstatement rate (%) = C / (B-D) x 100%	0%	67%	100%	100%	70%	-	100%	-	-	100%
Retention rate (%) = E / F x 100%	-	100%	-	67%	83%	-	0%	-	-	0%

In Taiwan, we hire members of the higher management locally. For Yangzhou Plant in China, except for expatriates from Taiwan, we hire as many locals as possible to be members of the management to effectively communicate and implement operational performance.

In employee recruitment, in addition to recruiting employees over the website and through campus recruitment activities, we began launching cooperation with local employment service station to diversify recruitment channels.

4-3 Heritage and Growth

Aiming to make continuous progress together with employees and shape a positive and improving work atmosphere and environment, employee education and cultivation are our main concerns. We also emphasize an organizational culture featuring innovation, discipline, and teamwork and value the efforts of each employee. Instead of the work of R&D, manufacture, or marketing department, we firmly believe that product sales are the outcome of the concerted efforts of all support units and employees. We also believe that new employees can optimize our system, bring new ideas, make products more creative, and turn the organization more energetic.

In 2015, we specifically emphasized "One Team, One E Ink" to not only adjust the organizational framework to global management, but also began organizing the global leader summit (GLS) for the head of our worldwide locations to discuss strategies to achieve the same goal based on focus (on core technology), simplification (of complicated things), and added value (for users).



Training Courses

To improve the quality and overall competitiveness of employees, we systematically plan training courses to realize the "One Team" concept and promote the "Accountability" culture. Besides inviting professional consultants to give lectures, we continuously promote and implement case study for employees to practice accountability in everyday work.



01 New Employee Training

- Company Profile
- Introduction to the Organizational Environment and Benefits
- Quality Awareness
- Introduction to the Document Control System
- General Safety, Health, and Hazard Communication

Taiwan: 1,512 man-hours
Yangzhou, China: 20,336 man-hours

02 Professional Skill Training

- Process Profile
- Problem Analysis and Decision-Making
- EPD Profile
- MD Design Concept
- T-wire & Multiplexer

Taiwan: 891 man-hours, seven categories of courses
Yangzhou, China: 1,256.5 man-hours, six categories of courses

03 Self-efficacy Training

- Internal Instructor Cultivation
- Presentation Excellence Techniques
- Negotiation Techniques
- Project Management
- Time Management
- Stress Management

Taiwan: 1,946.5 man-hours, ten categories of courses
Yangzhou, China: 260 man-hours, one categories of courses

04 Management Competency Training

- Work Management and Instruction
- Building A High-Performance Team
- Case Study
- Target Selection
- Performance Management

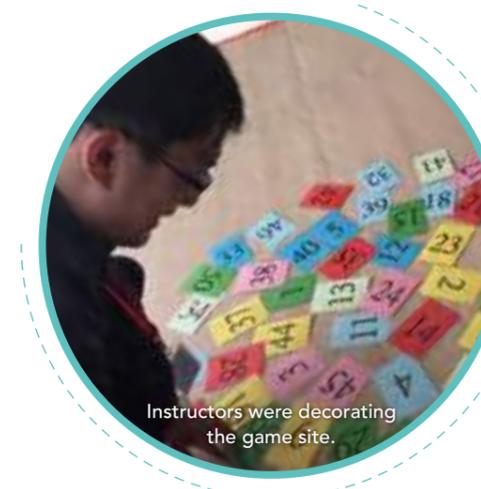
Taiwan: 1,988 man-hours, four categories of courses
Yangzhou, China: 2,566 man-hours, three categories of courses

In 2015, we opened 31 categories of courses. Total training length was up to 8,908 man-hours/year. (excluding new employee training)

In the future, we will continue to expand the scope of training based on the need of employee competency development, global trend, product development status, professional technology, self-efficacy, general education, and management competencies. In 2016, we plan to increase over 50 courses for Taiwan and Yangzhou plants to give employees opportunities to make progress in a broader scope.

Achievements of Education and Training in 2015

Average Education / Training Time (hours/person)		Taiwan				Yangzhou, China			
		Direct Production Workers	Indirect Production Workers	Executives	Non-Executives	Direct Production Workers	Indirect Production Workers	Executives	Non-Executives
Course Type	Classroom Training Courses	7.7	6.9	7.8	6.6	16.3	0.4	0	16.7
	External Training Courses	0	0.9	0.2	1.0	0.4	2.2	0.1	2.5
Average Length (hours)		7.7	7.8	8.0	7.6	16.7	2.6	0.1	19.2



4-4 Happy Workplace

Wages and Benefits

At E Ink, we built a friendly workplace with a good wage system, thoughtful benefits, and a quality environment for employees to balance well work and everyday life.

We emphasize an organizational culture featuring innovation, discipline, and teamwork and value the efforts of each employee. Based on local laws and regulations and market standards, we review our wage and benefit policies regularly to connect with the market. We also design a competitive compensation system competitive on the market based on the role and responsibility of employees in order to attract and retain outstanding talents.

We pay new employees better than the local minimum wage. Most importantly, we ensure equal remuneration for employees regardless of gender, ethnicity, religion, political affiliation, marital status, and union membership.

Upon 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.

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 own expense in order to extend coverage to their family. Apart from complying with the local minimum wage requirement, we salary employee according to their education attainments, expertise, and service length. We also give them competitive compensation based on the market standard in order to attract outstanding talents to join E Ink. Furthermore, we pay base-level employees better than the local minimum wage to enhance organizational competitiveness and improve employee's organizational cohesion.

Comparison between the Standard Wage of Base-Level Employees (Workers) and Local Minimum Wage	Item	Taiwan	China
	Male	1.6	1.1
	Female	1.7	1.1

In addition, to cope with the amendment made to the Company Act on May 20, 2015, we have amended the allotment source and priority of compensation for employees and remuneration for directors and supervisors to legitimize and rationalize their proportion in accordance with relevant laws and regulations.

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.

Benefits for E Ink Employees

Wage and Bonus System <ul style="list-style-type: none"> Reasonable wage structure Employee bonus and employee stock ownership plan Annual performance bonus Patent bonus 	
Thoughtful Benefit System <ul style="list-style-type: none"> Employee group insurance Employee health examination Travel insurance Occupational injury insurance 	<ul style="list-style-type: none"> Labor insurance and national health insurance
Medical Insurance and Healthcare <ul style="list-style-type: none"> Discount for E Ink products Allowance for wedding, funeral, etc. Employee cafeteria Birthday gift certificate 	<ul style="list-style-type: none"> Gift certificates/gifts for folk festivals Advance leave and special leave system Massage

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

E Ink Clubs

NO.	Name	Establishment time	NO.	Name	Establishment time	NO.	Name	Establishment time
1	Basketball Club	2005.06	7	Inline Skate Club	2012.06	13	Volunteer Club	2014.02
2	Table Tennis Club	2006.12	8	Ukulele Clubs	2013.04	14	English After Three (E.A.T) Club	2014.05
3	Yoga Club	2006.12	9	Tabletop Game Club	2013.06	15	Zen Club	2014.09
4	Badminton Club	2007.12	10	Craft Club	2014.01	16	Hiking Club	2015.04
5	Fishing Club	2008.02	11	Health Promotion Club	2014.01			
6	Photography Club	2011.05	12	X-Rock Climbing Club	2014.02			



Employee Family Day

By inviting employees' family to a carnival-like activity can enhance employees' organizational cohesion, stimulate their vigor, and display the cultural spirit of a large enterprise. The family day also enables to build family tie and feel the warmth of family together.



Happy Dragon Boat Festival

The president of Yangzhou Plant distributed dumplings to employees to appreciate their hard work.



Year-end Party

To extend appreciation to employees for their devotion over the year, we gather together at the end of every year to welcome the Lunar New Year.



4-5 Health and Safety

While employee safety and health are exceptionally important to us, we build a healthful, safe, and comfortable work environment, make continuous improvement of the work environment, and minimize the opportunity of incidence of occupational diseases. In addition, enterprises must put 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.

Since 2002, Hsinchu Plant and Yangzhou Plant passed OHSAS 18001 one after another. In 2010, Hsinchu Plant further passed TOSHMS certification (now CNS15506). Every year, we conduct external audit through external certification bodies to ensure the continuing effectiveness of our ESH system, occupational safety of employees, and smooth operation of the plant. In 2016, we will complete OHSAS 18001 certification for Linkou Plant.

Please refer to Chapter 5 Building A Green Environment for details regarding our ESH policy and ESH organization.



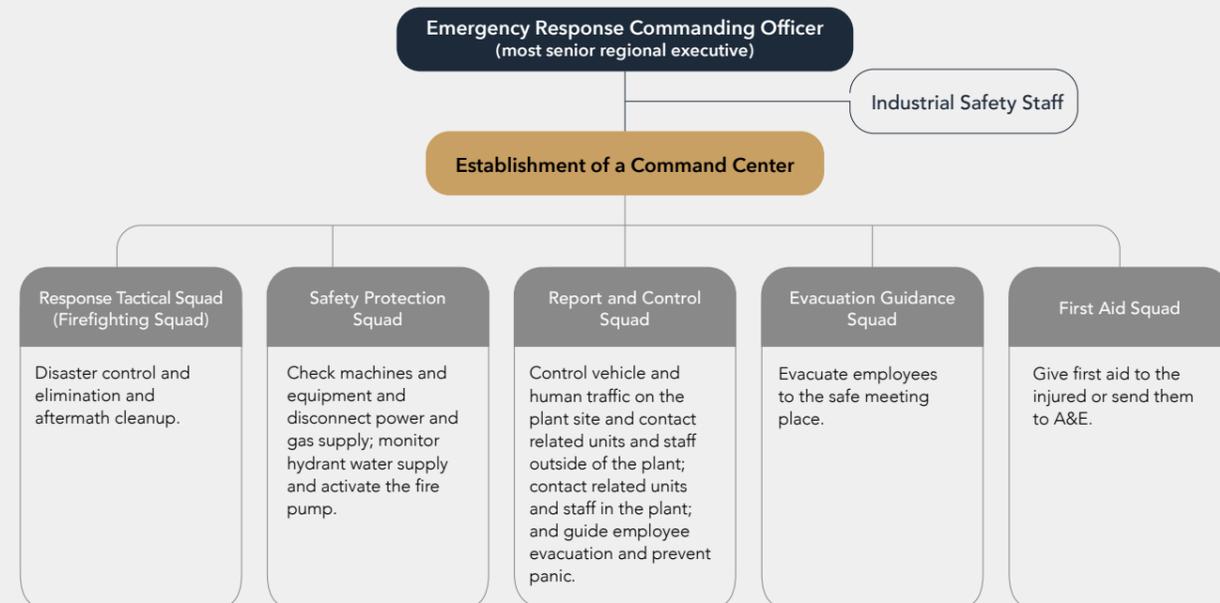
Based on relevant laws and regulations, we have established the Occupational Safety and Health Committee for sales locations in Taiwan. The committee holds a committee meeting every quarter. The Occupational Safety and Health Committee meeting is chaired by the plant director. Attendees include occupational 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 affairs relating to occupational safety and health, 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 2015, twenty labor representatives attended the Occupational Safety and Health Committee meeting, commanding at 58% of all attendees. Through the quarterly committee meeting, we review the plant's management approach, compliance, and effectiveness, aiming to build a good work environment for employees to work away from worries.



Emergency Response Process and Exercises

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

	Taiwan	China (Yangzhou Plant)
Production worker evacuation exercise	2	-
Exercise for fire emergency response and fire equipment use	3	15
Emergency response exercise for leakage of toxic gases/chemicals/gas	5	3
Food poisoning exercise	-	1



Statistics on Industrial Safety Incidents

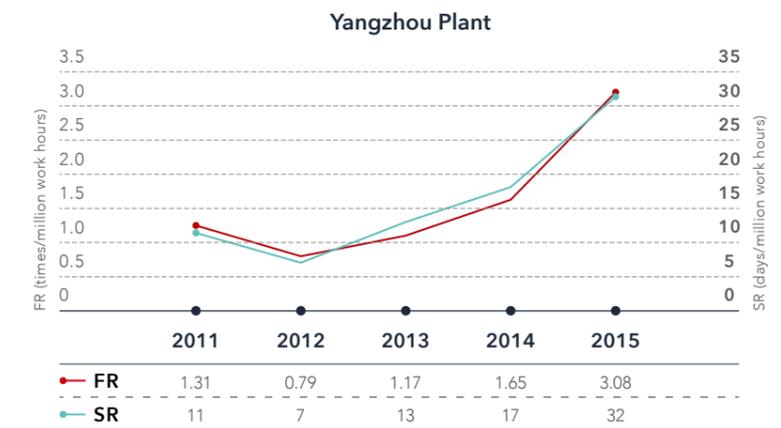
Incident Analysis (unit: count)

Region	Type	2011	2012	2013	2014	2015
Taiwan (Hsinchu Plant and Linkou Plant)	In-house	2	2	5	3	0
	Outside of plant (traffic accidents)	2	18	7	9	14
	Subtotal	4	20	12	12	14
China (Yangzhou Plant)	In-house	22	8	18	17	18
	Outside of plant (traffic accidents)	13	1	2	3	6
	Subtotal	35	9	20	20	24

From the above table, it is clear that most accidents in Taiwan between 2011 and 2015 occurred outside of the plant. In terms of accident type, most accidents outside of the plant were traffic accidents during employee commutation, while cut, pinch, and fall were the common in-house accidents. Traffic accidents were also the most common accidents out of the plant in China, while impact and fall due to operational negligence of employees were the common in-house accidents.

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 rate. In operational negligence, we will continuously reinforce equipment safety improvement, strengthen protective features, safe operation awareness education, and on-site management to reduce the frequency and severity rates of accidents.

In 2013, the disabling injury frequency rate (SR) soared as a result of a single accident that caused more days charged for disabling injuries. Therefore, FR reduced continuously in 2014 and 2015. In 2015, both FR and SR in Taiwan was zero, while they were 3.08 and 32 respectively in Yangzhou, China. We continuously arrange safety education for employees to raise their awareness of safety. In Q4 2014, Hsinchu Plant even challenged the "Zero Accident Work-Hours" to express their determination to eliminate occupational injuries. By the end of 2015, it has accumulated 2,493,145 zero accident man-hours.



$$FR = \frac{\text{Number of Staff Suffering Disabling Injuries} \times 10^6}{\text{Total Man-Hours Worked}}$$

$$SR = \frac{\text{Days Charged for Disabling Injuries} \times 10^6}{\text{Total Man-Hours Worked}}$$

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

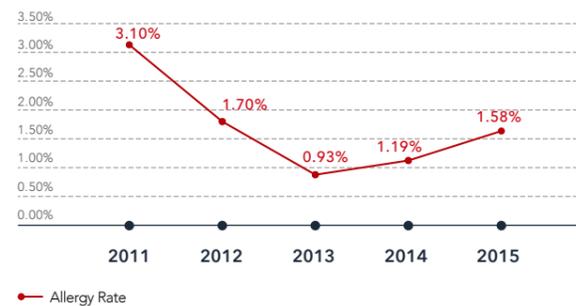
In addition, based on the tasks involving special health hazards as specified in the "Rules for Worker Safety Protection" in Taiwan, there are two tasks with special health hazards: ionizing radiation and lead. Therefore, we arrange special physical examinations for employees before hiring them for and 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. Besides caring for workers in the high risk group, we encourage all employees to participate in health promotion activities.

In China region, in addition to health examinations for potential occupational hazards (chemical substances, noise, and dust), as some workers may be allergic to chemical substances related to work, we implement allergy surveillance for workers working in departments involving chemical substances, and we also take actions to relieve their allergic symptoms.

Results of the Occupational Hazard Health Examination of Yangzhou Plant Employees			
Employees requiring examinations	455	Employees requiring follow-up	11 (chiefly due to ethanol and noise)
Employees having examinations	433 (95.2%)	Employees requiring re-check	5 (noise)

Allergy Survey Results of Yangzhou Plant

Results of Allergy Rate Survey in Yangzhou Plant 2011-2015



We surveyed the allergic symptom of employees having contact with chemical substances related to work with questionnaires, and allergy rate has been controlled to a certain range.

Major Controls

01. Improve process to reduce direct contact with allergens (chemicals)
02. Continuously educate employee the need to wash hands.
03. Provide protective gloves at points of use for workers to timely replace damaged gloves.
04. Conduct allergy surveys quarterly to keep track of the allergy condition.
05. Timely report allergy situation and draw up control measures.
06. Assess transfer possibilities for workers suffered from severe and recurrent allergy.

Work Environment Improvement

We plan rest areas, chairs, and adequate toilets inside each plant to make the work environment more comfortable for workers to relieve tiredness in order to enhance work efficiency and thereby prevent occupational accidents.

Work Environment Improvement: Case of Yangzhou Plant

01 Cleanroom shoes improvement: Thicker soles and additional mesh upper for employers to feel more comfortable.



Knee high cleanroom shoes

Cleanroom shoes with mesh upper. Workers feel more comfortable after the improvement.

02

We equip the plant with rest areas where there are chairs, recreational equipment, entertainment facilities, and massage gears. In addition, we allow employees to choose the music they want to listen at breaks to regulate their work tempo and appropriately relax themselves at work.



Highlight Story

Organic Dishes at the Employee Cafeteria of Yangzhou Plant

We equip Yangzhou Plant with an employee cafeteria. Besides offering employees free meals during working time, we especially require suppliers to provide organic dishes and design menus according to nutrition needs for employees to enjoy healthy and balanced diets. By doing so, we aim to take care of employees in all aspects.



To ensure that all organic dishes of the employee cafeteria are made of organic ingredients and hygienic, Yangzhou Plant implements hygiene inspections (through inspectors from local food supervisory authorities) by examining the ingredient examination reports of suppliers. The plant also examines ingredients and sterilize tableware every week for employees to enjoy safe, delicious, hygienic, and healthy foods.

Sources of Organic Ingredients



- 01 Organic farms supply all kinds of in-season vegetable.
- 02 National poultry and animal protection sources: Eggs of 120 days old free-range ducks from Taihu, residual medication free and pollution free certification.
- 03 Improve the environmental quality of farms, pork of humanely slaughtered pigs, residual medication free.
- 04 Beef of free range cattle only fed by grass from Kerqin Steppe in Inner Mongolia with organic and green certification.
- 05 Premium mutton of self-fed (36 Middle Mongolian herbs, such as wild onion and wild chive) free range sheep from Sonid Steppe, with organic certification.
- 06 Quality koshihikari rice and grain rice with organic certification.
- 07 Tofu made of soy with organic certification.



Ingredients must come from processing plants passing Hazard Analysis and Critical Control Point System (HACCP) certification as specified by the Food Safety Control System.

BUILDING A GREEN ENVIRONMENT



5-1 Eco-friendliness

ESH Policy

Environment Prioritization, Safety Supremacy, Total Participation, Sustainable Operations

In 1992, YFY founded E Ink in Hsinchu Science Park to specialize in the research, development, manufacture, and sale of EPD, TFT-LCD, and miscellaneous display technologies. Besides caring about employee safety and health and environmental topics, E Ink management firmly believes that environment, safety, and health (ESH) are the foundation of business operations. Furthermore, E Ink management agrees that by assessing ESH with appropriate tools, drawing up management plans, and enforcing them in routine operation and control to achieve safety operation and clean production are the key to sustainable operations.

To effectively promote and implement ESH management, we establish the ESH Management System Promotion Committee in Taiwan and the ESH Promotion Team in Yangzhou Plant, China, to take charge of ESH promotion, ESH communication and coordination among departments, and ESH management.

For these reasons, we are committed to make continual improvement to:

- 01 comply with local ESH-related laws and regulations, build a healthy and safe work environment, prevent occupational injuries and diseases, and realize corporate social responsibilities;
- 02 implement risk management and pollution control by administrators of all levels and all employees and encourage total participation through communication and coordination;
- 03 provide adequate and necessary education, training, and resources and introduce new international ESH concepts in order to improve the ESH awareness and ESH management performance of employees;
- 04 research and develop new processes and use new equipment, new materials that pass ESH assessments to minimize hazards, risks, and environmental impacts;
- 05 manage hazardous chemical substances in compliance with international protocols and customer requirements to follow global environmental trends and enhance organizational competitiveness;
- 06 reinforce process waste reduction, energy saving, risk control, and hazard prevention to improve ESH performance;
- 07 conduct GHG inventories and verifications in compliance with international standards and take effective controls to minimize GHG emissions; and
- 08 uphold balanced ESH and organizational development to achieve sustainable operations.

Since 2002, all E Ink plants passed ISO 14001 certification. Further in 2005, Hsinchu Plant and Yangzhou Plant obtained the Verification Statement of Greenhouse Gas Assertions through ISO 14064-1 GHG inventory and passing external verification. Although Linkou Plant is not an EPA-required GHG inventory plant, it began voluntary GHG inventory and external verification since 2015 to more accurately assess the possibility of energy saving and emissions reduction within the organization.

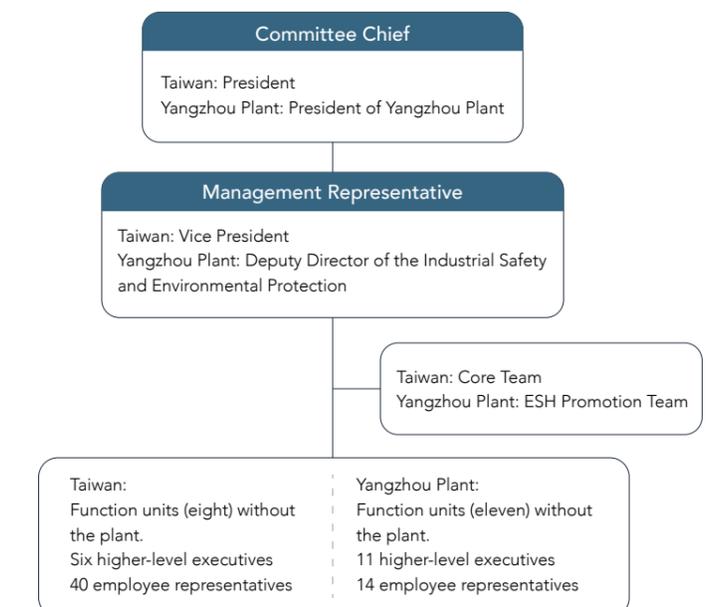


Environmental Grievance Mechanisms

For environmental grievance mechanisms, compliance with local laws and regulations is always our prime concern. We gather relevant information through various channels, such as the on-site audit of competent authorities, grievances from local residents or nearby competitors through our environmental hotline, and feedback from local residents gathered from surveys conducted according to the environmental impact assessment procedure (where necessary). After analyzing and discussing relevant information, we plan countermeasures and communicate to and coordinate with complainants through the ESH department to establish a harmonious exchange model.

In 2015, no grievance about environmental impacts was reported.

Composition of E Ink ESH Management System Promotion Organizations



5-2 Energy Saving and Emissions Reduction

Energy Consumption Management

In view of global warming and domestic power supply adjustment, energy management, energy saving, and emissions reduction have become popular topics in society and key issues of enterprises. We also take the initiative and embark on total participation to create a better future for Earth, the environment, and future generations.

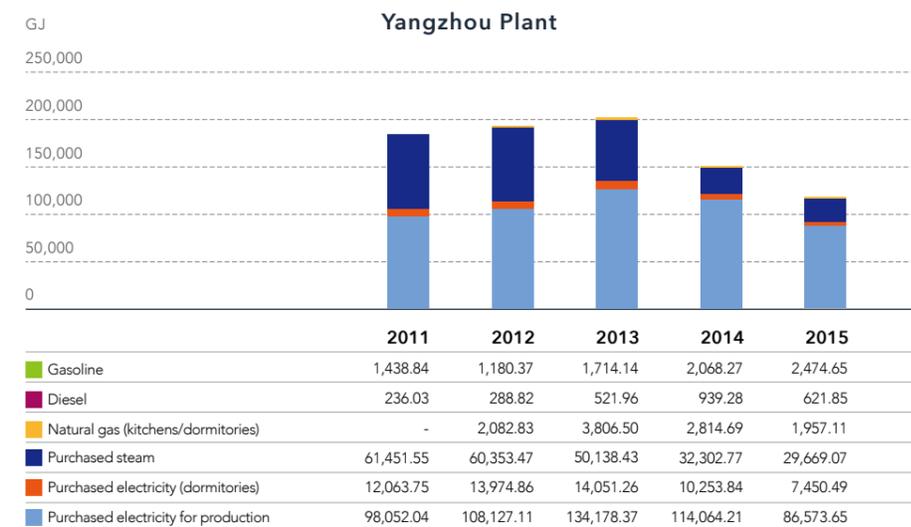
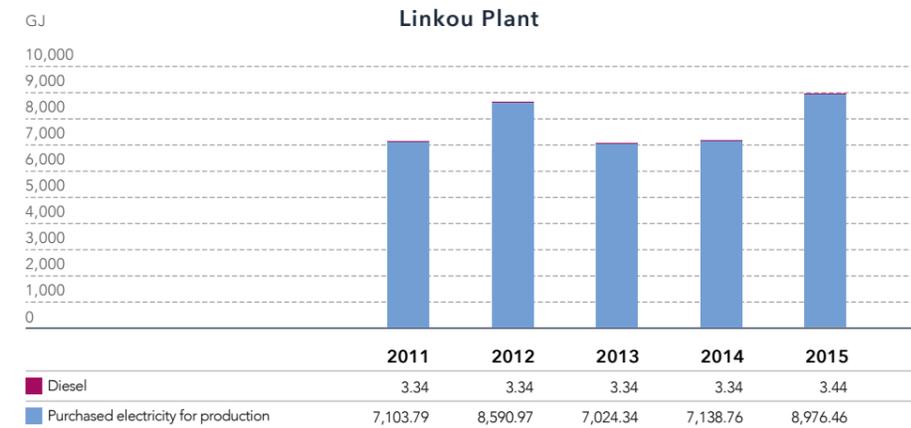
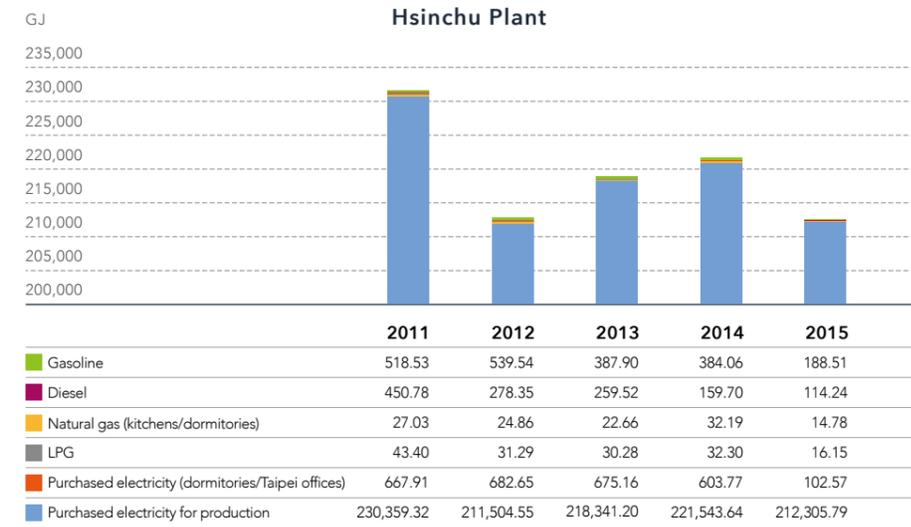
In 2016, Hsinchu Plant signed up to the manufacturing industries energy management system demonstration team guidance under the “2016 Manufacturing Industries Energy Management System Demonstration, Promotion, and Guidance Program” organized by the Industrial Development Bureau (IDB), Ministry of Economic Affairs (MOEA). Hsinchu Plant has passed IDB evaluation and received government

subsidization to implement energy management system construction and in-house energy-consuming facility measurement. It is estimated that we will pass the third party external verification for ISO 5001 Energy Management System (EnMS) at the end of 2016. By establishing and implementing EnMS, we will continue to make continual improvement and promote energy management to all E Ink plants to demonstrate our determination to save energy and reduce emissions.

In the future, our plants in Taiwan will support the government’s energy policy to evenly reduce electricity consumption by 1% each year to achieve the goal of saving energy by 5% in five years. Our total 2015 energy consumption was 317,625 GJ. Production mainly consumes electricity, commanding at over 95% of total energy consumption. In addition, as Yangzhou Plant provides both food and accommodation for employees, it also consumes natural gas and electricity for the employee dormitories.

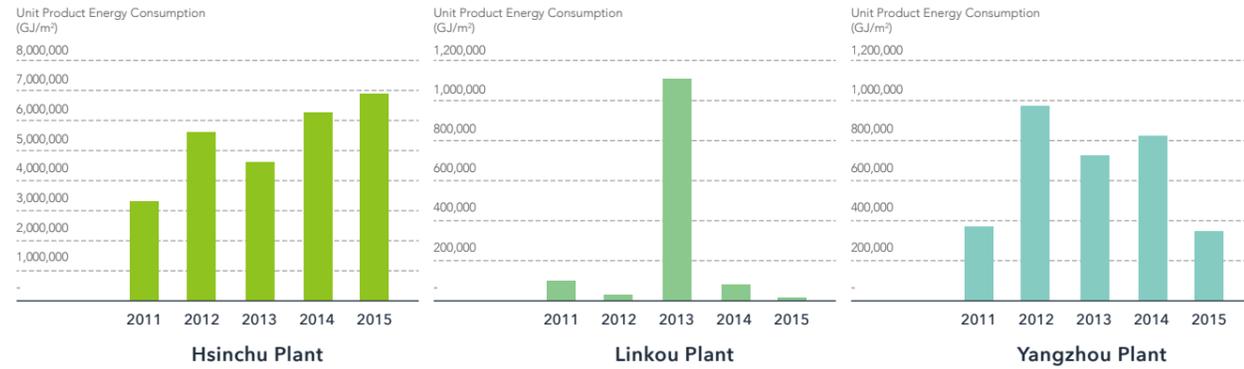
E Ink Energy Consumption Statistics

Energy Type	Plant	Original Unit				
		2011	2012	2013	2014	2015
Purchased electricity for production (GWh)	Hsinchu Plant	64.02	58.78	60.68	61.57	59.00
	Linkou Plant	1.97	2.39	1.95	1.98	2.49
	Yangzhou Plant	27.25	30.05	37.29	31.70	24.06
	Subtotal	93.24	91.22	99.92	95.25	85.56
Purchased electricity (dormitories and Taipei offices) (GWh)	Hsinchu Plant	0.19	0.19	0.19	0.17	0.03
	Linkou Plant	-	-	-	-	-
	Yangzhou Plant	3.35	3.88	3.91	2.85	2.07
	Subtotal	3.54	4.07	4.09	3.02	2.10
Purchased steam (ton)	Hsinchu Plant	-	-	-	-	-
	Linkou Plant	-	-	-	-	-
	Yangzhou Plant	21,909.50	21,518.00	17,876.00	11,517.00	10,578.00
	Subtotal	21,909.50	21,518.00	17,876.00	11,517.00	10,578.00
Natural gas (kitchens/dormitories) (m3)	Hsinchu Plant	807.68	742.86	677.00	961.78	441.70
	Linkou Plant	-	-	-	-	-
	Yangzhou Plant	-	62,226.00	113,722.00	84,091.00	58,470.00
	Subtotal	807.68	62,968.86	114,399.00	85,052.78	58,911.70
Diesel (L)	Hsinchu Plant	12,826.00	7,920.00	7,384.00	4,544.00	3,250.60
	Linkou Plant	95.00	95.00	95.00	95.00	97.92
	Yangzhou Plant	6,715.86	8,217.71	14,851.31	26,725.48	17,693.58
	Subtotal	19,636.86	16,232.71	22,330.31	31,364.48	21,042.10
Gasoline (L)	Hsinchu Plant	15,888.68	16,532.46	11,885.96	11,768.39	5,776.22
	Linkou Plant	-	-	-	-	-
	Yangzhou Plant	44,088.65	36,168.53	52,524.36	63,375.32	75,827.69
	Subtotal	59,977.34	52,700.99	64,410.32	75,143.71	81,603.91
LPG (L)	Hsinchu Plant	1,563.48	1,127.16	1,090.80	1,163.52	581.76
	Linkou Plant	-	-	-	-	-
	Yangzhou Plant	-	-	-	-	-
	Subtotal	1,563.48	1,127.16	1,090.80	1,163.52	581.76



Intensity of Product Energy Consumption

*The intensity of product energy consumption is calculated based on product energy consumption, including electricity and steam consumption for production.



At E Ink, we implement top-down integration for integrated production. Hsinchu Plant manufactures front-end display panels, Linkou Plant produces e-ink, and Yangzhou Plant assembles terminal module products. Therefore, the intensity of product energy consumption varies significantly due to product structure.

In recent years, Hsinchu Plant has gradually changed from LCD panel manufacture to more complicated EPD panel production. As the glass substrate capacity reduces, the unit electricity consumption by substrate area has increased. However, the overall power consumption tends to reduce.

Moreover, the shipping volume of Linkou Plant reduced in 2013 as the plant mainly engages in new product development and trial production. Although shipping volume increased in 2014, most part was for trial production. It was not until Q3 and Q4 in 2015 that shipping volume began to escalate. Therefore, the intensity of energy consumption of Linkou Plant was comparatively high in 2013 and 2014 as product outputs were extremely low.

In 2015, the intensity of electricity consumption of Yangzhou Plant reduced significantly as it implemented a number of energy saving plans and raised capacity at the same time.

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.

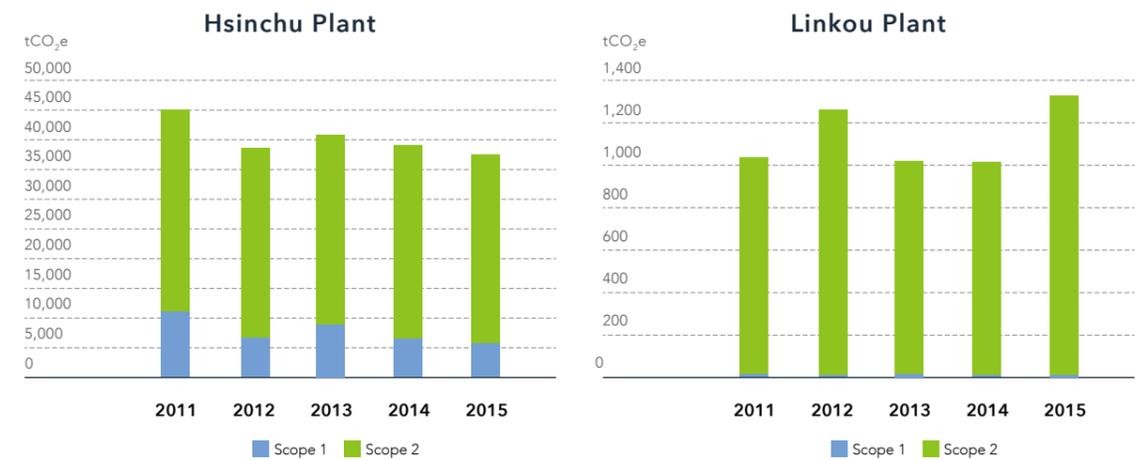
Both Hsinchu Plant and Yangzhou Plant began GHG inventory in 2005 and has conducted third party verification according to ISO14064-1 in the same year. Linkou Plant implemented GHG inventory and external verification for the first time in 2015. In 2013, Hsinchu Plant became the first group of public and private fixed pollution sources announced by EPA to report GHG emissions. Currently, it completes registration and reporting every year.

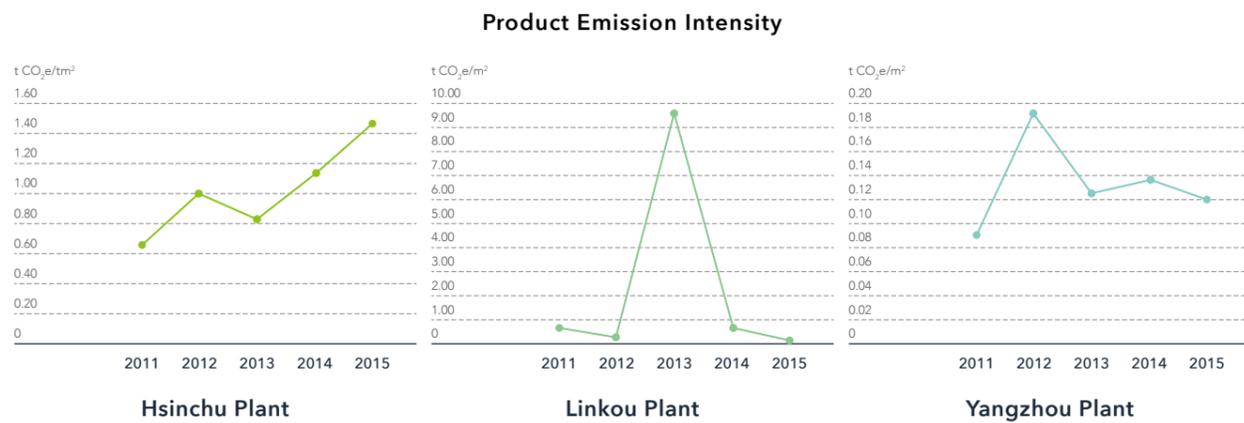
Plant	Scope	GHG Type	2011	2012	2013	2014	2015
Hsinchu Plant	Scope 1 (ton)	CO ₂	138.04	112.81	104.05	109.86	55.65
		CH ₄	27.79	26.36	28.49	28.61	28.09
		N ₂ O	22.96	81.36	54.12	69.19	20.63
		HFC _s	-	-	-	-	-
		PFCs (with NF ₃)	2,564.70	1,638.91	1,937.77	1,669.75	1,383.43
	SF ₆	8,080.98	5,179.04	6,474.27	4,942.04	5,206.61	
	Scope 1 Subtotal (tCO ₂ e)		10,834.48	7,038.48	8,598.69	6,819.45	6,694.41
Scope 2 Subtotal (tCO ₂ e)	CO ₂		34,412.82	31,604.43	31,981.29	32,166.28	31,168.46
Emissions Subtotal (tCO ₂ e)			45,247.30	38,642.91	40,579.98	38,985.73	37,862.87

Plant	Scope	GHG Type	2011	2012	2013	2014	2015
Linkou Plant	Scope 1 (ton)	CO ₂	0.24	0.24	0.24	0.38	0.39
		CH ₄	9.27	10.05	4.63	3.34	4.10
		N ₂ O	0.00	0.00	0.00	0.00	0.00
		HFC _s	-	-	-	-	-
		PFCs (with NF ₃)	-	-	-	-	-
	SF ₆	-	-	-	-	-	
Scope 1 Subtotal (tCO ₂ e)			9.51	10.30	4.87	3.72	4.49
Scope 2 Subtotal (tCO ₂ e)	CO ₂		1,058.19	1,270.18	1,019.03	1,033.64	1,317.19
Emissions Subtotal (tCO ₂ e)			1,067.70	1,280.47	1,280.47	1,023.90	1,037.36

Plant	Scope	GHG Type	2011	2012	2013	2014	2015
Yangzhou Plant	Scope 1 (ton)	CO ₂	112.95	99.93	152.96	208.81	210.82
		CH ₄	676.80	469.54	637.18	415.67	216.95
		N ₂ O	3.40	2.80	4.08	5.72	2.85
		HFC _s	-	-	-	-	-
		PFCs (with NF ₃)	-	-	-	-	-
	SF ₆	-	-	-	-	-	
Scope 1 Subtotal (tCO ₂ e)			793.15	572.26	794.22	630.20	430.63
Scope 2 Subtotal (tCO ₂ e)	CO ₂		38,821.89	31,546.19	31,112.03	23,607.21	26,615.03
Emissions Subtotal (tCO ₂ e)			39,615.04	32,118.46	31,906.25	24,237.41	27,045.66

- The GHG inventory outcomes of Hsinchu Plant and Yangzhou Plant have passed third party verification.
- Linkou Plant began GHG inventory and third party verification for the first time in 2015.
- We adopt IPCC-AR4 data for GHG emission potential.





As Yangzhou Plant takes charge of the rear section of the process emphasizing assembly, its unit energy consumption and GHG emissions are significantly lower than that of plants in Taiwan.

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. Through equipment update, system parameter optimization, and administrative measures, we have gradually reduced energy consumption and GHG emissions in recent years and maintain them at a controllable range.

1. Increasing renewable energy use

In support of the environmental stewardship and the government's green energy development policy, Hsinchu Plant purchased 500,000kWh of green power from Taiwan Power Co., Ltd. in 2015, and the plant will continue to purchase 1,000,000kWh in 2016 to contribute to energy saving, emissions reduction, and care for Earth in real action.

In addition, we began to build solar panels on the roof of Yangzhou Plant in 2014. Currently, the total installed capacity is up to 2,392KW. The 2015 generation capacity was up to 3,270,000kWh for in-house consumption. This capacity commands at about 8.8% of the plant's total consumption. Apart from effectively reducing Scope 2 GHG emissions, this can lower electricity bills to create a win-win situation for environmental and economic aspects.

Year	Total output capacity (kWh)	Total electricity bill saved (NT\$)
2014	2,202,462	1,520,092
2015	3,275,241	1,591,292
Total	5,477,703	3,111,384



Subscriber E Ink Holdings, Inc. (No. : 06250999137) enrolled to the "MOEA Voluntary Green Power Price System Pilot Project" in 2015, the total voluntary purchase of green power was 500,000 kWh.



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.

01 Lighting adjustment

After measuring luminance in relevant areas in the plant, we have made adjustments and reduced unnecessary lighting according to regulatory requirements. After the adjustment or reduction, lighting complies with regulatory requirements and standards.

Including the administration building, plant office area, related areas in each clean room, and the warehouse, we turn off part of the fluorescent lamps without affecting normal production and lighting to reduce energy consumption.

Take Yangzhou Plant for example, the actual performance includes:

- ✓ Actual energy saved: approx. 360,000kWh/year
- ✓ Cost saved: approx. NT\$1,600,000/year.



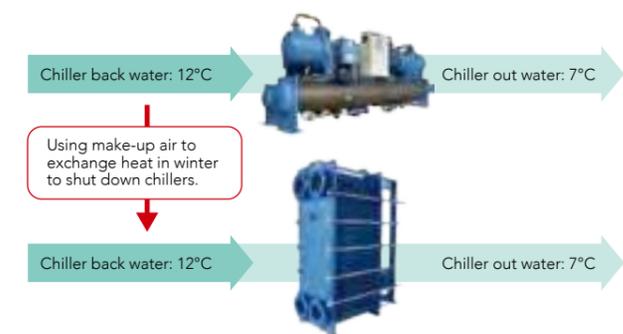
02 Machine operation optimization

- When clean room load reduces, we effectively reduce the operating system of respective clean rooms and switch production to off-peak hours (night shift) to considerable electricity expense and experiment different energy saving patterns to maintain quick resumption of production lines.
- We replace machines with lower utilization with energy saving machines and leave only the control electricity source.
- Plant facility equipment, including operating main chillers, air compressors, make-up air units, recycling air handling units, and part of the exhaust systems after curtailment without sacrificing basic operation to ensure relevant schedules can quickly resume normal production.

03 Waste heat/cold energy recovery and reuse

From 2004, Yangzhou Plant began to use the low temperature environment in winter as the cooling source to replace the chiller to effectively enhance energy efficiency.

- ✓ Actual energy saved: approx. 580,000kWh/year
- ✓ Cost saved: approx. NT\$2,300,000/year



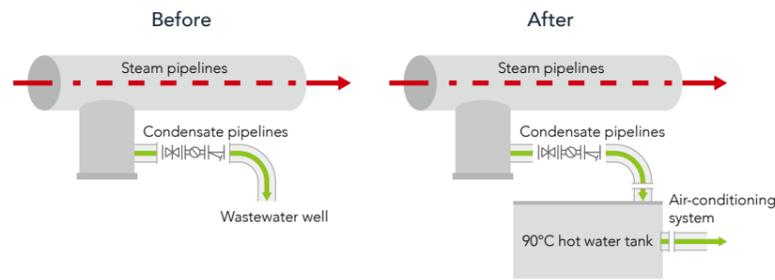
From 2011, Yangzhou Plant began to recover the waste heat from air compressors heat water for the air-conditioning system to reduce steam consumption.

- ✓ Actual energy saved: approx. 74,000kWh/year
- ✓ Cost saved: approx. NT\$250,000/year



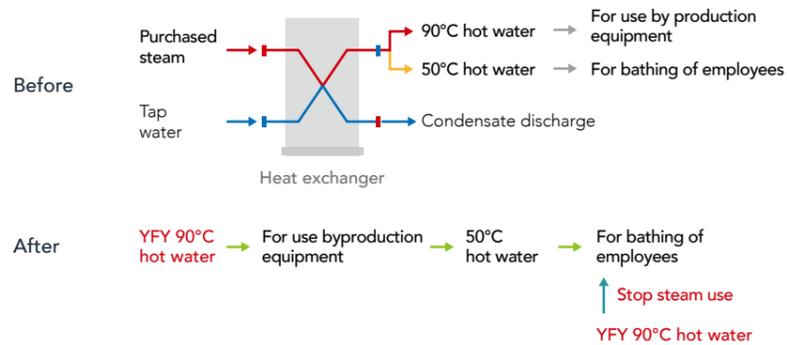
From 2012, Yangzhou Plant began to recover steam condensate to replace the steam heating source to reduce purchased hot water volume.

- ✓ Actual energy saved: approx. 69,000kWh/year
- ✓ Cost saved: approx. NT\$240,000/year



From 2013, Yangzhou Plant began to purchase residual 90°C hot water from YFY Plant for use by the production process and household hot water of employees to further reduce the purchased steam demand.

- ✓ Actual energy saved: approx. 10,600 tons of steam on average.
- ✓ Cost saved: approx. NT\$11,700,000/year



04 Replacement with LED lights for clean rooms and offices

In Taiwan and Yangzhou plants, we replaced traditional lights with LED lights.

Actual energy saved:

- ✓ Taiwan: approx. 1,060,000kWh/year
- ✓ Yangzhou Plant: approx. 357,000kWh/year

3. Building Energy Conservation Design

When building Yangzhou Plant, we have already implemented the energy saving design to enhance building energy efficient and reduce building energy consumption at the same time.

- Exterior wall insulation structure: Using autoclaved aerated concrete blocks, shale porous bricks, and extruded polystyrene (XPS) insulation boards.
- Window insulation: Using hollow glass and aluminum bridge door frames and window panes and enhancing air-tightness of seams between walls and window panes and between louvers.
- Building layout, spacing, and ventilation: Selecting directions with good ventilation and lighting and controlling building depth to optimize natural ventilation and lighting.

In the future, we will continue to plan various solutions for energy conservation and energy efficiency enhancement upon our goal for sustainable development to achieve a win-win situation for business development and energy-saving and carbon emissions. Solutions to be launched in 2016:

- Replace old lighting fixtures with LED lights for plants in Taiwan.
- Implement energy saving plans for the air-conditioning system of clean rooms in Linkou Plant.
- Implement steam supply by zone in Yangzhou Plant to enhance steam utilization efficiency.



5-3 Cherishing Water Resources

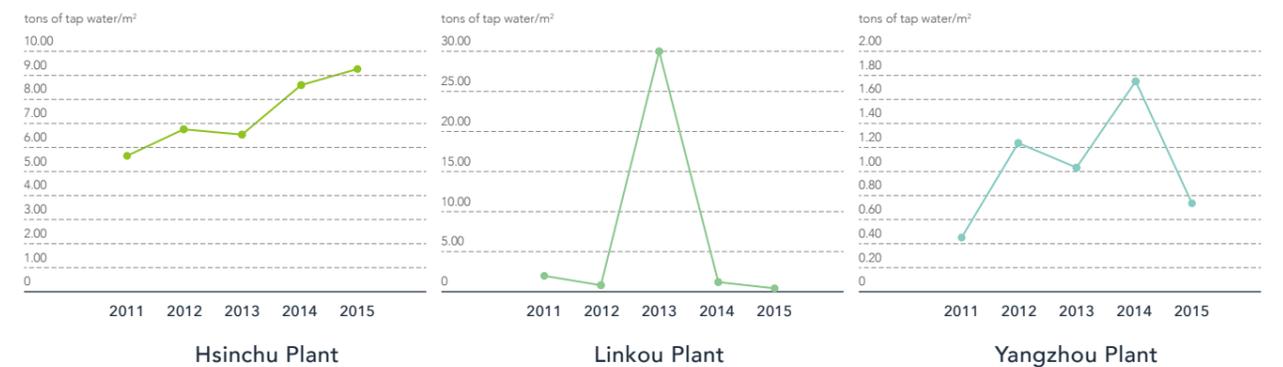
Water Resources Management

Taiwan is a mountainous island with short and rapidly flowing rivers, making it difficult to effectively store precipitations. 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 resources management has become increasingly important in Taiwan, China, and even across the world. To business operations, how to cope with the crisis from water shortages has become exceptionally important in the past few years.

Basic Data of Water Consumption

Plant	(m ³)	2011	2012	2013	2014	2015
Hsinchu Plant	Tap Water Consumption	328,582	253,966	313,962	296,047	286,036
	Reclaimed Water Consumption	445,218	365,068	396,873	409,527	382,106
	Total Water Consumption	773,800	619,034	710,835	705,574	668,142
	Recycling Ratio	57.54%	58.97%	55.83%	58.04%	57.19%
Linkou Plant	Tap Water Consumption	3,012	3,180	2,688	2,143	1,729
	Reclaimed Water Volume	Mostly household water, no process wastewater output or reclamation.				
Yangzhou Plant	Process Water Consumption	183,000	210,673	266,477	312,208	236,009
	Household Water Consumption	339,207	256,769	279,573	192,573	123,316
	Purchased Hot Water Volume	0	0	17,942	32,591	23,813
	Reclaimed Water Volume	54,000	54,000	57,299	43,466	34,586
	Total Water Consumption	576,207	521,442	621,291	580,838	417,724
	Recycling Ratio	9.37%	10.36%	9.22%	7.48%	8.28%

Unit Product Water Consumption



Over the years, we have been making different efforts to save water and have implemented various water saving plans to reduce tap water consumption and wastewater output every year and maintain a high reclaimed water rate. These suggest that our water resources management and water saving efforts are effective.

To cope with Taiwan's water shortage crisis in 2015, 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.

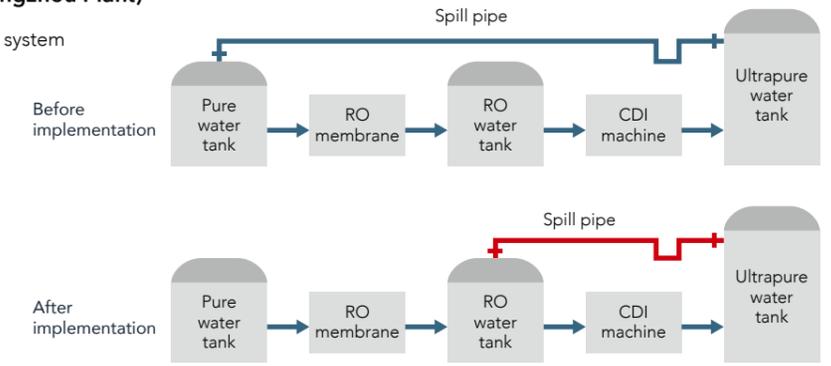
Water Saving Plans Over the Years

Implementing Site	Implementing Year	Water Saving Plan	Description	Investment amount (NT\$10,000)	Water Saved (tons/year)
Hsinchu Plant	2010	Epoxy Rinsing Water Saving Improvement Plan	Shortening the slow rinsing time for epoxy recycling of the pure water system	0	2,917
Hsinchu Plant	2010	Active Charcoal Tower Water Saving Improvement Plan	Extending the cleaning cycle of the active charcoal tower in the pure water system, shortening the baskwash and washing time.	0	5,184
Hsinchu Plant	2010	Cooling Water Tower Water Saving Improvement Plan	Building a drainage pipe control system at the cooling water tower.	1.5	18,677
Hsinchu Plant	2011	Instrument Detection Water Reclamation Improvement Plan	Recovering the detection water used by oxidation reduction potential (ORP) meters, ozone detectors, and pH meters.	0	1,348
Hsinchu Plant	2011	Production Water Consumption Reduction Improvement Plan	Reducing MS shower water consumption of strippers from 30 LPM to 20 LPM.	0	10,440
Hsinchu Plant	2011	Water Reclamation System Improvement Plan	Extending the backwash time of the water reclamation system to increase reclaimed water volume.	0	2,600
Hsinchu Plant	2015	Administration Building Water Fountain Water Reclamation	Reclaiming the concentrated water discharged from RO water fountains in the administration building.	6.2	387
Hsinchu Plant	2015	24MS Reclaimed Water Saving-1	Replacing tap water with RO concentrated water for cleaning.	6.3	1,973
Hsinchu Plant	2015	24MS Reclaimed Water Saving-2	Changing backwash factors to increase water output.	0	1,390
Yangzhou Plant	2004	RO Concentrated Water Reclamation	Reclaiming the RO concentrated water in the pure water system for flushing in the office area and washing system filtering materials.	3.7	54,000
Yangzhou Plant	2005	Water Sampling Interval Extension of the Screening Program	Extending the water sampling interval of the front-end screening program of the pure water system to reduce the consumption of tap water, chemicals, and electricity.	0	4,800
Yangzhou Plant	2013	Spilled Ultrapure Water Reclamation	Reclaiming the ultrapure water spilled from the system when pure water demand is low.	2.2	14,000

Spilled Ultrapure Water Reclamation (Yangzhou Plant)

Reclaiming the ultrapure water spilled from the system when pure water demand is low.

- ✓ Water saved: 14,000 tons/year
- ✓ Gain: approx. NT\$258,000/year



Future Water Saving Planning

In the future, we will continue to promote water resources management improvement for sustainable development and plan various water saving improvement plans. Plans under assessment include:

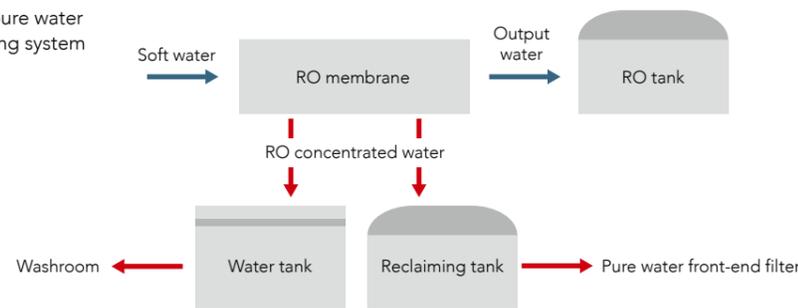
1. Harvesting rainwater from clean rooms with a large roof: Harvest rainwater to the harvesting system from roofs about 2,000 m².
2. Saving water from water reclaiming systems (extending maintenance cycle and shortening maintenance time): Extend the chemical washing cycle of three water reclaiming systems from 400 hours/time to 500 hours/time to increase their water output flow while shorting the water output time (reduce backwash frequency/no change of washing water volume).
3. Reclaiming effluents from reclaiming systems for secondary water use: Water reclaimed from the backwash of the three reclaiming water systems can be reclaimed for irrigating the landscapes on the plant site and toilet flush of the administration building.

Water Saving Plans Over the Years

RO Concentrated Water Reclamation (Yangzhou Plant)

Reclaiming the RO concentrated water in the pure water system for flushing in the office area and washing system filtering materials.

- ✓ Water saved: 54,000 tons/year
- ✓ Gain: approx. NT\$947,000/year



Water Sampling Interval Extension of the Screening Program (Yangzhou Plant)

The default setting was washing and chemical washing after every 1,200 minutes for recycling, Yangzhou Plant extended the time to every 1,400 without deteriorating water output from the system to reduce the consumption of tap water, chemicals, and electricity.

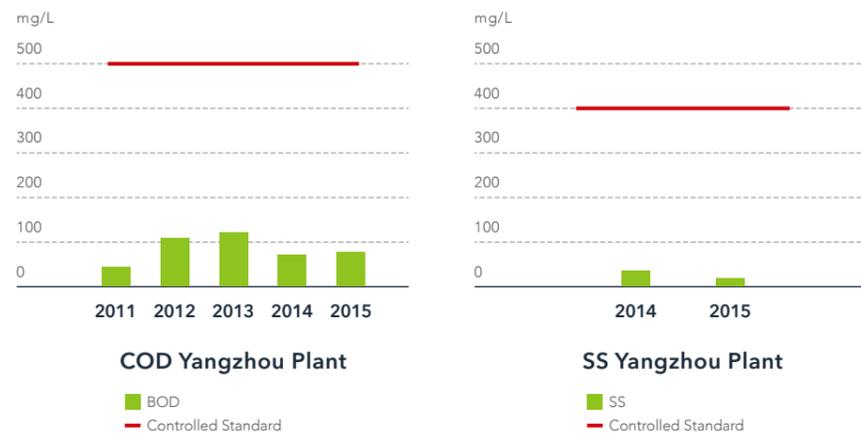
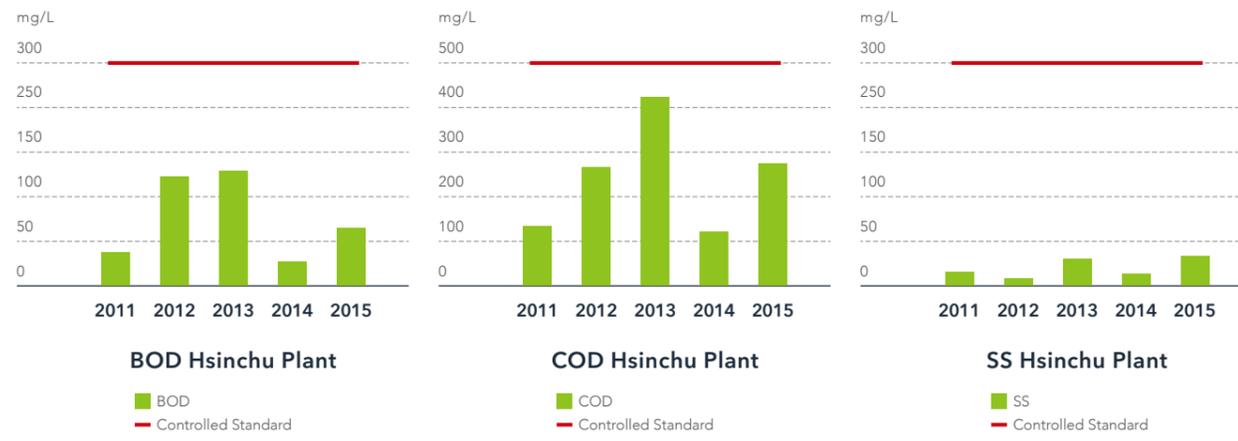
- ✓ Water saved: 4,800 tons/year
- ✓ Gain: approx. NT\$96,000/year

Wastewater Quality Management

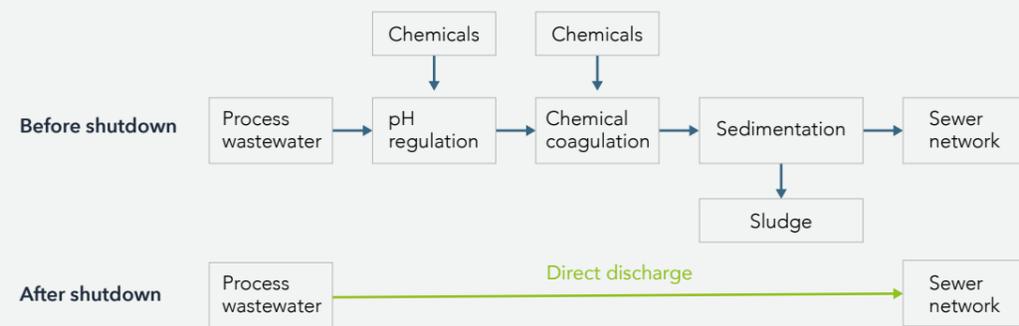
Complying with the legal requirements is the basic principle of process wastewater treatment at E Ink. Therefore, we implement wastewater treatment and effluent quality inspections according to relevant legal requirements. In recent years, the quality of effluents has met the effluent standard of the locations where plants are operated.

Item	Plant	2011	2012	2013	2014	2015	Controlled Water Quality Standard	Discharge Destination
BOD (mg/L)	Hsinchu Plant	38.3	122.1	125.3	26.9	63.5	300	Hsinchu Plant: After confirming that wastewater complies with the controlled water quality standard, we transport it to the HSP sewage treatment plant for processing.
	Yangzhou Plant	No testing is needed.					-	
COD (mg/L)	Hsinchu Plant	137.0	267.5	427.5	121.3	273.0	500	Yangzhou Plant: After confirming that wastewater complies with the effluent standard, we discharge it to the Yangzhou City urban sewer network.
	Yangzhou Plant	41.0	106.0	114.0	73.5	77.0	500	
SS (mg/L)	Hsinchu Plant	13.1	7.9	27.6	12.3	31.1	300	Yangzhou Plant: After confirming that wastewater complies with the effluent standard, we discharge it to the Yangzhou City urban sewer network.
	Yangzhou Plant	33.0	14.0	62.0	16.0	48.7	400	
Wastewater Discharge Volume (m ³)	Hsinchu Plant	289,062	206,588	220,568	251,718	232,506	-	Yangzhou Plant: After confirming that wastewater complies with the effluent standard, we discharge it to the Yangzhou City urban sewer network.
	Yangzhou Plant	146,400	168,538	213,182	249,766	188,807	-	

*As the Linkou Plant did not produce wastewater, relevant data is based on the wastewater from Hsinchu and Yangzhou plants.



In addition, Yangzhou Plant has replaced organic solvents with pure water for substrate cleaning after process optimization at the end of 2010. After water quality evaluation, the quality wastewater discharged from the plant is superior to all indicators of the effluent standard. In January 2011, the Yangzhou City environmental protection authority approved Yangzhou Plant to shut down the wastewater treatment facility to reduce operating cost and the secondary pollution caused by wastewater treatment. The original wastewater storage tank has since been used as fishing ponds and for hydroponics.



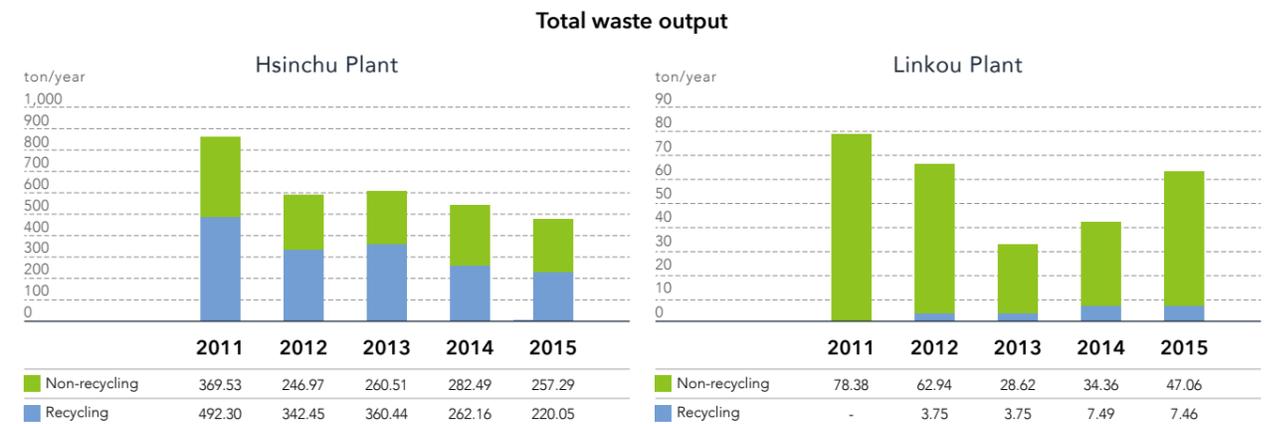
5-4 Proper Waste Management

At E Ink, legal compliance and disposal cost are the prime concerns for waste management. Therefore, the priority of waste management is: recovery for recycling, incineration, and landfill (when incineration is impossible). As a LCD panel manufacturer, we use a lot of chemicals, such as the photoresist and its stripper, and solvents, that will become liquid waste after use. Therefore, we first assess the possibility of recovering and recycling them for reuse with existing methods for waste to resources and material saving. For unrecoverable or unrecyclable liquid waste, we will deposit them for incineration or physical disposal. 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.

The table on the right hand side shows our waste outputs and disposal methods in 2015.

2015 Waste Outputs and Disposal Methods

Category	Disposal Method	Hsinchu Plant	Linkou Plant	Yangzhou Plant
General Waste	Total output (ton)	193.53	41.17	103.52
	Incineration (ton)	165.90	33.71	0
	Landfill (ton)	27.63	0	0
	Recycling (ton)	0	7.46	103.52
	Others (ton)	0	0	0
Hazardous waste	Total output (ton)	283.81	13.35	0.01
	Incineration (ton)	58.78	13.35	0
	Landfill (ton)	0	0	0
	Recycling (ton)	220.05	0	0
	Others (ton)	4.98	0	0.01
Total	Total output (ton)	477.34	54.52	103.53
	Incineration (ton)	224.68	47.06	0
	Landfill (ton)	27.63	0	0
	Recycling (ton)	220.05	7.46	103.52
	Others (ton)	4.98	7.46	0.01

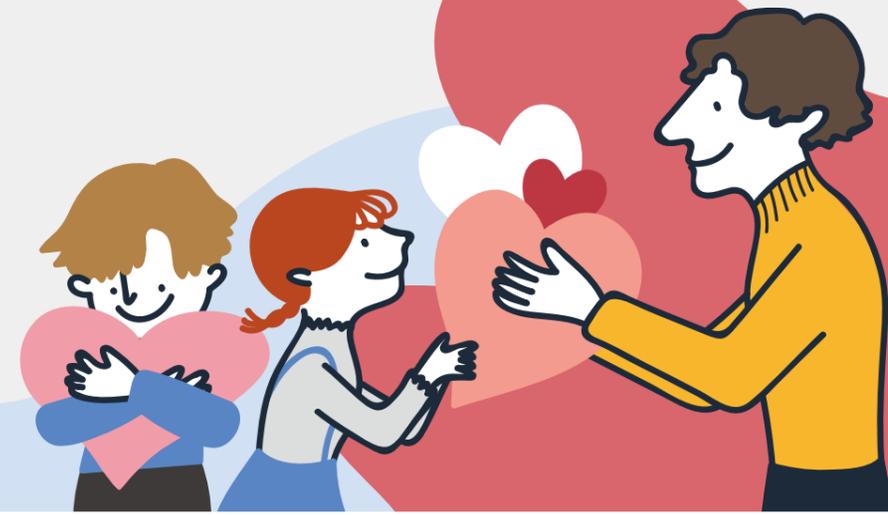


The total waste output of Hsinchu Plant tends to reduce. In recovery and recycling, the plant refines electronic grade chemicals for reuse in the process. This suggests that our material management and waste management policies are effective. As Linkou Plant uses very little chemicals in its process, general industrial waste is the major type of waste of the plant where general waste is recovered for recycling. To establish a complete waste management mechanism, Yangzhou Plant began keeping a full record of waste outputs in 2015 for the management reference. Relevant changes will be disclosed in the annual report next year.

We also continuously advocate the waste classification policy to employees and equip kitchens and employee rest areas with trash cans for different types of garbage: paper waste, plastics, aluminum foil packages, glass, and metal cans. We even label each trash can in both Chinese and English for local and foreign employees to identify them in order to enhance the recovery and recycling rate of household garbage.



CREATING SHARED VALUE



6-1 Social Inclusiveness

Upholding the spirit: Contributing what is taken from society to society, we are committed to developing energy-efficient ePaper technologies that benefit health and social development and optimizing governance and business management to pursue sustainable operations. We will continue to invest labor and funds to fortify the environmental facility maintenance and minimize impacts on the environment. Apart from complying with local laws and regulations, we hope to reawaken public concern for natural environment through product and technology development.

We have two production plants in Taiwan: HQ and Hsinchu Plant in HSP and Linkou Plant in HYTP. In China, we have one major plant: Yangzhou Plant. All E Ink plants comply with the requirements of local environmental impact assessment (EIA). As science and technology parks have complete waste disposal and effluent discharge systems and our plants are separated from local communities, we can effectively reduce the environmental impact of our business and production activities on local residents. Furthermore, we have maintained harmony and co-existence with residents of local communities through the management and supervision mechanism and communication interface of park authorities.

Grievance Mechanisms for Impacts on Society

In addition to setting up a grievance mechanism on the corporate website, we have also disclosed our “Code of Business Conduct Standard Operating Procedure” to declare our determination to ban corruption and any forms of nonfeasance/misfeasance/malfeasance. To create a transparent operating atmosphere and sound work order, we accept grievances about anti-competitive business practices, corruption and malpractices, and violations of relevant corporate regulations. We also accept suggestions for operational improvement. Complainants can file their grievances by e-mail (AOOT@eink.com) or by letter for our audit office to conduct investigations and verification. By implementing the annual audit program, project surveys, and grievance hotline reviews, the Audit Lean Team ensures that all business activities of the company comply with relevant laws and regulations, SOPs, and conduct codes. We also conduct internal audit and self-assessment on all units every year to ensure that all units understand their internal control system and report latent and potential risks.

Memberships of Associations

We are one of the initiators of the Taiwan TFT LCD Association (TTLA) and have made positive contributions to the development of Taiwan’s panel industry. TTLA is composed of a safety and environmental committee, technology committee, material committee, and equipment committee, and we have been making active involvement in all committees. In addition, we are also a member of The Allied Association for Science Parks, the Taiwan Display Union Association, and the Taiwan Electrical and Electronic Manufacturers’ Association and attend relevant discussions and meetings.

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 SID’s I-Zone.

6-2 Active Involvement and Contribution

Care for Local Communities

As a member of society, our activities during corporate development may bring more or less impacts to local communities or the nearby environment. Therefore, we will continue invest labor and funds to establish and maintain environmental facilities, hoping to minimize pollution caused on the environment. Apart from complying with local laws and regulations, we hope to leave more natural resource assets and a beautiful environment for future generations.

With excellent EPD technology, we have created a multibillion US dollar e-reader market in Europe and the USA. With EPD’s easy-on-the-eyes and energy-efficient characteristics, e-readers have become the best mobile reading device. As an e-reader can also store up to 1,000 books, each e-reader is like a mobile library containing adequate books and knowledge and easy and convenient to carry.

To support students from underrepresented or vulnerable groups in remote rural areas with hardware and software e-reader resources is our dream and our plan. With the books and knowledge contained by e-readers, we can replenish the learning resources and education environment inadequacy and remedy the learning disparity of students from underrepresented or vulnerable groups. We also hope to encourage children to broaden their horizons by reading in order to raise their learning competitiveness.

Social Involvement Highlight Project: Maitian Project



In 2012, Yangzhou Plant began cooperation with Maitian Education Foundation of Guangdong Province in China. By sponsoring supplies and organizing volunteer services, we hope to help improve the education condition of children in remote rural areas.

About Maitian Education Foundation of Guangdong Province, China

Established in June 16, 2005, Maitian Project officially registered to the Department of Civil Affairs of Guangdong Province as the Maitian Education Foundation of Guangdong Province in September 2010. By establishing a nationwide volunteer team, the foundation launched a number of projects, including donation for education, interest courses, and talent extension, aiming to improve the education and living conditions of children living in poverty in mountain areas and migrant children in cities. Currently, the foundation has established 77 Maitian service teams and 52 funding points to serve over 100 communities across the country.

E Ink Involvement in Maitian Project

2012

2013

2014

2015

Yangzhou Plant donated about NT\$15,000 for Paimen Elementary School (Maitian 14th Elementary School) in Miliang Township, Fenghuang County, Xiangxi Tujia and Miao Autonomous Prefecture, Hunan Province, to refurbish the school into a cement structure.

Little Bookbags, Big Dreams
Employees donated about NT\$152,000 to purchase 304 bookbags (including sports shoes, pencils, drawing books, and watercolor pens) as the present for the students of Maitian 14th Elementary School and children of nearby villages on June 1 Children's Day.

Yangzhou Plant donated about NT\$9,000 to purchase 122 raincoats as presents for students in the new semester.

Hiking: Writing Coolness with Love
Yangzhou Plant and employees donated about NT\$163,500 to purchase 167 jackets as the winter uniform for students of Maitian 14th Elementary School.

E Ink: Love Relay
Yangzhou Plant and employees donated about NT\$204,500 to purchase 132 down jackets and snow boots as the winter clothes for students of Maitian 14th Elementary School.



Love from E Ink: Youth Club
E Ink donated about NT\$200,000 to Miliang Elementary School in Miliang Township, Fenghuang County, Xiangxi Tujia and Miao Autonomous Prefecture, Hunan Province, to build the Youth Club (multimedia classroom).



Total amount donated:
NT\$1,294,000.
Total number of employees
involved: 631 person-times

*All amounts in this section are expressed in NTD.

GROWTH IN ACTIVITIES GAIN FROM APPRECIATION



Ling Xie / Yangzhou Plant, E Ink Holdings Inc.
Sharing

"Out of pure chance,
I became an acquaintance with Maitian."

Until 2012, I have worked at Transcend Optronics for seven years. As an employee coordinator, I have lost count on the number of activities I have organized. As none of them was like "Maitian," I made my decision without thinking of turning back.

It was a story in the mountain where children had little or broken clothing and countless patches on their pants and shoes and drank freezing water from the urn in cold winter...Suffered from frostbite, their hands were red because flesh was exposed. They didn't even have any proper shoes to keep their feet warm but wearing sandals in winter...

"A little boy in the yonder mountain had a little dream. White paper and pretty clothes, fairytale like childhood and the most beautiful wish..." I like this song, "Little Dream." I also hope that E Ink employees like it, too. Therefore, I began to plan different projects: "Little Book Bag", "Big Dream; Hiking: Writing Coolness with Love"; "E Ink: Love Relay"; "Love from E Ink: Youth Club"; "Rainbow Pocket", and so on.

Picture exhibitions, charitable sales, fundraising among friends, company donations...I was touched by everyone's passion, every time. Last April, we bought winter clothes, scarfs, gloves, raincoats, and school uniforms for children in Miliang, Xiangxi Tujia and Miao Autonomous Prefecture, Hunan Province. We always believe that: a warm body is the essential of survival.



In 2015, we changed our mind: There are 96 million left-behind children across the country, and in addition to physical care, they need spiritual care more. After discussing with Maitian Project, E Ink funded them to build a Maitian Youth Club we name it "Love from E Ink." It is a world for them to tell us their wishes and a paradise for them to communicate with the outside world.

Instead of a traditional library, "Love from E Ink Youth Club" is a place offering multiple options. To sum up in one sentence: It is a children's palace in urban area built inside a rural elementary school. With this platform, children are given more and better opportunities to develop their interests, teachers can find better ways and contents to teach, volunteers can realize their wish to philanthropy. After all, it is a charitable project that everyone can play a role.

On November 19, 2015, HRD employee Meng Zhou visited Miliang in Xiangxi Tujia and Miao Autonomous Prefecture, Hunan Province, for the third time. Over the past two years, she joined the volunteers of the Yangzhou and Xiangxi branches of Maitian Project to distribute supplies to and play games and took photos with children. This time, she had a new mission: to unveil the signboard for the youth club.



Before improvement



After improvement



Now, the "Love from E Ink Youth Club" has been completed and started operation. The school and Xiangxi Branch also continue to keep us posted of how children use the facility. In 2016, we plan to continue the youth club project by extending it to villages west of Miliang Elementary School to further our education assistance.

Philanthropy is not happiness but the responsibility after gratitude, and in-depth education assistance needs long-lasting persistence. When we see the humble achievements from our efforts every year, we are contented for a moment and will want to devote more. Growth in activities and gain from appreciation! See E Ink and Maitian at the next stop, there will be him, her, you, and me. Let us achieve future and children together!

APPENDIX

CROSS REFERENCE WITH GRI G4 SUSTAINABILITY REPORTING INDICATORS

General Standard Disclosures

Indicator	Description of Indicator	Section	Page
Strategy and Analysis			
G4-1	Statement on sustainable development by the most senior decision-maker	Letter from Chairman and CEO Frank Ko	3-4
Organizational Profile			
G4-3	Name of the organization	2-1 E Ink Profile	20
G4-4	Primary brands, products, and services	2-1 E Ink Profile	20
G4-5	Location of the organization's headquarters.	2-1 E Ink Profile	20
G4-6	The number and name of countries where the organization operates.	2-1 E Ink Profile	20
G4-7	The nature of ownership and legal form.	2-1 E Ink Profile	20
G4-8	The markets served.	2-1 E Ink Profile	20
G4-9	The scale of the organization.	2-1 E Ink Profile 2-5 Growth Momentum	20 31
G4-10	Total number of employees by employment contract and gender.	2-1 E Ink Profile	20
G4-11	The percentage of total employees covered by collective bargaining agreements.	E Ink Taiwan does not have a labor union. All official employees are protected by the employment contract. Yangzhou Plant in China has established a labor union and all employees are union members.	-
G4-12	Organization's supply chain.	3-3 Supply Chain Cooperation	45
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	4-1 People Centered	56
G4-14	Whether and how the precautionary approach or principle is addressed by the organization.	2-6 Risk Warning and Management	32
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	3-4 Quality Persistency	49
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization.	6-2 Active Involvement and Contribution	81
Identified Material Aspects and Boundaries			
G4-17	a. All entities included in the organization's consolidated financial statements or equivalent documents. b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	2-1 E Ink Profile	20
G4-18	a. The process for defining the report content and the Aspect Boundaries b. How the organization has implemented the Reporting Principles for Defining Report Content	1-2 Material Topics and Aspects	12
G4-19	All the material Aspects identified in the process for defining report content.	1-2 Material Topics and Aspects	14
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	1-2 Material Topics and Aspects	14
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	1-2 Material Topics and Aspects	14

Indicator	Description of Indicator	Section	Page
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	In the consolidated financial performance in the past five years in section 2-5 Growth Momentum, as Hydys was shut down in 2015, relevant financial figures have been adjusted to from the operating segment to discontinued operations. As a result, the information in 2015 financial statement differs from that of the 2014. Relevant figures have been verified by CPAs.	-
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	In the 2015 report, we added the data concerning the economic, environmental, and social aspects of Yangzhou Plant in China to review the sustainability performance of E Ink to a fuller extent.	-
Stakeholder Engagement			
G4-24	Provide a list of stakeholder groups engaged by the organization.	1-1 Identification of Stakeholders	11
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	1-1 Identification of Stakeholders	11
G4-26	The organization's approach to stakeholder engagement.	1-4 Communication Channels No engagement procedure has been designed specifically for this report.	17
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns.	1-2 Material Topics and Aspects	17
Report Profile			
G4-28	The period for information provided.	Report Profile	9
G4-29	Date of most recent previous report.	Report Profile	10
G4-30	Reporting cycle.	Report Profile	10
G4-31	The contact point for questions regarding the report or its contents.	Report Profile	10
G4-32	a. The "in accordance" option the organization has chosen.	Report Profile	10
	b. The GRI Content Index for the chosen option.	Appendix Cross Reference with GRI G4 Sustainability Reporting Indicators	85-90
	c. The reference to the External Assurance Report, if the report has been externally assured.	The 2015 report was not externally assured.	-
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report.	The 2015 report was not externally assured.	-
	b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.		
	c. Report the relationship between the organization and the assurance providers.		
	d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.		
Governance			
G4-34	The governance structure of the organization, including committees of the highest governance body.	2-4 Organization Framework	25
Ethics and Integrity			
G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	2-3 Building Trust	23
		4-1 People Centered	53

Specific Standard Disclosures

Economic

Aspects	Indicator	Indicator Description	Section	Page
Economic Performance	DMA		2-4 Organization Framework 2-5 Growth Momentum	27 30-31
	G4-EC1	The direct economic value generated and distributed on an accruals basis	2-5 Growth Momentum	31
	G4-EC4	Financial assistance received from government.	2-5 Growth Momentum	31
Market Presence	DMA		2-4 Organization Framework 4-4 Happy Workplace	27 61
	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	4-4 Happy Workplace	61
Indirect Economic Impacts	DMA		6-1 Social Inclusiveness 6-2 Active Involvement and Contribution	81 82-84
	G4-EC8	Significant indirect economic impacts, including extend and impacts.	6-2 Active Involvement and Contribution	82-84
Procurement Practices	DMA		3-3 Supply Chain Cooperation	46
	G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	3-3 Supply Chain Cooperation	45

Environmental

Aspects	Indicator	Indicator Description	Section	Page
Energy	DMA		5-1 Eco-Friendliness 5-2 Energy Saving and Emissions Reduction	67-68 69-70
	G4-EN3	Energy consumption within the organization.	5-2 Energy Saving and Emissions Reduction	69-70
	G4-EN5	Energy intensity	5-2 Energy Saving and Emissions Reduction	71
	G4-EN6	Reduction of energy consumption	5-2 Energy Saving and Emissions Reduction	73-75
Water	DMA		5-1 Eco-Friendliness 5-3 Cherishing Water Resources	67-68 76
	G4-EN8	Total water withdrawal by source.	5-3 Cherishing Water Resources	76
	G4-EN10	Percentage and total volume of water recycled and reused.	5-3 Cherishing Water Resources	76
Emissions	DMA		5-1 Eco-Friendliness 5-2 Energy Saving and Emissions Reduction	67-68 71
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	5-2 Energy Saving and Emissions Reduction	71-72
	G4-EN16	Indirect greenhouse gas (GHG) emissions (Scope 2)	5-2 Energy Saving and Emissions Reduction	71-72
	G4-EN18	Greenhouse gas (GHG) emissions intensity.	5-2 Energy Saving and Emissions Reduction	73
Effluents and Waste	DMA		5-1 Eco-Friendliness 5-3 Cherishing Water Resources 5-4 Proper Waste Management	67-68 78 80
	G4-EN22	Total water discharge by quality and destination.	5-3 Cherishing Water Resources	78-79
	G4-EN23	Total weight of waste by type and disposal method.	5-4 Proper Waste Management	80
Products and Services	DMA		3-4 Quality Persistency	46
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	3-2 Smart Applications and Innovative Solutions	40-41
Compliance	DMA		5-1 Eco-Friendliness	67-68
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions from non-compliance with environmental laws and regulations.	No significant violation of environmental regulations was reported in 2015, except for Linkou Plant where the quantity of air pollution equipment and equipment operation permit did not comply with regulatory requirements and was fined NT\$100,000. Improvement has been completed.	-
Environmental Grievance Mechanisms	DMA		3-3 Supply Chain Cooperation	45
	G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	3-3 Supply Chain Cooperation	47
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	3-3 Supply Chain Cooperation	45
Environmental Grievance Mechanisms	DMA		5-1 Eco-Friendliness	68
	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	5-1 Eco-Friendliness	68

Social

Aspects	Indicator	Indicator Description	Section	Page
Labor Practices and Decent Work				
Employment	DMA		3-3 Supply Chain Cooperation 4-2 Management Overview	46 57-58
	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	4-2 Management Overview	57
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	4-4 Happy Workplace	61-62
	G4-LA3	Return to work and retention rates after parental leave, by gender	4-2 Management Overview	58
Labor/ Management Relations	DMA		4-1 People Centered	54
	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Implement according to the law.	-
Occupational Health and Safety	DMA		4-5 Health and Safety	62-63, 65
	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees.	4-5 Health and Safety	63
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	4-5 Health and Safety In 2015, no work-related fatality was reported.	64
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	4-5 Health and Safety	65
Training and Education	DMA		4-3 Heritage and Growth	58-60
	G4-LA9	Average hours of training per year per employee by gender, and by employee category.	4-3 Heritage and Growth As statistics of training and education by gender are difficult to produced, we will progressively improve data collection and disclose complete information in future reports.	59
Equal Remuneration for Women and Men	DMA		4-4 Happy Workplace	61
	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	4-4 Happy Workplace E Ink does not pay employees differently by gender	61
Supplier Assessment for Labor Practices	DMA		3-3 Supply Chain Cooperation	47
	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	3-3 Supply Chain Cooperation	47
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	3-3 Supply Chain Cooperation	47
Labor Practices Grievance Mechanisms	DMA		4-1 People Centered	55
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	No grievance about labor practices was filed in 2015.	-

Aspects	Indicator	Indicator Description	Section	Page
Human Rights				
Investment	DMA		2-3 Building Trust	23-24
	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	No significant investment was made in 2015.	-
	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	All new employees receive training and education on human rights in the new employee training.	-
Non-discrimination	DMA		4-1 People Centered	53
	G4-HR3	Total number of incidents of discrimination and corrective actions taken.	No such incident occurred in 2015.	-
Freedom of Association and Collective Bargaining	DMA		4-1 People Centered	54
	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	No such incident occurred in 2015.	-
Child Labor	DMA		4-1 People Centered	53
	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	No such incident occurred in 2015.	-
Supplier Human Rights Assessment	DMA		3-3 Supply Chain Cooperation	46
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	3-3 Supply Chain Cooperation	47
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	3-3 Supply Chain Cooperation	46
Human Rights Grievance Mechanisms	DMA		4-1 People Centered	55
	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	No grievance was filed in 2015.	-
Local Communities	DMA		4-2 Management Overview 6-1 Social Inclusiveness	58 81
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	6-1 Social Inclusiveness	81
			6-2 Active Involvement and Contribution We have completed community engagement and impact assessments in all major points of operations.	82
	G4-SO2	Operations with significant actual or potential negative impacts on local communities.	No point of operations has significant actual or potential negative impacts on local communities.	81
Anti-Corruption	DMA		2-3 Building Trust	23-24
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	2-3 Building Trust	23
			2-6 Risk Warning and Management	32
	G4-SO4	Communication and training on anti-corruption policies and procedures	All employees are required to receive training and education of our anti-corruption policy in new employee training. We also arrange awareness education from time to time.	-
G4-SO5	Confirmed incidents of corruption and actions taken.	No incident was reported in 2015.	-	
Public Policy	DMA		2-3 Building Trust	23-24
	G4-SO6	Total value of political contributions by country and recipient/beneficiary.	No political contribution was made in 2015.	-
Anti-competitive Behavior	DMA		2-3 Building Trust	23-24
	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	2-3 Building Trust	24

Aspects	Indicator	Indicator Description	Section	Page
Compliance	DMA		2-3 Building Trust	24
	G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	4-1 People Centered	56
Supplier Assessment for Impacts on Society	DMA		3-3 Supply Chain Cooperation	47
	G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society.	3-3 Supply Chain Cooperation	47
	G4-S010	Significant actual and potential negative impacts on society in the supply chain and actions taken.	3-3 Supply Chain Cooperation	47
Grievance Mechanisms for Impacts on Society	DMA		6-1 Social Inclusiveness	81
	G4-S011	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	6-1 Social Inclusiveness No grievance about impacts on society was filed in 2015.	81
Customer Health and Safety	DMA		3-4 Quality Persistency	48-49
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	3-2 Smart Applications and Innovative Solutions 3-4 Quality Persistency	40-43 48-50
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	No incident of non-compliance was reported in 2015.	-
Product and Service Labeling	DMA		3-4 Quality Persistency	50
	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant products and service categories subject to such information requirements.	3-4 Quality Persistency	50
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	No incident of non-compliance was reported in 2015.	-
	G4-PR5	Results of surveys measuring customer satisfaction.	3-4 Quality Persistency	51
Marketing Communications	DMA		3-4 Quality Persistency	50
	G4-PR6	Sale of banned or disputed products.	No sale of banned or disputed products was reported in 2015.	-
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	No incident of non-compliance was reported in 2015.	-
Compliance	DMA		3-4 Quality Persistency	48
	G4-PR9	Monetary value or significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	No monetary value or significant fine for non-compliance was reported in 2015.	-