

2016 CORPORATE SOCIAL RESPONSIBILITY REPORT

EINK HOLDINGS INC. 2016 CORPORATE SOCIAL RESPONSIBILITY REPORT

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Let's Love Earth Together.

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Letter from Chairman and CEO Frank Ko

“Develop various advanced technologies for revolutionary products, a better user experience, and more environmental benefits” is our corporate mission. In addition to pursuing business growth, we hope to create more value for society, fulfill our corporate social responsibility, and become a global enterprise of sustainable development.

By extending the 2015 commitment, we successfully turned losses into gains in 2016 and repaid the yield to investors, shareholders, employees, and society after organizational improvement and transformation over the past few years. We also invested more resources and efforts, hoping to fulfill our corporate social responsibility.

To show our determination to promote corporate social responsibility (CSR), we officially established the CSR Committee on March 2016. Chaired by the vice president of the operational center, the committee is composed of various divisions formed by the heads of related departments to promote CSR within the organization in a more consistent and organized manner. The committee also reports to the Board of the Chairman and CEO periodically.

Perspective Enterprise Award for Green Power Support

In addition to implementing various environmental actions, including energy conservation, power conservation, and water conservation, in all E Ink plants, we spare no effort to support environmental sustainability, support of the government’s policy to promote energy transformation, and encourage industries to use green power with zero or near zero emissions in the production process, in order to reduce the environmental impacts of power consumption.

In 2015, Hsinchu Plant began purchasing 500,000kWh of green power and increased the purchase to 1,000,000kWh in 2016. Our positive efforts to support green power purchasing were recognized by the Ministry of Economic Affairs. Amongst all high-tech industries, we purchased the third highest amount of green power, and were thus awarded with the “Perspective Enterprise Award” at the “Green Power Appreciation Award” event from the Bureau of Energy, Ministry of Economic Affairs.

Actions for Social Inclusiveness and Care

Our territory of operations covers Asia and the USA. Upholding the spirit: Contributing what is taken from society to society, we synchronously and persistently implement social care activities in Taiwan, China, and the USA. In Taiwan, we were the first to voluntarily donate NT\$2 million to the Tainan City Government after the 2016 Taiwan earthquake to extend our concerns for the victims and support for post-disaster reconstruction. After typhoon Nepartak devastated Taitung, we collaborated with the Taiwan Fund for Children and Families Taitung to start an employee donation campaign to raise funds for the post-disaster reconstruction fund.

The Yangzhou Plant and employees voluntarily signed up to and supported the Maitian Project in 2012. In this charitable operation, employees and the Yangzhou Plant made donations to purchase required schooling materials, such as winter clothes and snowshoes, for students in remote areas and invest in multimedia classroom construction to help local students acquire new knowledge, in order to bridge the urban-rural divide. Employees of the USA Plant have independently established the Ad Hoc Philanthropic Committee (AHPC) to initiate employee donation and material recruitment in order to finance local communities. Between 2011 and 2016, AHPC has recruited materials equivalent to US\$56,199 (approx. NT\$1.7 million) to help local vulnerable groups.

Recognition for Open and Transparent Governance

We also spare no effort in strengthening corporate governance. In 2014, we established an audit committee which holds committee meetings periodically. We also disclose related topics and publicize material information by law to achieve open and transparent corporate governance. Over the past three years, we have been ranked the top 20% of the best the Corporate Governance Evaluation. In 2016, we were awarded the 25th Outstanding Internal Auditor Award to recognize the efforts of auditors to assist the management on inspecting and assessing the internal control system to enhance the organization’s operational performance.

Persistent Innovation and Development and Steady Growth

In 2016, we were awarded at home and abroad for our persistent research and development of our core product—ePaper products and applications. These awards included the Taiwan Excellence Award and the “Best in Show” at the Society for Information Display (SID) Intentional Conference. In addition, the successful application of the ePaper in various fields, such as the e-luggage tag, or the multilingual guided tour signage in museums, has been changing our daily life. With the ePaper, people can enjoy a more comfortable and convenient life. E Ink will continue to develop and innovate ePaper applications in order to promote steady organizational growth. We will also continue to fulfill our corporate social development to become a good corporate citizen. °

Chairman and CEO
E Ink Holdings Inc.
Frank Ko





E Ink on Every Smart Surface

«Sustainable Column»
An Innovative Sustainable City with E Ink

Through persistent development of smart products for daily life, E Ink enables a convenient life ubiquitously.

- e-Readers: A walking library at hand.
- ePaper Signage: A new total solution for real-time display of information and cultural and creative industries
- eNote: A combination of writing pads and innovative technology.
- ePaper tag: A new age for consumption with IoT.
- ePaper luggage tag: A tool for quick shuffling across cities.
- ePaper medical information carriers: Tools for paperless and convenient medical practice.
- Color ePaper: A product that changes the city's look.

By innovating vision, the ePaper leaves a green space for the city with better energy conservation and emissions reduction performance. Its lightweight, flexible, and energy saving characteristics bring more possibilities for a smart lifestyle and build a brand-new sustainable city.

In response to the 17 Sustainable Development Goals (SDGs) announced by the UN, we established our product development vision in 2016 with reference to six SDGs, with focus on the "sustainable city" in collaboration with the other SDGs, in order to develop unlimited possibilities.



3 GOOD HEALTH AND WELL-BEING
Compared with other display technologies, our ePaper display (EPD) uses the full reflective display technology, contains no backlight and blue light to irritate and harm the human eyes. As a user-friendly display technology, the ePaper can be also used in the medical field, such as blood sugar testers and smart drug dispensers.



4 QUALITY EDUCATION
The e-reader is recognized as the best EPD so far. It can disseminate the knowledge and contents in paper books to all parts of the world to ensure the right to education of children in remote areas and thereby eliminate the education divide.



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



9 INDUSTRY INNOVATION AND INFRASTRUCTURE
Based on innovation and sustainability, we persistently develop all kinds of EPD products for various applications. By developing various advanced technologies, we offer revolutionary products, better user experience, and more environmental benefits and select eco-friendly materials to embark on clean production, in order to strengthen a sustainable value chain.



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



13 CLIMATE ACTION
When replacing existing display technologies with EPD, the bistable characteristics featuring low power consumption and no power consumption for holding an image (always on) of the ePaper can significantly reduce power consumption and carbon emissions and relieve the impact of global climate change caused by GHGs after long-term and extensive use. In addition, its "always on" feature makes EPD an ideal option for digital signage displaying disaster prevention and evacuation description, as the escape information can still be displayed even power is shut down after a disaster occurs.

E Ink Glory

2011-2015

Yangzhou Plant "Best Ten Tax-Paying Enterprises", "Grade A Tax Credit", "Special Contribution in Business Solicitation and Investment Introduction", "Top 100 Industrial Enterprises", "Best Ten Enterprises Above Designated Size", "Model Unit for Integrity in Labor Protection", "Demo Base for Circular Economy Education", "Eco-Friendly Enterprise of Jiangsu", "Enterprise Technology Center", "Model Home for Employees", "Model Unit for Employment Promotion in Yangzhou City", and so on.



2013

Best in Show of 2013 at the Society for Information Display International Conference.



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.



2015

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



2016

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



The Hsinchu Plant was awarded with the "Perspective Enterprise Award" at the "Green Power Appreciation Award" event from the Bureau of Energy, Ministry of Economic Affairs for purchasing 1,000,000kWh green power in 2016, the third highest among all high-tech industries.



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



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



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

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



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

* NeoCon is the most important exhibition for business interior architecture.



Chapter Summary

CH1 Management of Sustainability Topics	
Identification of material topics	Eight core topics were identified through systematic analysis and the discussion of three upper executives.
Management approach	Strengthening the disclosure of management approach (DMA) and explicitly present the management policy directions and action plants.
Stakeholder communication	Providing comprehensive channels for communicating with different stakeholder groups.
CH2 Excellence and Pragmatism	
Establishment of the CSR Committee	The CSR Committee was established at the beginning of 2016 to compile the CSR report and promote sustainable development.
Product market share	the E Ink ePaper shares over 90% of the global market.
Corporate governance	Ranked the top 20% best the Corporate Governance Evaluation for three consecutive years.
Revenue growth	The 2016 revenue grew by 5% from 2015.
CH3 Smart Life and Humanistic Spirit	
Expansion of product application	Expanded the use of EPD digital signage through collaboration with the Estonian National Museum and Bridge Gallery in Dadaocheng.
R&D investment	A total of NT\$1.874 billion was invested in R&D, commanding at 13.2% of the 2016 revenue.
Enhanced management of restricted substances	The "Environment-Restricted Substances Management Committee" added the responsible person to the Linkou Plant in 2016.
Customer Satisfaction	The overall 2016 customer satisfaction maintained at 81%.
Customer complaints dropped	Ten customer complaints reduced in 2016.
CH4 Eco-Friendliness and Green Partners	
Energy management	The Hsinchu Plant passed ISO 50001 Energy Management System (EnMS) certification at the end of 2016.
Green power purchase	The Hsinchu Plant was awarded with the "Perspective Enterprise Award" at the "Green Power Appreciation Award" event from the Bureau of Energy, Ministry of Economic Affairs, for purchasing 1,000,000kWh green power in 2016, the third highest among all high-tech industries.
Waste recovery and management	Based on a full record of waste production, the Yangzhou Plant achieved a 79% waste recovery rate in 2016.
Solar power	The Yangzhou Plant generated over 2.14 million kWh of power with solar energy in 2016, commanding at 10.42% to the total power consumption.
Water Resources Management	The Yangzhou Plant implemented the water conservation plan and reclaimed 54,000 tons of RO concentrated water and 14,000 tons of spilled ultrapure water a year.
CH5 Happy Workplace and Warm Regards	
Implementation of the "Wage Reform Program"	The employee turnover rate of the Yangzhou Plant dropped by about 50% after the implementation of the "Wage Reform Program".
Workplace safety and health management	The Linkou Plant completed the preparation for OHSAS 18001 certification in 2016.
Disabling injuries reduced	Both the FR and SR in Taiwan reduced significantly from last year to zero in 2016.
Employee education and training	The E Ink University established in the USA Plant to provide employees with multidimensional education and training activities was ranked the fourth top enterprise university in the USA in 2016.
Care for education in remote areas	Launched collaboration with the Maitian Education Foundation of Guangdong Province in China to improve child education in remote areas. Currently, 77 service teams and 52 support points have been established to provide service for over 100 communities.

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 Traditional Chinese and English. In addition to a paper version, this report is available for download from E Ink's [CSR Section](#) corporate website. The boundary of disclosure covers in principle our Hsinchu Plant and Linkou Plant in Taiwan, which are our major points of operations in Taiwan. Information of the Yangzhou Plant in China and the USA Plant has been included in the report to enrich the report contents. With this CSR report, we hope to disclose our efforts to pursue sustainable development and fulfill corporate social 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 our sustainable development and develop toward a world-class enterprise. All amounts mentioned in this report are calculated with the New Taiwan Dollar (NT\$). Amounts expressed in other currencies will be remarked separately.

● Reporting Period

This report discloses the information regarding our CSR management approaches, material topics, responses, actions, and performance in fiscal year 2016 (January 1, 2016 to December 31, 2016). For readers to better understand relevant information, some contents have been traced back to 2012.

● Reference Guidelines

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

● Reporting cycle

E Ink publishes its CSR report on an annual basis. The previous issue (CSR Report 2015) was published in June 2016.

The Traditional Chinese version of the current issue (CSR Report 2016) was published in June 2017. The English version was published in October 2017.

The Traditional Chinese version of the next issue (CSR Report 2017) will be published in June 2018. The English version will be published in October 2018.

● Report Assurance

Limited assurance of compliance with the GRI G4 Core disclosure principle has been conducted by Deloitte Taiwan with reference to the Assurance Standard 1 (AS 01) "Assurance Engagement of Non-Historical Financial Information Audits or Reviews" (establish with respect to ISAE 3000 Revised). The Statement of Assurance of issued by the CPA is shown in the appendix.

● Contact

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

E Ink CSR Committee
csr@eink.com



Chapter 01

Management of Sustainability



1-1 Response to Stakeholders

At E Ink, we identify stakeholders and material topics with respect to the AA 1000 Stakeholder Engagement Standard (AA 1000 SES), in order to understand the material environmental, social, and governance topics that concern stakeholders. At the CSR Committee meeting, representatives of the E Ink departments assessed the stakeholders in terms of five aspects: dependency, influence, tension, responsibility, and diverse perspectives (AA 1999 SES: 2011) before identifying nine main stakeholder groups.

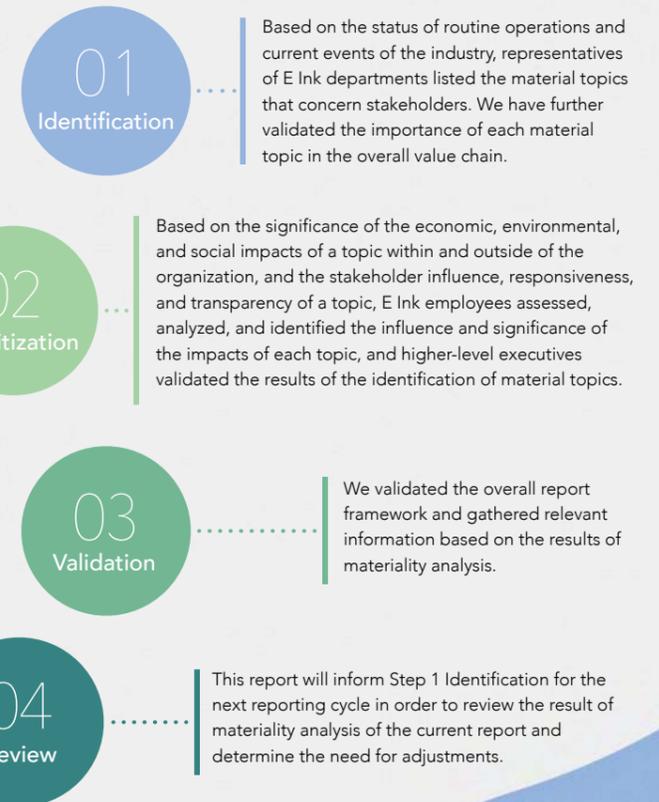
Attributes of Stakeholders

Dependency	Responsibility	Influence	Diverse Perspectives	Tension
Groups or individuals who are directly or indirectly dependent on the organization's activities, products or services and associated performance, or on whom the organization is dependent in order to operate.	Groups or individuals to whom the organization has, or in the future may have, legal, commercial, operational or ethical/moral responsibilities.	Groups or individuals who can have an impact on the organization's or a stakeholder's strategic or operational decision-making.	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.	Groups or individuals who need immediate attention from the organization with regard to financial, wider economic, social or environmental issues.

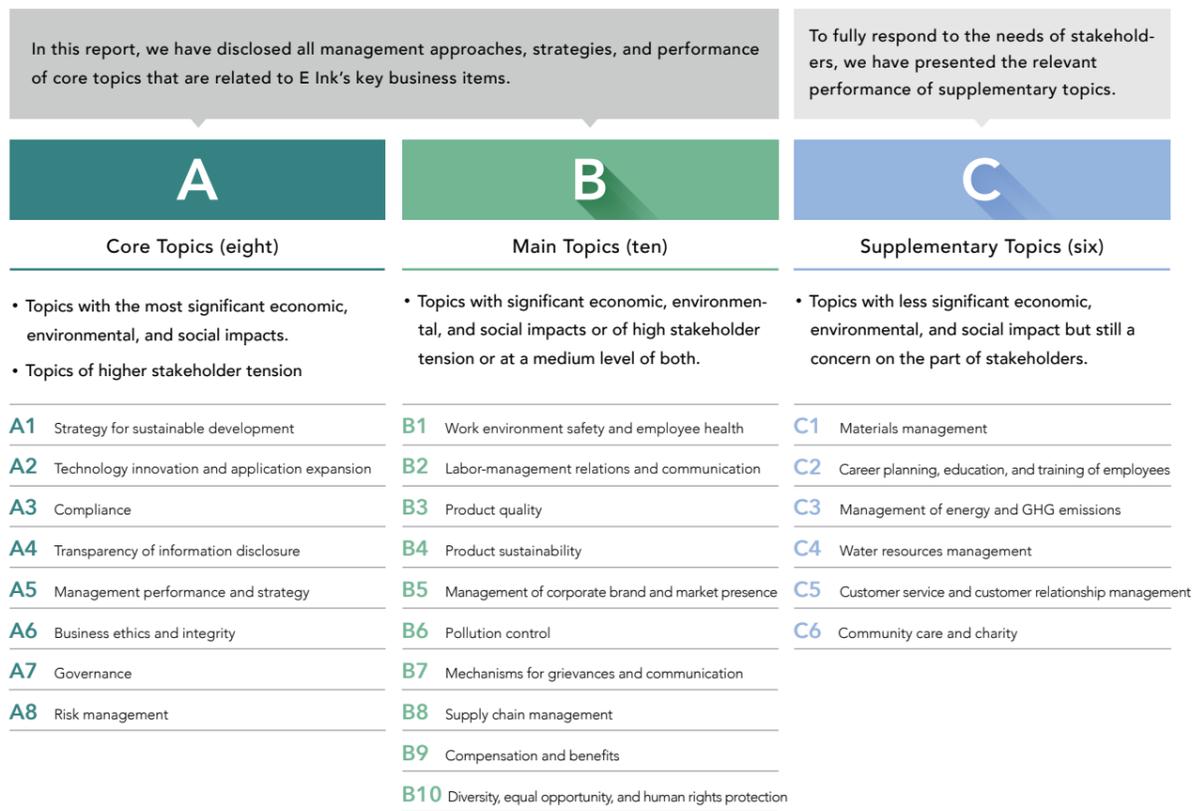
Types of Stakeholders	Significance to E Ink
Government	E Ink complies with the related laws and regulations of the government and competent authorities and proactively cooperates with the government policies to fulfill our corporate social responsibilities.
Employees	Employees are an important asset that enables E Ink to engage in continual innovation and advancement, and establishing a harmonious labor-management relationship is the only way to create value constantly.
Customers	By insisting on product quality and services, we hope to provide customers with the best solutions and grow with them together.
Suppliers/Contractors	Suppliers/contractors are the most important partners of E Ink. Though persistent management, interaction, and cooperation, we hope to create a more sustainable value chain.
Shareholders/Investors	We respect the opinions of shareholders/investors and treat such opinions as an important reference for continuous progress.
The Media	We proactively respond to the public through the media to achieve information transparency.
E Ink Group	We maintain constant interaction with affiliates and follow related development policies.
Associations (such as industry associations)	We continuously participate in the operation of industry associations, hoping to contribute our value in the industrial chain.
Local Residents/Communities/ NGOs	By expressing persistent care about local communities and vulnerable groups, we demonstrate the corporate charity spirit and make constant, positive contributions to society.

1-2 Identification and Management of Material

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 methods for defining report contents and the principles for determining material aspects in the 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 discussion between 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 the core and main topics and timely demonstrate the effectiveness of supplementary topics to fulfill the expectations on the part of stakeholders.



The matrix below shows the 24 material topics disclosed in our 2016 CSR report. After identification and prioritization, we have categorized them into eight core topics, ten main topics, and six supplementary topics.



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

Material topics (including core and main topics)	GRI Material Aspects	Aspect Boundaries									Corresponding Section
		Within the organization		Outside of the organization							
		E Ink Group Company	E Ink Holdings (including employees)	Customers	Shareholders/Investors	Government	Suppliers/Contractors	Associations (such as industry associations)	Local Residents/Communities/NGOs	The Media	
Strategy for sustainable development	N/A	●	●	●	●	●	●				2-2 Sustainable Vision and Commitment
Technology innovation and application expansion	Products and Services	●	●	●	●	●	●				3-2 Demonstration of Technology and Innovation Power3
Compliance	Compliance (EN, SO, PR)	●	●	●	●	●			●		2-4 Business ethics and integrity and sustainable governance 3-3 Quality Persistence 4-1 Environmental Protection Concept
Transparency of information disclosures	Product and Service Labeling and Marketing Communications	●	●	●	●						3-3 Quality Persistence
Management Performance and Strategy	Economic Performance	●	●		●			●			2-5 Strategy Focus and Growth 5-2 Building a Healthy and Positive Work Environment
Business ethics and integrity	Anti-corruption, Anti-competitive behavior, and public policy	●	●	●	●	●		●			2-4 Business ethics and integrity and sustainable governance
Governance	N/A	●	●		●	●					2-3 Global Deployment 2-5 Strategy Focus and Growth
Risk management	Compliance (EN), Occupational Health and Safety, Investments	●	●	●	●	●	●				2-4 Business ethics and integrity and sustainable governance 4-1 Environmental Protection Concept 5-2 Building a Healthy and Positive Work Environment
Work environment safety and employee health	Market Presence, Employment, Occupational Health and Safety	●	●			●					5-2 Building a Healthy and Positive Work Environment
Labor-Management Relations and Communication	Employment, Labor/Management Relations, Non-discrimination, Freedom of Association and Collective Bargaining, Child Labor, Forced or Compulsory Labor	●	●				●				5-1 Team Overview 5-2 Building a Healthy and Positive Work Environment
Product quality	Customer Health and Safety, Product and Service Labeling, and Marketing Communications	●	●	●							3-3 Quality Persistence
Product sustainability	Products and Services	●	●	●	●						Sustainability Column 3-1 User-Centered Brand New Experience 3-2 Demonstration of Technology and Innovation Power 5-2 Building a Healthy and Positive Work Environment 5-4 Companionship with Local Communities
Management of corporate brand and market presence	Indirect Economic Impacts, Local Communities	●	●	●	●				●		5-2 Building a Healthy and Positive Work Environment 5-4 Companionship with Local Communities
Pollution control	Effluents and Waste	●	●			●			●		4-1 Environmental Protection Concept 4-3 Resources Recycling and Management
Mechanisms for grievances and communication	Environmental Grievance Mechanism, Labor Practices Grievance Mechanisms, Human Rights Grievance Mechanisms, Grievance Mechanisms for Impacts on Society	●	●					●		●	2-4 Business ethics and integrity and sustainable governance 4-1 Environmental Protection Concept 5-2 Building a Healthy and Positive Work Environment
Supply chain management	Supplier Environmental Assessment, Supplier Assessment for Labor Practices, Supplier Human Rights Assessment, Supplier Assessment for Impacts on Society	●	●	●				●			4-4 Building a Sustainable Supply Chain
Compensation and benefits	Market Presence, Equal Remuneration for Women and Men	●	●								5-1 Team Overview 5-3 Diverse Development and Growth of Employees
Diversity, equal opportunity, and human rights protection	Diversity and Equal Opportunity, Non-discrimination, Child Labor, Forced or Compulsory Labor	●	●					●			5-1 Team Overview

Based on interactions 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 for special topics.

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 the corresponding sections for the details of respective management approaches.

Aspects	DMAs	Corresponding Sections	Page
Economic	Economic Performance	· Establish an Audit Committee.	23
		· Review the organization's economic performance regularly at business meetings and disclose complete information by the law in financial statements and annual reports.	30
	Market Presence	· Establish an Audit Committee.	23
		· Establish a compensation policy to ensure wages are higher than the local minimum wage; and encourage employment of local employees.	72
Indirect Economic Impacts	· Draw up plans for participation in social charitable activities and launch cooperation with NGOs.	85	

Aspects	DMAs	Corresponding Sections	Page
Environmental	Effluents and Waste	· Implement the ISO 14001 Environmental Management System	62
		· Continue to improve wastewater treatment facilities and comply with local effluent laws and regulations.	
	Products and Services	· 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.	46
	Compliance	· Keep track of legal requirements and update the relevant regulations periodically, and organize education and training activities.	51
	Supplier Environmental Assessment	· Establish a supplier environmental assessment and audit periodically.	68
Environmental Grievance Mechanisms	· Establish various channels for receiving grievances, such as the onsite inspection of competent authorities, and environmental hotlines for local residents and neighboring factories, and gather related information	51	

Aspects	DMAs	Corresponding Sections	Page
Social Labor Practices and Decent Work	Employment	· Establish a complete personnel statistics system to capture the status of employment.	41
		· Include employment in the supplier evaluation procedure, with evaluation items including equality and human rights, for periodic supplier evaluation and as a reference for new supplier selection.	71
	Labor/Management Relations	· Specify the minimum notice periods for collective bargaining regarding significant operational changes according to the law.	72
	Occupational Health and Safety	· Establish the ESH policy and arrange employee health examinations, occupational hazard health examinations, and relevant talks, education and training activities.	71
	Diversity and Equal Opportunity	· Establish the E Ink code of business conduct and specify regulations relating to non-discrimination.	71
	Equal Remuneration for Women and Men	· Establish the E Ink code of business conduct and specify regulations relating to non-discrimination.	71
	Supplier Assessment for Labor Practices	· Establish a mechanism to assess labor practices and audit periodically.	68
	Labor Practices Grievance Mechanisms	· Establish comprehensive channels for employee opinion communication, such as labor-management meetings, suggestion box, website, and seminar, specify the procedures for handling employee opinions, and follow up the handling results. · Establish an additional appeal mechanism and channel in the grievance mechanism and processing procedures, and follow up the handling results. · Establish a complete process for supplier evaluation and capture the labor practices of suppliers through the supplier feedback channel.	72

Aspects	DMAs	Corresponding Sections	Page			
Human Rights	Investment	· When there are major investment projects, the legal and financial units will consider human rights.	23			
	Non-discrimination	· Establish the code of business conduct, reinforce awareness education, and include the code in the annual audit program for management.	71			
	Freedom of Association and Collective Bargaining	· Encourage employees to join the labor union (Yangzhou Plant) or clubs.	71			
	Child Labor	· Establish the code of business conduct, reinforce awareness education, and include the code in the annual audit program for management.	71			
	Forced or Compulsory Labor	· Establish the code of business conduct, reinforce awareness education, and include the code in the annual audit program for management.	71			
	Supplier Human Rights Assessment	· Establish a mechanism for supplier human rights assessment and audit periodically.	68			
	Human Rights Grievance Mechanisms	· Establish the E Ink code of business conduct and specify the regulations relating to non-discrimination, no forced labor, workplace harmony, and no child labor. · Establish comprehensive channels for employee opinion communication, such as the labor-management meeting, suggestion box, website and seminars, specify the procedures for handling employee opinions, and follow up the handling results. · Establish an additional appeal mechanism and channel in the grievance mechanism and processing procedures, and follow up the handling results. · Establish a sexual harassment grievance handling committee to process related grievances, investigations, and resolutions. · Establish a complete process for supplier evaluation and capture the human rights of suppliers through the supplier feedback channel.	68			
				Local Communities	· Verify the impacts on local communities through environmental impact assessment and reinforce management. · Encourage employment of local employees	71
				Anti-Corruption	23	
	Public Policy					
Anti-competitive Behavior	· Establish the code of business conduct, reinforce awareness education, and include the code in the annual audit program for management.	23				
Society	Compliance	· Keep track of legal requirements and update the relevant regulations periodically, and organize education and training activities.	23			
	Supplier Assessment of Impacts on Society	· Establish a mechanism for assessing the supplier's impacts on society and audit periodically.	68			
	Grievance Mechanisms of Impacts on Society	· Establish the E Ink code of business conduct and specify regulations relating to anti-corruption.	85			
		· Establish an open whistleblowing channel on the company website for employees and outsiders to report corruption by email (AOOT@eink.com) or by letter, and the Audit Office will investigate and verify related reports. · Establish a complete process for supplier evaluation and capture the impacts on society of suppliers through the supplier feedback channel.				
	Customer Health and Safety	· Establish a restricted substances management committee for management to ensure no E Ink product contains toxic substances.	46			
Product Responsibility	Product and Service Labeling	· Conduct customer satisfaction periodically and include customer feedback as the reference for future planning.	46			
	Marketing Communications	· Manage and verify the content of marketing communications with the internal audit mechanism.	46			
	Compliance	· Keep track of legal requirements and update relevant regulations periodically, and organize education and training activities.	46			

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.

Stakeholders	Concerned Topic	Taiwan (E Ink HQ, Hsinchu Plant, and Linkou Plant)		China (Yangzhou Plant)	
		Communication Channels and Frequency	2016 Concrete Communication Results	Communication Channels and Frequency	2016 Concrete Communication Results
E Ink Group	<ol style="list-style-type: none"> Governance Management Performance and Strategy Market Presence 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 six board meetings, with average attendance of 91%.	L1 executive weekly meeting (weekly)	Held over 40 L1 executive weekly meetings.
Employees	<ol style="list-style-type: none"> Wages and Benefits Strategy for sustainable development Labor-Management Relations and Communication Management Performance and Strategy Work environment safety and employee health 	<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) Internal mails and announcements (anytime) Employee education/training (irregularly) E Inker internal magazines Talks and seminars (irregularly) Employee suggestion box (irregularly) 	<ol style="list-style-type: none"> Two seminars were held for all employees. Three labor-management meetings were held and consensus on 53 proposals was reached. Four Employee Welfare Committee meetings were held and resolutions on nine proposals were made. One annual performance evaluation was conducted. One CEO message was announced. A total of 150 employee education/training courses were organized. One issue was published. Six health talks were organized. A total of 35 suggestions were received from the suggestion box, and all cases were resolved. 	<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"> Four employee seminars were held. One annual performance evaluation was conducted. Six employee comments were received. Twelve issues of Labor Union Monthly were published. Trainee welcome parties/ farewell parties were organized 28 times. Four base level officer luncheons were organized. Constantly gathered employee comments and posted them on the control room bulletin board. A total of 91 employee education/training activities were organized. A total of 45 items to be implemented by and promoted to employees were announced.
Customers	<ol style="list-style-type: none"> Product quality Customer service and customer relationship management Materials management Supply chain management Risk management 	<ol style="list-style-type: none"> Visits by sales staff and higher-level officers (irregularly) Business review meeting (weekly) Quarter Business Review (QBR) (quarterly) Customer Satisfaction Survey Form (annually) In-house audit by customers (irregularly) Customer questionnaire response (irregularly) Purchase Order Seminars and trade fairs (irregularly) Corporate website (regularly) 	<ol style="list-style-type: none"> Sales staff and higher-level officers visited each other 12 times to discuss technology development, product shipping, and delivery date of key parts and components. Organized one QBR for heavyweight customers with 10 participants from both sides; weekly conference calls/weekly onsite visits and discussions/improvement of the most immediate quality problems with important customers. The recovery rate of the customer satisfaction survey form was 89%, and the average score was excellent. The coverage of customer questionnaire was 100%. 	E Ink Taiwan took charge of customer communication.	
Shareholders/ Investors	<ol style="list-style-type: none"> Management Performance and Strategy Transparency of information disclosures Technology innovation and application expansion Business ethics and integrity Strategy for sustainable development 	<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 68.16% 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 56 material messages by the law. 	E Ink Taiwan took charge of shareholder communication.	

Stakeholders	Concerned Topic	Taiwan (E Ink HQ, Hsinchu Plant, and Linkou Plant)		China (Yangzhou Plant)	
		Communication Channels and Frequency	2016 Concrete Communication Results	Communication Channels and Frequency	2016 Concrete Communication Results
Government	<ol style="list-style-type: none"> Compliance Management of energy and GHG emissions Water Resources Management Pollution control Strategy for sustainable development Materials management 	<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 16 regulation presentations on environmental safety of Linkou, two regulation presentations on finance, and 24 regulation presentations on environmental safety of Hsinchu 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/ Contractors	<ol style="list-style-type: none"> Supply chain management Transparency of information disclosures Strategy for sustainable development Business ethics and integrity Technology innovation and application expansion 	<ol style="list-style-type: none"> Supplier audits and visits (irregularly) QBR (regularly) meeting (weekly) General meeting of suppliers (annually) Supplier guidance and audits (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. Eight suppliers attended the QBR meeting. Provided guidance for Quality Process Audit (QPA) for 21 suppliers 	<ol style="list-style-type: none"> Supplier audits, working meetings, and business visits (irregularly) QBR (regular) meeting (weekly) Supplier guidance and audits (annually) Production-marketing coordination meetings (weekly) Cost Reduction Meetings (annually) Routine security work discussion meetings (weekly) 	<ol style="list-style-type: none"> Visited more than three suppliers monthly. Held the weekly QBR meeting with eight major material suppliers. Provide guidance for Quality Process Audit (QPA) for 11 suppliers
Associations (such as industry associations)		<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.	
Local Residents/ Communities/ NGOs		<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.
The Media		<ol style="list-style-type: none"> Investor conferences (quarterly) General meetings of shareholders (annually) Trade fair: Touch Taiwan 2016 Press release for EPD technology, products, strategic partners, 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 on average to the investor conference. Voluntarily invite about 6-8 media to the annual general meeting of shareholders. About 13 media attended the Touch Taiwan. Eight media attended the pre-departure press conference of La Biennale di Venezia Ten media attended the RIMOWA Electronic Tag press conference. Voluntarily sent 20 press releases to the media, published about 10-12 press releases on average. Two media, Commercial Times and Economics Daily interviewed our CEO. 	E Ink Taiwan took charge of media communication.	

Excellence and Pragmatism



2-1 E Ink Chronicle

Established on: June 16, 1992

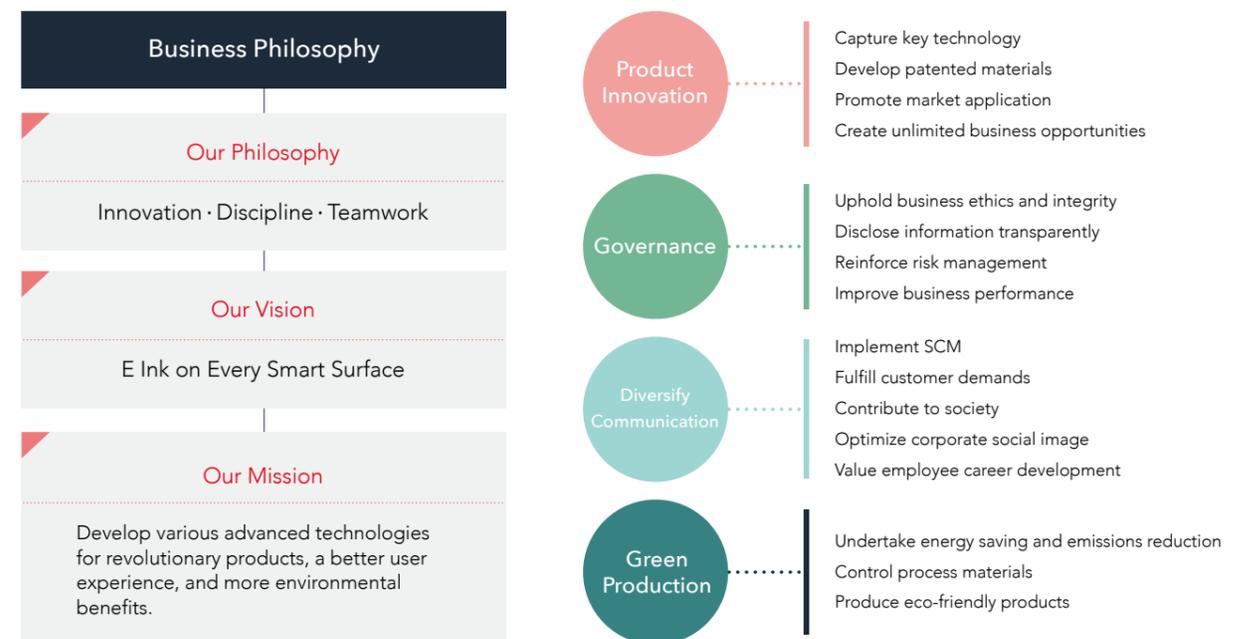
History

- Dec 1995** The Hsinchu Plant with a monthly design capacity of up to 6,000 pieces was completed.
- Jan 1997** Hsinchu HQ Building was completed.
- Sep 2001** Expanded equipment to raise monthly capacity to 36,000 pieces.
- Mar 2004** Officially listed on TPEX on March 30.
- May 2005** Acquired Philips' EPD business.
- Oct 2006** Established the US subsidiary to expand to the US sales network.
- Jul 2008** Acquired shares of Hydix Technologies Co., Ltd. on July 4.
- Dec 2009** Acquired 100% shares of E Ink.
- Jun 2010** Changed the company's English name to E Ink Holdings Inc.
- Nov 2012** Acquired shares of SiPix for its Microcup® technology and patents to broaden and integrate E Ink's EPD patent deployment.
- May 2013** Announced the E Ink Spectra™, a tri-color EPD including red, black, and white.
- Jan 2015** Announced the E Ink Prism™ color EPD technology.
- May 2016** Announced the Advanced Color ePaper (ACeP).

2-2 Vision and Mission of Sustainable Development

E Ink Sustainability Policy

As a specialist in ePaper and LCD R&D, design, and manufacturing company re-invested in 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, and Teamwork" business philosophy; work culture of accountability; 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 in resources and making aggressive contributions and continual improvement in consideration of the following aspects, hoping to fulfill our corporate social responsibilities and uphold our determination to sustainable development.



CSR Committee

In early 2016, we established the CSR Committee with a prime mission to compile the annual CSR Report. At the beginning of establishment, we arranged internal education and training for seed staff to raise 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 which was published in June 2016.

In addition, we set up different divisions according to the duties of each functional group and held meetings to discuss their tasks, plan and implement sustainable activities, in order to constantly promote work relating to CSR and sustainable development.



2-3 Global deployment

A member of the Technology Group of YFY, Inc. established in 1992, E Ink plays an important role in the global ePaper industry, with ePaper based on electrophoretic technology as the main product range. Its comprehensive applications include e-readers, electronic shelf labels (ESLs), e-notes, dual screen mobiles, sub-screens of flip mobiles, smart watches, smart cards, smart luggage tags, digital signage, smart pill dispensers, smart home remote controls, and even dynamic construction materials.

Following the invention of paper by the ancient Chinese, the establishment of E Ink marks a historical significance. Thanks to Cai Lun (AD 50–121) who invented paper and Bi Sheng (AD 990–1051) who invented the world's first movable type technology, people could disseminate culture with paper and pass down characters with printing. Foreseeing that the rise of digital publishing would change the way of cultural dissemination and the impact on traditional printing and writing paper for electronic devices and the 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 began to 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 a high yield rate to produce and manufacture display modules for terminal device manufacturers.

Following the development of digital content, the concept of a new-type of display—ePaper—thus arose. E-paper has started a new trend across the world for its great number of useful characteristics: paper-like legibility, easy-on-the-eyes, energy efficient, 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 manufacturer and supplier. 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 the ePaper production chain covering e-ink, ePaper panels, and ePaper module manufacturing 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 supplies products to world-leading manufacturers, such as Amazon, Kobo, and Tolino. 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.

Three main product ranges: Three core growth engines: eNote, ESL/Tag, Signage



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, manufacturing, and sale of TFT-related displays, such as the E-paper 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 the Taipei Stock Exchange (TPEX: 8069) in March 2004.
Total number of employees	Taiwan—E Ink HQ (including Hsinchu Plant): 591 persons and Linkou plant: 274 persons. China—Yangzhou Plant: 1,431 persons and Shenzhen Office: 15 persons. South Korea: 21 persons USA: 365 persons Japan: 10 persons

Worldwide Presence



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 300
- E Ink Linkou Plant**
 ePaper manufacturing plant
 Sales and application service office
 No. 199, Hwaya 2nd Road, Kueishan District,
 Taoyuan City, Taiwan 33383
- E Ink Transcend Optronics**
 Module Plant
 No. 8, Wuzhou West Road, Economic and
 Technological Development Zone, Yangzhou,
 Jiangsu Province, PRC
- E Ink Shenzhen Office**
 Sales and application service office
 9F, Financial Service & Technological
 Innovation Building 1, Sci-Tech. Park. No.8,
 Kefa Road, Nanshan District, Shenzhen,
 Guangdong Province, PRC
- E Ink Japan Office**
 Sales and application service office
 6F, Shinjuku Mitsui Building No.2 3-2-11
 Nishishinjuku Shinjuku-ku, Tokyo,
 160-0023, Japan
- 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

2-4 Business Ethics and Integrity and Sustainable Governance

Organization Framework

1. Organization System

(1) Organization Chart



(2) Organizational Functions

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

Plan operational strategies and goals; plan and implement internal control; administer legal affairs and plan and manage document control; plan and implement human resources affairs and public affairs; plan IT deployment and implement new IT; develop market presence and contact the media; plan, implement, and supervise public affairs, such as international exhibitions and product promotional activities.

President's Office (including the Application Service Division, Business Administration and Integration Division, Industrial Safety Department, and Environmental Protection Department)

Plan and implement the operational goals of individual business units; integrate and optimize processes; assist business units on promoting new products, customers on implementing product designs and resolving mass production problems; plan and implement industrial safety and environmental protection plans.

R&D Center

Research, develop, and innovate e Paper-related technologies and products and implement mass production, including the R&D of new types of ePaper; patent deployment and planning; design of leading-edge panels and R&D of process technology; development of process technology for new platforms and modules; and introduction of key materials, parts, and components. Provide reference designs of terminal application products for customers; develop e-paper system products; and assist customers on quick design for mass production.

Operational Center

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

Financial Control Center

Plan and implement finance, accounting and operational management.

Strategic Integration Center

Verify the specifications of new products of all BUs; plan product management; implement the product management platform; plan and implement product projects; plan and promote product applications and user values; and plan supply chain strategies.

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-readers and e-notes; cultivate customers and markets. Resolve and analyze problems related to customer projects; and discuss, produce, and provide technical documentation.

ESI BU

Research, develop, design, manufacture, and sell ESL, Language tag, Smart Card/Home, Medical, and Industrial/IoT tag products.

Mobile Device BU

Design and sales of mobile devices and wearables; and provide and establish total solutions.

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.	2014 06.18	3 years	2014 06.18	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.
Chairman	ROC	Johnson Lee, representative of Aidatek Electronics Inc	2014 06.18	3 years	2014 06.18	BA/BS in Economics and Electrical Engineering, Tufts University, USA.	President, E Ink Holdings Inc., and chairman or director of E Ink subsidiaries/ Chairman, E Ink ePaper Platform, Executive Director, Shin Lung Natural Gas Co., Ltd. /Director, Netronix, Inc./ Director, UltraChip Inc. / Director, Foongtone Technology Co., Ltd./ Director, BoardTek Electronics Corporation
Chairman	ROC	S. C. Ho, representative of Aidatek Electronics Inc	2014 06.18	3 years	2014 06.18	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 ² .
Chairman	ROC	Felix Ho, representative of Aidatek Electronics Inc	2014 06.18	3 years	2014 06.18	MA in Financial Management, MIT Sloan School of Management	Chairman of E Ink subsidiaries/ Director, Chung Hwa Pulp Corporation/ Chairman of YFY Consumer Product Group/ Chairman of YFY Containerboard and Packaging Group/ Director, SinoPac Holdings/ Director or supervisor of YFY subsidiaries ² .
Chairman	ROC	Chuang-Chuang Tsai, representative of YFY Inc.	2014 06.18	3 years	2002 06.20	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, Radiant Innovation, Inc./Director of E Ink subsidiaries
Chairman	ROC	Lloyd Cheg, representative of YFY Inc. Le-Chun Chen ¹	2014 06.18	3 years	2002 06.20	CFO, Fitipower Integrated Technology and GDS(Suzhou) Co Ltd. (China)/Senior Staff, LiteOn Technology/Manager, World Wrist Watch Magazine/Group Leader, Deloitte Taiwan/CFO, E Ink/M.A in Finance, CUNY, USA	Director and Supervisor of E Ink subsidiaries/ Associate VP, Financial Control Center, Admiral Overseas Corporation
Independent Director	ROC	Ten-Chung Chen	2014 06.18	3 years	2005 06.16	President, Advantech America/Director or supervisor of Advantech Co., Ltd. / MBA, University of USA	Supervisor, Advantech Co., Ltd./Independent Director, YFY Inc.
Independent Director	ROC	Biing-Seng Wu	2014 06.18	3 years	2014 06.18	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	2014 06.18	3 years	2014 06.18	PhD in Urban and Environmental Management, Rensselaer Polytechnic Institute, USA./ Professor and Chairman, NCCU Graduate Institute of Technology, Innovation, and Intellectual Property Management/Director of EMBA, NCCU, and Dean, Center for Creativity and Innovation Studies, NCCU.	Independent Director, PharmaDax Inc./ Independent Director, Tatung System Technologies Inc/ Chairman, Eastern Advertising, Ltd

1. Institutional director YFY, Inc. re-assigned Mr. Le-Chun Chen as its representative on November 30, 2016.
2. Please refer to E Ink Annual Report 2016 for details of concurrent posts.

Annual report download site



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 selecting, supervising, and instructing the management. Board members are elected by the general meeting of shareholders and the board is formed by professionals in different fields. Each board member has rich experience in related industries and higher education attainment in related fields, such as technology, business, finance, accounting, and corporate operations. After the re-election of directors in the 2014 annual general meeting of directors, the board currently has nine directors, including three independent directors and one female director, with an average age of 55.22. The term of all current directors is three years, from June 18, 2014 to June 17, 2017.

Audit Committee

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

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

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

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

The Audit Committee held four committee meetings in 2016. The operation is shown below:

Title	Name	Actual attendance frequency	Proxy attendance frequency	Actual attendance rate (%)
Convener	Ten-Chung Chen	4	0	100%
Member	Biing-Seng Wu	4	0	100%
Member	Chao-Tung Wen	4	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 the internal audit system of the company, and co-supervise the reasonable remuneration for directors and higher level managers. In doing so, we hope to attract, retain, and encourage outstanding talents and thereby enhance the company's overall competitiveness.

Avoidance of Conflicts of Interest for Directors

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

The statistics on the avoidance of conflicts of interest at the 2016 board meetings are shown below (please refer to the 2016 Annual Report for details):

- Board of Directors: There was one time of avoidance of conflicts of interest involving two proposals in the six board meetings held in 2016.
- Audit Committee: There was one time of avoidance of conflicts of interest involving one proposal in the four committee meetings held in 2016.

The table below shows the number of meetings and attendances of the Board of Directors, Audit Committee, and Compensation Committee in 2016.

	Board of Directors	Audit Committee	Compensation Committee
Number of Meetings in 2016	6	4	2

Title	Name	Board Meeting Actual Attendance Rate (%)	Audit Committee ¹ Actual Attendance Rate (%)	Compensation Committee ¹ Actual Attendance Rate (%)
Director	Frank Ko, representative of YFY Inc.	100%	-	-
Director	Johnson Lee, representative of Aidatek Electronics Inc	100%	-	-
Director	S. C. Ho, representative of Aidatek Electronics Inc	100%	-	-
Director	Felix Ho, representative of Aidatek Electronics Inc	100%	-	-
Director	Chuang-Chuang Tsai, representative of YFY Inc.	83%	-	-
Director	Michael Chang, representative of YFY Inc. (Resigned on November 30, 2016)	40%	-	-
Director	Le-Chun Chen, representative of YFY Inc. (Inaugurated on November 30, 2016)	100%	-	-
Independent Director	Ten-Chung Chen	100%	100%	100%
Independent Director	Biing-Seng Wu	100%	100%	100%
Independent Director	Chao-Tung Wen	83%	100%	100%

1:The Audit Committee and Compensation Committee are formed by all independent directors (please refer to the 2016 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 institutional director	Frank Ko	2016/02/19	6.5	Taiwan Academy of Banking and Finance	Corporate Governance Training Course
Representative of institutional director	Johnson Lee	2016/02/19	6.5	Taiwan Academy of Banking and Finance	Corporate Governance Training Course
Representative of institutional director	S. C. Ho	2016/07/15	8	Taiwan Academy of Banking and Finance	Auditor Financial Training Course
Representative of institutional director	Felix Ho	2016/02/19	6.5	Taiwan Academy of Banking and Finance	Corporate Governance Training Course
Representative of institutional director	Chuang-Chuang Tsai	2016/11/25	3	Securities and Futures Institute	Latest Practice Development of Insider Training and Prevention Methods for Enterprises in Taiwan
		2016/11/29	3	Taiwan Corporate Governance Association	Practical Risk Management, Internal Control, and Information Management
Representative of institutional director	Le-Chun Chen	2016/02/19	6.5	Taiwan Academy of Banking and Finance	Corporate Governance Training Course
Independent Director	Ten-Chung Chen	2016/08/03	3	Securities and Futures Institute	Employee Compensation Strategies and Instruments
		2016/11/18	3	Taiwan Corporate Governance Association	How can directors and supervisors make the best risk management to strengthen corporate governance?
Independent Director	Biing-Seng Wu	2016/12/14	3	Securities and Futures Institute	Code of Conduct of Struggles for Management Authority: Practice and Case Study
		2016/12/19	3	Securities and Futures Institute	Money Laundering and Legal Compliance: The Case of Mega Financial Holding
Independent Director	Chao-Tung Wen	2016/04/12	3	Securities and Futures Institute	Making Good Operational Decisions with Financial Information
		2016/05/03	3	Securities and Futures Institute	How to Promote Good Business Practices with the Board of Directors and Functional Committees

Business Ethics

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

Code of Business Conduct

To maintain E Ink's core values, bribery, corruption, 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, apart from arranging education and training activities for employees, we request them to strictly comply with the code of conduct. In Taiwan, all newcomers are requested to receive education and training relating to anti-corruption, including the introduction and advocacy of the code of business conduct and whistleblowing regulations. By doing so, we aim to enable all employees to understand our operational management policy and reach a consensus. In 2016, we organized 30 sessions of newcomer orientation education and training, with 133 newcomers completed related training. In addition, no incident of corruption was reported in 2016.

E Ink Code of Business Conduct

- 01 No fraud, corruption, or injury to character by extortion 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 reputé of specific employees, or organizational harmony is allowed.
- 03 No offering or acceptance of bribes, corruption, nonfeasance/misfeasance/malfaisance 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

As a global leading brand of EPD technology, E Ink must maintain the value and keep absolute confidentiality of material information, in order to maintain corporate competitiveness. Therefore, we launched a series of specifications in 2016 to govern the maintenance of key technology and information, and technology inheritance and management, in order to provide optimal preservation for the best interest of the company, shareholders, employees, customers, and suppliers.

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

- An access control and monitoring system is in place to constantly monitor and control personnel and vehicle access to the company, and to prevent the possibility of carrying confidential information out of the company with personal devices.
- Periodic awareness education activities on confidential information protection are arranged and internal audits are implemented to equip employees with the required, appropriate actions for the protection of confidential corporate information.
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- For those who seriously offend the non-disclosure policy, we will take appropriate actions with severe punishments.
- We also arrange security education/training and management courses for suppliers and assist them on complying with E Ink's security management system. Important suppliers are requested to sign the non-disclosure agreement (NDA). Before entering our plants, suppliers must pass the industrial safety training and examination before they can apply for a work permit and enter our plants to carry out projects.

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 violations of Procedure for Handling Material Inside Information.

Transparency of Information Disclosures

At E Ink, we process and disclose material information in accordance with the relevant laws, orders, and the regulations specified by the 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 reporting information regarding disclosures by the law, we hold an investor conference every quarter and a 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.

Anti-Competitive Behavior

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

We are involved in two lawsuits concerning anti-competitive behavior, antitrust, and monopoly. CopyTele has voluntarily dropped all charges on us, and subsidiary Hydys took no further legal actions.

Compliance

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

In addition, the internal audit unit conducts internal audits every year according to the relevant laws and regulations and the company's internal operating standards and promptly revises the scope and items of the audits 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 the competent authorities without hiding.

In 2016, E Ink was ranked amongst the top 20% best in the 3rd 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 Procedures for Board Meetings and the independent director post, we implemented decent board meeting operations. 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 1,496 public companies participated in the 3rd Corporate Governance Evaluation which evaluated those companies with 103 indicators falling into six types.

We were ranked amongst the top 20% best in both the first and second corporate governance evaluations. In the 3rd evaluation conducted in 2016, we were also ranked amongst the top 20% best. These results show the efforts and achievements of the management team in corporate governance and encourage us to keep going, in order to put corporate governance, information transparency, and CSR promotion into practice. While aggressively pursuing growth, we also contribute to sustainable operations.

Indicator Type	Number of Indicators	Score Proportion
Protecting Shareholder Rights and Interests	13	15%
Treating Shareholders Equitably	15	13%
Enhancing Board Composition and Operation	35	32%
Increasing Information Transparency	21	22%
Putting Corporate Social Responsibility into Practice	15	18%
Others	4	0%
Total	103	100%

2-5 Strategy Focus and Growth

Business Strategy and Performance

Business Strategy

Reviewing our 2016 sales achievements, we have officially phased out from the LCD business and successfully transformed into a specialist EPD developer and manufacturer. We continuously cultivated EPD and reinforced the cultivation of new markets and the development of new applications of ePaper. The market demand for eReaders remains steady. Except for the 6-inch main range, greater size and more functions for improving the reading experience were the new trends of new eReader development, thus securing stable revenue sources for the company. The sales performance of the Electronic Shelf Label (ESL), another key E Ink product, was also outstanding in 2016. Increasing customers worldwide accepted our ESL and used it on their system products. The market launch of the smart luggage tag, which has gestated for years, has begun and become a new momentum for ePaper growth. As a result, the total 2016 shipping volume exceeded 100 million pieces.

We also constantly embark on the technology optimization and product development of ePaper. At the Society for Information Display (SID) International Conference, we announced the "Advanced Color ePaper, ACeP" to present True Color ePaper at this global conference for professional display technology. ACeP immediately caught the attention of attendees for its rich and saturated colors and has thus won the "Best in Show award at the 2016 SID". In addition, we actively develop large-size products using the E Ink Mobius™ flexible substrate. At the 2016 Touch Taiwan, we announced the application of a large-size EPD, including the 42-inch digital signage and the 32-inch curved screen EPD, which earned tremendous feedback. The performance of the E Ink Spectra™, a tri-color (black, white and red) EPD, was equally outstanding, and the product won a Silver Award at the Taiwan Excellence Award.

Following the popularization of EPD applications on ESLs, mobile devices, digital signage, and construction materials, we also developed development kits of different sizes and applications in 2016 for developers interested in EPD access development kits to conduct field tests more easily and thereby assess the possibility of EPD applications in specific fields. In addition, we proactively develop cooperation plans with strategic partners and integrate the upstream and downstream supply chain resources to expand the ePaper eco-system together, in order to provide customers with better services and more comprehensive options.

The key 2016 development outcomes of important technologies and products include:

- 1 Announced the ACeP at The Society for Information Display (SID) Intentional Conference and won the "Best in Show 2016".
- 2 E Ink Spectra™ tri-color EPD won a Silver Award at the 2016 Taiwan Excellence Award.

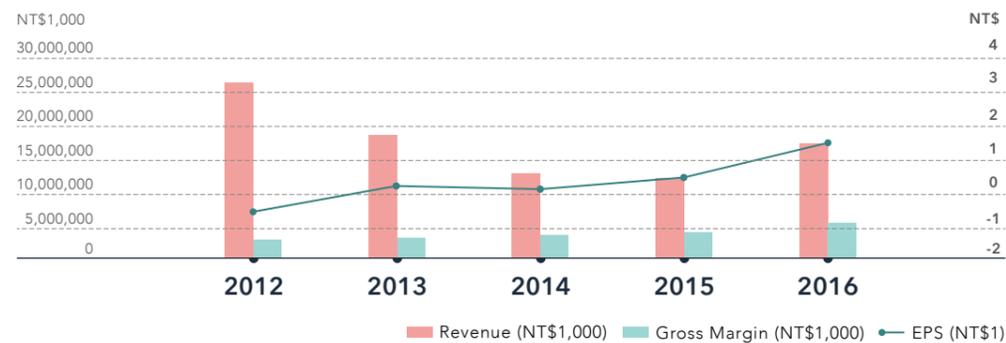
Looking out to 2017, we will continue to enhance operational efficiency and invest in R&D resources to increase our capacity in product and technology development. Through incessant efforts of all employees and the strong support of suppliers, customers, and partners, we believe that the goal for growth and profit will be achieved based on our steady operational foundation.

Consolidated Financial Performance in 2016

The table below shows the consolidated financial performance of E Ink and subsidiaries. In 2016, our total E Ink capital amounted to NT\$27,089,139,000.

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

Item	Year	2012	2013	2014	2015	2016
Revenue		26,704,782	18,905,129	13,498,720	13,306,503	14,006,206
Gross Margin		2,819,788	3,018,681	3,049,866	4,148,730	5,120,546
EPS (LPS)		(0.69)	0.03	0.01	0.47	1.69



Type	Item	Amount
		NT\$1,000 (except for EPS/LPS which are expressed in NT\$1)
Economic Value Produced	Operating Profit	14,006,206
	Net Income (Loss)	60,588
	Other Income and Gain	2,610,960
	Other Expense and Loss	263,024
Economic Value Allotted	Operating Expenses	13,945,618
	Cash Dividend Per Share	1.50
	Shareholder's Cash Dividend and Bonus	1,680,702
	Income Taxes	350,615
	Employee Wages and Benefits	3,501,801
Economic Value Retained	Social Expense	2,464
	Retained Earnings	5,485,499
	Profit for the Period	2,057,909

Financial data is extracted from the 2016 Consolidated Financial Statement of E Ink Holdings Inc. and Affiliates and audited and verified by Deloitte Taiwan after auditing.

Based on the "Regulations Governing Application for Tax Credits for Corporate Research and Development Expenditures", we applied for a tax credit amounting to NT\$171,427,400 in 2016.

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

2-6 Risk response

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 the 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 demands with long-term foreign currency loans or forward exchanges.
	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. Potentially ineffective fund dispatch or utilization among group members resulting 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 the group members and enhance the 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-sales imbalances or loss of customers due to under production.	Plan and simulate various production-sales 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.
	Confidential Information Leakage	Theft, tampering, damage, loss, or leakage of trade secrets, patents, and research and development data.	Strengthen the security of IT equipment firewalls, anomaly management, and reporting and detection mechanism.
ESH Risk	Disaster Risk	To prevent various disasters from causing critical business interruptions, we have established the "Business Continuity Management Regulations" and the disaster response team to achieve business continuity.	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 the 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 the 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

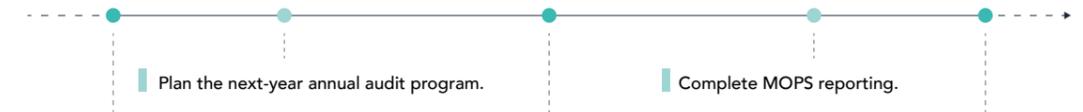
We have a dedicated Audit & Organization Optimum Team (AOOT) to audit the financial and sales operational and management systems of E Ink and subsidiaries.

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 the Yangzhou Plant, auditors should audit and supervise the entire process of large procurement projects; inventory returned finished and semi-finished products every quarter; and supervise the 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.

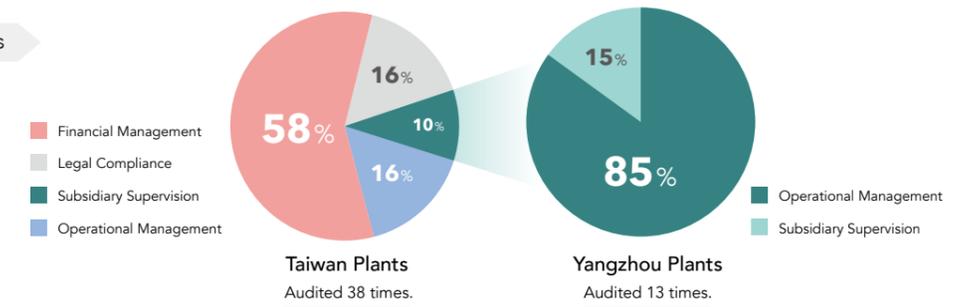
- Establish a risk-oriented audit system.
- Develop transnational organizational cooperation for audits within the group.
- Introduce global audit skills and tool training.
- Promote preventive control design.



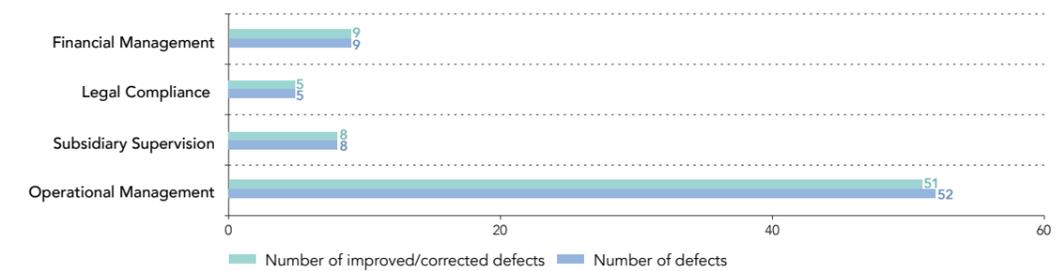
- The audit team validates and assesses:
 - Risk assessment
 - Status of annual audit
- Reviewed and approved by the board of directors:
 - Results of self-assessment in the year.
 - Laws and regulations
- Implement the annual audit program and submit a report:
 - Anomaly follow-up report
 - Audit report
 - Audit results report
- Complete MOPS reporting.

The charts below show E Ink's audit results of E Ink Taiwan plants and E Ink Yangzhou plants. By April 25, 2017, one item required improvement, and we will keep track of it.

Proportion of audit items



Audited defects and improvement completion ratio (by April 25, 2017)



We were awarded the 25th Outstanding Internal Auditor Award for our internal audit performance.

In 2016, we were awarded the 25th Outstanding Internal Auditor Award from The Institute of Internal Auditors-Chinese Taiwan. Through three rounds of strict evaluation by a jury formed by government officials, experts, scholars, and industry leaders, the Award aims to recognize internal auditors' contributions to assist management with checking and assessing the internal audit system and improving an organization's operational efficiency, and to organizational operations and national economic development.

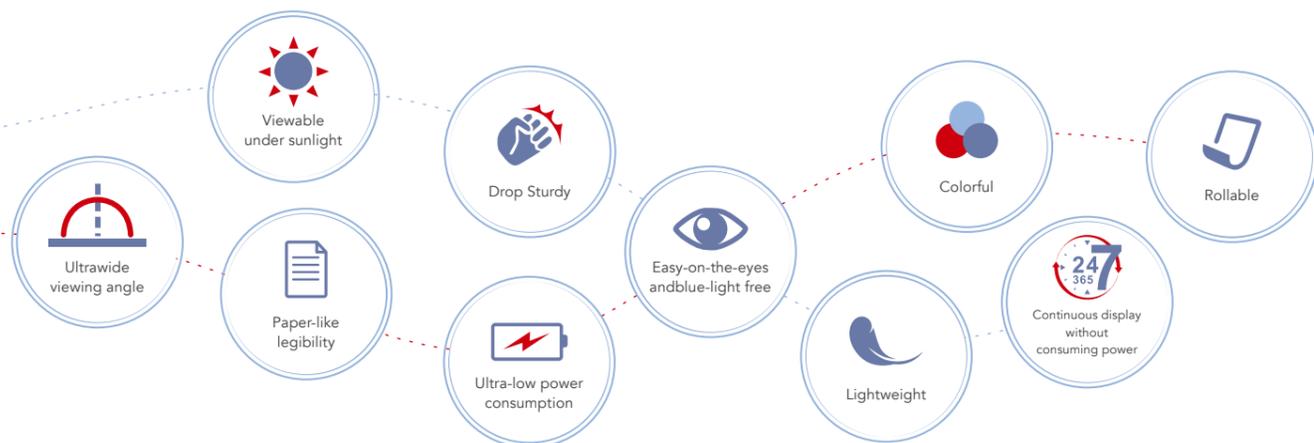




Chapter 03 Smart Life and Humanistic

3-1 User-centered brand-new experience

Fields of Application of Advanced Technologies



ePaper is our key product, its characteristics include:

1. 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 outdoors 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."

2. 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 characteristics, the E Ink ePaper can significantly lower power consumption to achieve energy saving and reduce environmental impacts to mitigate global warming.

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



Ultra-low Power Consumption

LCD consumes 333 times more power than EPD

- Assumptions
- 32-inch outdoor LCD digital signage wattage: 195W3
 - 32-inch indoor LCD digital signage wattage: 50W
 - 32-inch outdoor/indoor LCD digital signage wattage: refresh screen 13.3W; stop screen 0.37W
 - EPD screen refresh frequency: one time/minute, one second/time

E Ink 32-inch display device, 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
	Indoor	876

EPD: Electrophoretic display

- **Bistable:** Retains images displayed without consuming power after disconnecting from the source.
- **Reflective:** No need for a backlight source and delivers paper-like, comfortable legibility.

3. E-paper 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 requires 100,000 hectares for 120 million trees. This space is equivalent to 317.5 times New York's Central Park and 3,862 times Taipei's Da'an Forest Park.

A UC Berkeley research finds that reading a newspaper electronically released 32-140 times less CO₂ and used 27 times less water². Compared to printed paper, ePaper can make positive contributions to CO₂ reduction in the atmosphere. By replacing all physical newspapers with e-newspapers tomorrow, we can save 95 million trees³, which absorb up to 98 million tons of GHGs⁴.

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 James DeRosa, Global Warming Initiatives, Inc. 5/3/2007 www.greenpdf.com

Smart Life Solutions with E Ink E-paper

ePaper encourages digital reading and promotes eNote development

The e-reader market is a rather stable market, with a global demand of about 10 million pieces in major markets, including the US and Western Europe. With the rise of the demand for large-size e-readers, manufacturers progressively launch e-readers with large-size panels to provide consumers with more options. Reading with e-readers has become a fashion in Europe and the US, allowing users to stop carrying books anymore. Thanks to the popularization of e-readers, logging for making paper to print books has also been reduced.

Emerging markets and regions with vast territory and inconvenient transportation, such as China and India, will be new growth engines for the e-reader market. In addition, e-readers that can contain a huge number of e-books can promote e-reading and popularize education in emerging markets. A new survey by UK charity Quick Reads indicates that 48% 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. E-readers can bring a positive effect in the literacy education for children in remote areas that lack reading materials. Research 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.

In addition to encouraging reading e-books, by adding handwriting functions to ePaper, we can turn it into an eNote with a smooth writing effect resembling real paper, save the note into a file, and send it to recipients. The reMarkable Paper Tablet launched for pre-ordering at the end of 2016 is a tablet with a 10.3-inch high-resolution ePaper display equipped with e-reader and e-note functions. After its launch in 2017, it will certainly be a rising star in the eNote market.



Smart life experience with innovative applications or ePaper

The electronics shelf label (ESL) and digital signage for the retail industry are the biggest ePaper products. Estimates of many industrial analysts show that ESL will grow by 20-30 per cent annually between 2017 and 2020 due to the dreadful competitions between retailers and online shopping which lead to frequent price changes on the same day that will cost retailers labor for label replacement and material for printing paper labels. As ESL enables retailers or stores to synchronously update the price of the same product from the computer, it helps enhance operational efficiency for retailers.

While retailers use labels of different colors to catch consumers' attention to discount products and sale information, E Ink thus launched ESL using the E Ink Spectra™ tricolor (black, white and red) ePaper in 2016 for retailers to use ESL to introduce discount products and spread sale information more effectively and efficiently.



When we launched the e-luggage tag, a brand new conceptual product, at the 2014 CES, the product drew huge attention. With only a simple device, the e-luggage tag can replace more paper luggage tags to help airliners to trace passenger luggage to resolve the lost luggage problem. In 2015, world-leading suitcase maker RIMOWA and Lufthansa of Germany co-launched the ePaper luggage tag system by directly building an ePaper tag in a RIMOWA suitcase that complies with the standard set by the International Air Transport Association (IATA) to save luggage check-in time for passengers. At the end of 2016, EVA Air of Taiwan was also Asia's first and the world's second airliner to adopt RIMOWA's ePaper luggage tag solution. It is expected that more and more airlines and system suppliers will join the e-luggage tag ecosystem as of 2017 to change the operational model and enhance efficiency.



New Product Value with ePaper Signage

With features including viewable under sunlight and low-energy consumption at screen swap, ePaper signage is a perfect option for outdoor display. The application of ePaper signage began to diversify since the end of 2015, including sale information display of retailers, cargo trace in the logistics industry, and outdoor traffic information displays. Examples of use include the solar energy ePaper bus stop sign of the Transport for London in England; the embedded parking instruction display of the Roads and Maritime Services in Sydney, Australia; and the menu ads of GREEN & SAFE restaurant in Shanghai, China.

Equipping large-size ePaper signage with writing functions makes an interactive ePaper white board to enhance the efficiency of office meetings and classroom teaching.

Applications of ePaper Signage



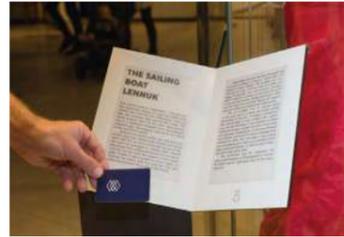
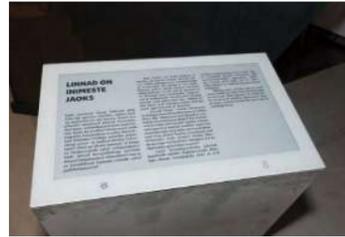
E Ink ePaper Signage in the Estonian National Museum

Featuring a paper-like effect, high contrast and high graphics and text legibility, E Ink ePaper displays are exceptionally comfortable for reading. The “always on” technology that needs no power to hold an image enables it to stand out of the crowd. In addition, its lightweight and ultralow energy consumption advantages make it suitable for use on signage. This trend is seen from the recently opened Estonian National Museum.

As a museum is a place for cultural inheritance and the international exchange of knowledge, the newly completed Estonian National Museum decided to use ePaper signage after considering the exhibition environment and demand for information display, in order to provide worldwide visitors with a quality, eco-friendly, and user-friendly guided tour experience.

This guided tour system uses more than 600 pieces of ePaper displays in three different sizes (32 inches, 9.7 inches, and 6.8 inches) in different areas of the museum. The 32-inch ePaper display is used for displaying guided tour information, while displays of other sizes are used for exhibit descriptions. Each museum ticket is equipped with the RFID function for visitors to select a language (English, Russian, or Estonian) at ticket purchase. When a visitor approaches the signage, the content of the respective exhibit will be displayed in the selected language through the RFID function for visitors to read related information in their familiar languages to effectively improve the effect of historical and cultural dissemination.

For a wonderful video introduction, please visit: <https://goo.gl/uNORpf>



“Bridge Gallery: Old Taipei Painting and Photograph Expo” in Dadaocheng

Unlike ordinary displays, E Ink ePaper does not use backlight but displays images by reflecting environmental light sources. Characterized by a paper-like effect and luster, ePaper is suitable for presenting black and white artworks or photographs to faithfully and ultimately display the details, contours, and cultural styles of artworks. Its slim appearance is like a picture frame that naturally fuses with the artwork in one piece, as though one was appreciating artworks in a real gallery. These ePaper features have all been presented at the “Bridge Gallery: Old Taipei Painting and Photograph Expo” in Dadaocheng.

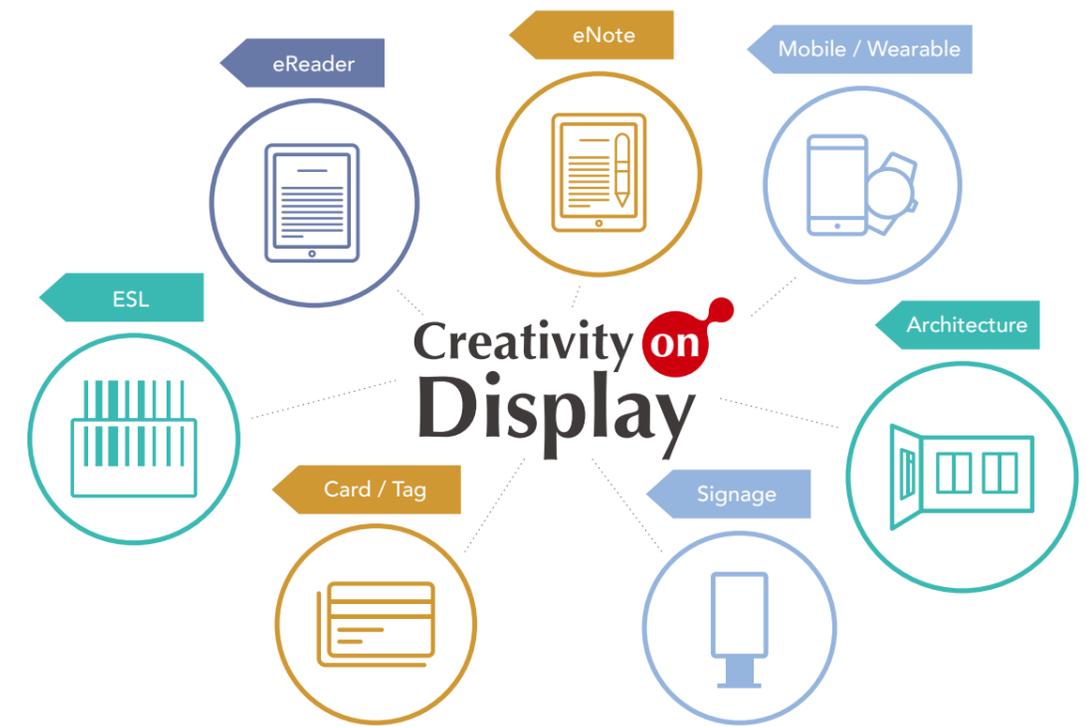
In recent years, many cultural and creative shops have moved into the Dadaocheng area covering Dihua Street and the vicinity in Taipei City and turned this old area into a cultural and artistic block blending yesteryear and present-day styles to attract many old and young hipsters and visitors. Through the concerted effort of stores in the Dadaocheng area, the “Bridge Gallery” Old Taipei Painting and Photograph Expo” was planned and launched to re-present the valuable memories of yesteryear Taipei with modern technology using the valuable image historical materials of The Center of Authorization for Digital Collections (CADC) of the Institute for Information Industry and the ePaper signage of E Ink.

With regional collections x technology as the main theme, the event displayed the digital collections of the old black and white photos with E Ink’s “ePaper digital signage” to faithfully present those historical memories of yesteryear Taipei in the form of a street gallery with a vintage flavor.

For a wonderful video introduction, please visit: <https://goo.gl/UJBkwe>



E Ink’s e-paper has extremely high application potential in different parts of everyday life. In addition to the paper-like legibility and light weight, the e-paper has flexible and versatile use as an electronic display. In particular, as the IoT is thriving, the e-paper 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 experiences 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 the Earth.



Credits and Honors of Key Products

We also constantly embark on the technology optimization and product development of ePaper. At the 2016 Society for Information Display (SID) International Conference, we announced the "Advanced Color ePaper, ACeP" to present True Color ePaper at this global conference for professional display technology. ACeP immediately caught the attention of attendees for its rich and saturated colors and thus won the "Best in Show award at the 2016 SID".

Further, we actively develop large-size products using the E Ink Mobius™ flexible substrate. At the 2016 Touch Taiwan, we announced the application of a large-size EPD, including 42-inch digital signage and a 32-inch curved screen EPD, which earned tremendous feedback. The performance of the E Ink Spectra™, a tri-color (black, white and yellow) EPD, was equally outstanding, and the product won a Silver Award at the Taiwan Excellence Award.

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 2016, 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 Spectra™, a tri-color EPD, won the Silver Award at the Taiwan Excellence Award from the Ministry of Economic Affairs.

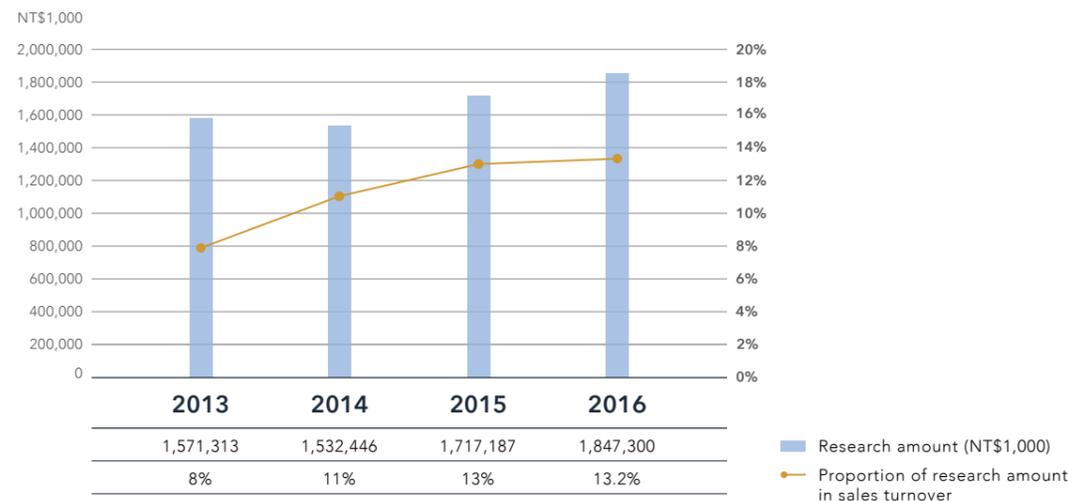


The ACeP won the "Best in Show 2016" at The Society for Information Display (SID) International Conference.

3-2 Technical and Innovation Capacity

Product and Technology Innovation

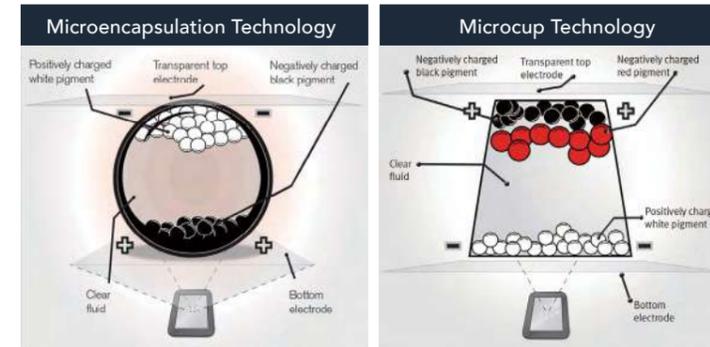
In 2016, we continued to research and develop ePaper-related products and technology. Apart from continuously optimizing the original black and white ePaper module, we aggressively engage in commodifying color ePaper applications by combining with ESL, flexible display, rollable display, and touch functions. Increasing new products in the ePaper field have won good market feedback. In addition, by actively expanding the capacity to fortify our leadership in the ePaper market, we managed to maintain sustainable and leading development in the highly competitive display industry. In 2016 we invested about NT\$1.847 billion in R&D, commanding 13.2% of the company's sales turnover. This suggests that technology innovation and product development are very important to E Ink. We understand that only incessant injection of R&D energy can achieve our goal of sustainable development.



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, e-notes, 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.

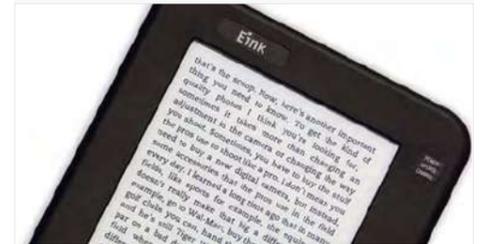
Two Major Technologies



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.



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 enables shop owners to achieve better interaction with consumers when setting the price. Shop owners can drive the EPD through a wireless control system to dynamically display product promotion and discount product information to replace paper labels. The Spectra supports active matrix and segmented systems. In addition to all kinds of retailers, it is suitable for industries, smart cards, and the healthcare market.

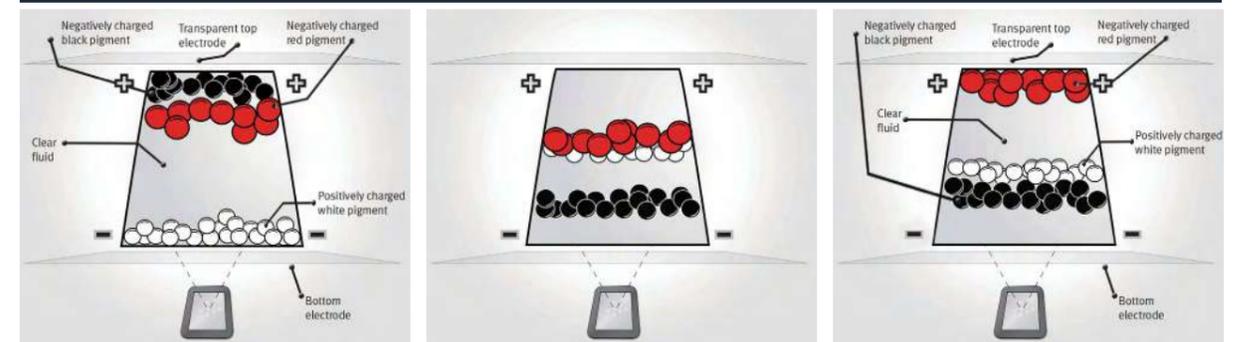
E Ink Spectra EPD

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 promotions or corporate identification logos on ESL.



Operating Principle of Tri-Color EPD



The Spectra is composed of millions of microcups, each with a diameter as small as a human hair. Each microcup contains positively charged white pigments, negatively charged black pigments, and negatively charged red pigments suspended 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 Three Pigment ePaper Technology layers and the world's first tri-color EPD for ESL.



● E Ink ACeP

3 Advanced Color ePaper Technology

The Advanced Color ePaper (ACeP) technology that E Ink announced in 2016 is the first EPD technology displaying true colors with color pigments without using color filters. By largely eliminating the brightness loss caused by color filters, ACeP can present sharper colors to mark a new milestone in the development of reflective color EPD. After ACeP was announced at SID 2016, the technology won the “Best in Show” award amongst a wide variety of competitive products and technologies. ACeP carries the same features of EPD: low power consumption, paper-like effect, comfortable to read in all lighting conditions. The control of pigments in multiple colors is achieved with a single substrate and material and waveform driving technology. Digital signage is the target application of ACeP at the beginning.

4 Applications for digital signage and construction materials

E Ink applies 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™ :

1. **Fully Programmable** : Gives greater freedom of creation to content providers and designers
2. **Fully Reflective** : Delivers a printing-like or painting-like appearance and a natural visual experience and effect.
3. **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 their visual sensation for commercial buildings, hotel lobbies, airport transit stations, or arenas.

In 2016, we continued to cultivate dynamic signage and the building design market in collaboration with customers by presenting dynamic image and information displays with E Ink Prism to replace general static publicity materials and thereby create higher product value for customers.



● An ePaper house composed of 32 pieces of large EPD.

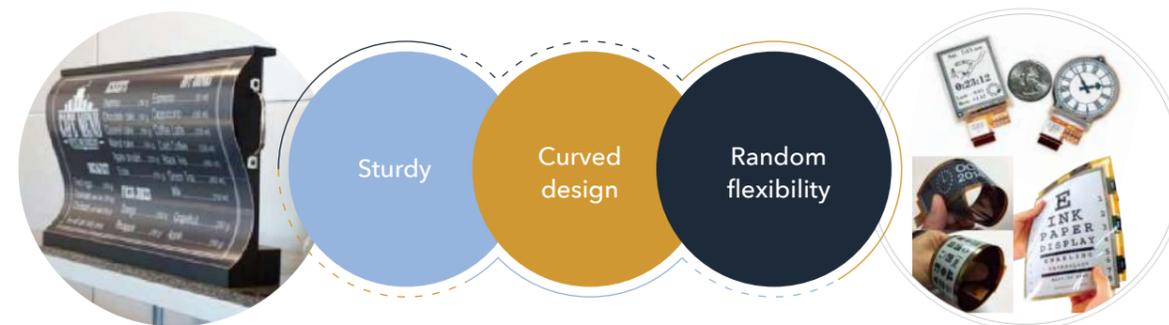


● A dynamic display column (Roller Coaster) using the E Ink Prism color programmable EPD.

5 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 designs to give products a unique appearance design and functionality. Therefore, they have been widely used in 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 cooperating 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. In 2016, we announced the 32-inch Curved Mobius EPD at SID. Its flexible, lightweight, and low energy consumption features are considered the best alternative solution for signage systems using paper or plastic substrate.



6 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 e-books comfortably at night and in dim environments a reality. In addition, the independently developed frontlight technology with cold and warm color adjustments for consumers to better enjoy the convenience brought by e-books has been used in mass production by customers. 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 in order to improve product functions and extend its applicability. In addition, we have developed the ePaper module combined with the active touch pen technology. Apart from the paper-like reading effect, users can easily write and mark documents in the ePaper to replace paper books and enhance user convenience.



7 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 applications, it uses an 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 cards, home automation, e-bulletin boards, and digital signage.



Ultra-low power consumption
Batteryless Solutions

WPT EPD

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

GOLD PANEL AWARDS 卓越技術獎
2015 Best Technology Awards

Future R&D plans and estimated R&D funds

In the next five years, we will continue the current R&D direction: size expansion, color increase, lightweight, touch, writable, and flexible ePaper products. In addition, we will engage in the R&D of other display technologies, including active matrix organic TFT (OTFT) components and substrates, and oxide TFT, in order to combine the advantages of different display technologies to meet the needs of our niche customers and thereby enable E Ink to maintain sustainable development in the highly competitive display industry.

Apart from continuing the development of applications and related technologies of ePaper products for e-readers, expanding the scope of EPD applications will be an important research direction of our R&D team. Currently, our ePaper achievements in e-tags are evident. And the R&D team will launch new products according to the market demands to cope with the rapid development of the e-tag domain. Other applications of ePaper, such as the eNote system, IoT devices, smart cards, dual screen phones, and digital signage, are in active progress.

Future Trend of Technology Development and Applications

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

1. Draw up new product development plans for ePaper modules based on market feedback to fulfill customer demands and promote fields of application.
2. Reinforce products for specialty applications, such as IoT displays, mobile devices, intelligent homes, and industrial displays.
3. 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.
4. Fortify international cooperation to co-invest in technology and process resources to develop new-generation low-cost and low-power consumption display technology as the foundation for sustainable operations.

Supply Chain Cooperation

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

We support local suppliers through co-design and co-development to improve their production techniques, technical standards, and product quality in order 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. In 2016 we furthered our collaboration with leading Taiwanese TFT LCD manufacturers for the in-depth development of TFT substrates with their TFT equipment and R&D resources, in order to achieve the "technology in Taiwan" commitment. At the same time, to keep pace with the trend of flexible products and fulfill customer demands, we enhance strategic collaboration with TFT and flexible material suppliers in order to improve quality and raise the yield rate and increase flexible product productivity to gain market leadership.

CTO Chuang-Chuang Tsai, who holds a PhD degree in physics from the University of Chicago, has long been engaged in the development of a-Si TFT-LCD and poly Si TFT-LCD, solar cells, and medical imaging technologies at the Xerox's Palo Alto Research Center in California, USA.

After joining E Ink in 2010, Dr. Tsai began leading our global R&D team to develop and mass-produce ePaper technology and products. In addition to incessantly optimizing the B/W ePaper technology, she has announced high reflection and high contrast ePaper and devoted herself to the product and application development of flexible ePaper and color ePaper. Dr. Tsai also leads the team to aggressively commercialize ePaper technology by integrating technologies including e-tag, flexible display, touch, frontlight, and wireless power transfer (WPT) EPD.

Her passion for this perspective technology was finally rewarded by the "Outstanding Contribution Award" at the Gold Panel Awards 2016.



3-3 Quality Persistence

Quality Policy

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

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

Our Hsinchu Plant has been certified with quality-related systems including ISO 9001, ISO/TS 16949, and SONY GP. By establishing respective quality management systems and operating these systems through the PDCA cycle, we assure 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 the relevant regulations in order to provide customers with quality products and services.

Product Environmental Quality Policy

- 01 To optimize and promote the product environmental quality assurance organization and earnestly maintain and improve product environmental quality.
- 02 To abide by environment-related laws, regulations, protocols, and customer requirements and implement total quality management of materials, parts and secondary materials used on products from product design, material procurement, product manufacturing, and shipping to ensure products contain no environment-related substances to be controlled in products as requested by customers.
- 03 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, manufacturing, and finished product warehouse management.
- 04 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.
- 05 To verify the product environmental quality system through internal audits in order to make continual improvement of the management system.
- 06 To improve the employee's awareness and support of product environmental quality and support activities for product environmental quality assurance.



▲ ISO/TS 16949 Certificates
(From left to right: E Ink Holdings and Transcend Optonics)



▲ ISO 9001 Certificates
(From left to right: E Ink Holdings, SiPix Technologies, and Transcend Optonics).

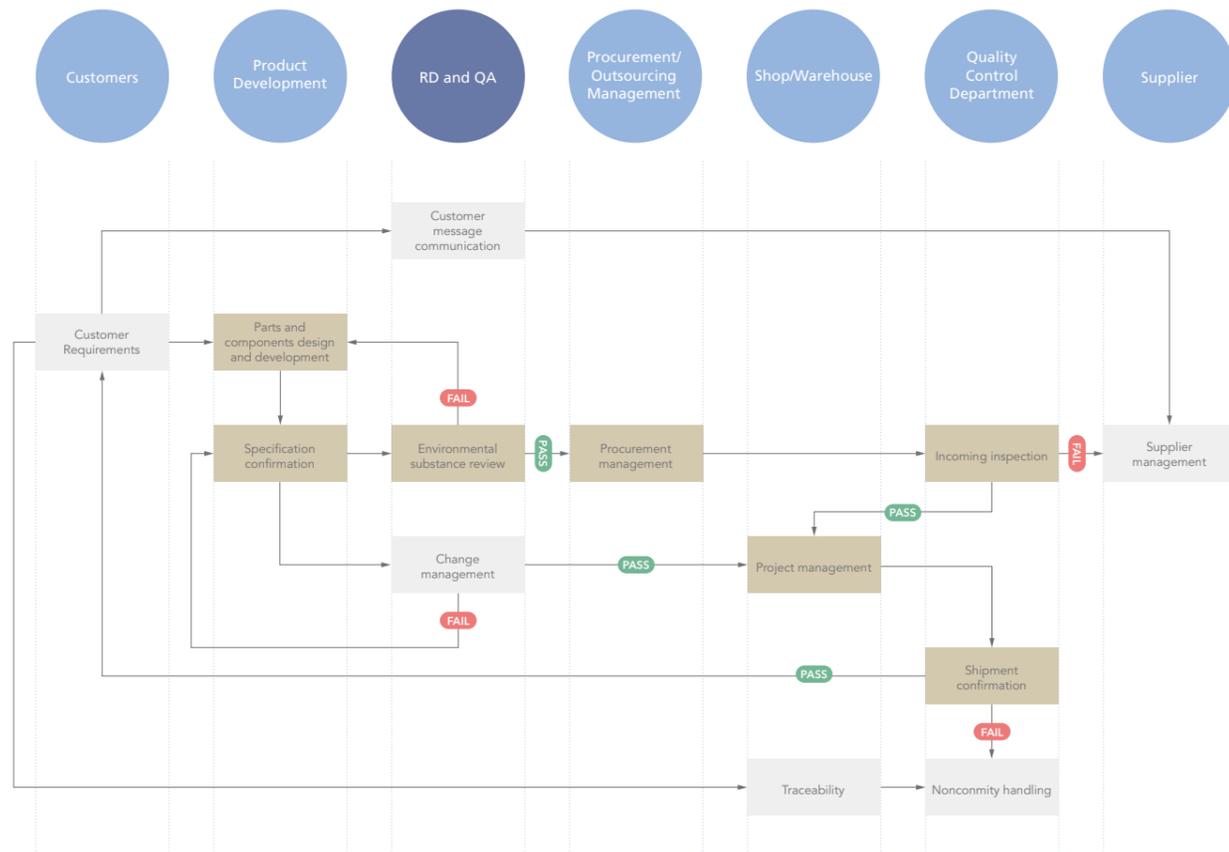
Management of Restricted Substances

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 the current laws and codes; to meet customer requirements; to protect the Earth and the environment, and to reduce the impact 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. We also request suppliers to supply products that are free of conflict minerals and submit an EICC/GeSI Conflict Minerals Report which ensure suppliers to assume full responsibility for supplying materials containing environmental control substances as specified in the restricted substances. Currently, materials supplied by suppliers conform with the restricted substance requirements.

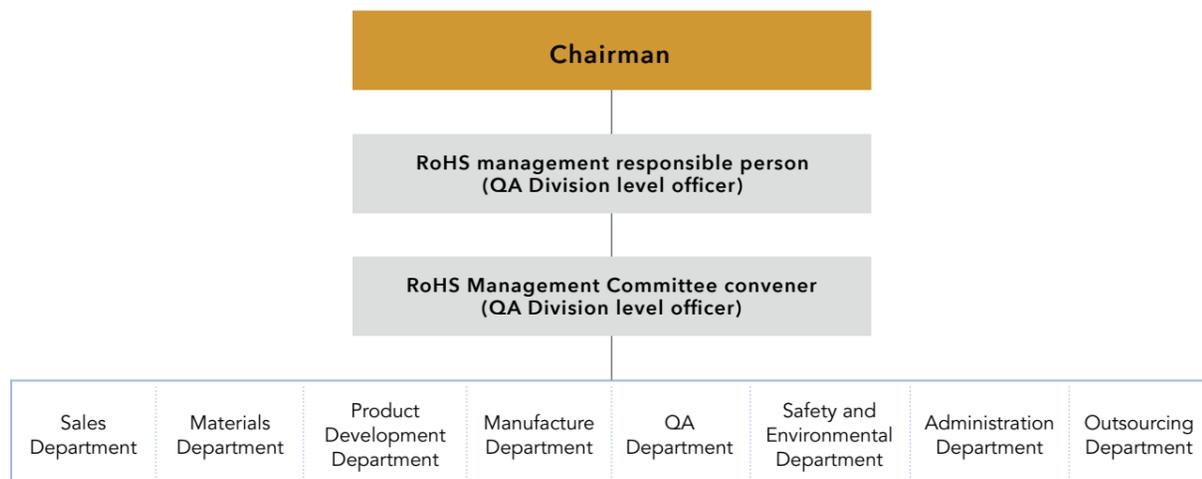
Management of Restricted Substances

- 01 European Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals
EU REACH
(Registration, Evaluation, Authorization and Restriction of Chemicals)
- 02 Directive of the European Parliament and of the Council on Waste Electrical and Electronic Equipment
EU WEEE
(Waste Electrical and Electronic Equipment)
- 03 EU Restriction of Hazardous Substances Directive
EU RoHS (Restriction of Hazardous Substances)
- 04 EICC/GeSI Conflict Minerals Report
(Conflict Minerals)
- 05 E Ink Product Quality and Environmental Policies and Objectives
(established with respect to international laws and regulations and customer requirements)

Environment-Restricted Substances Management Flowchart



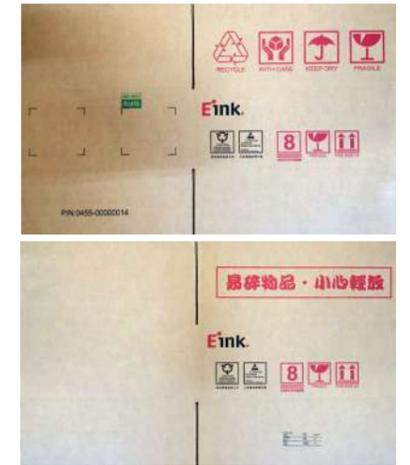
In addition, to implement RoHS in system operation, we have established the "Environment-Restricted Substances Management Committee" under the following framework:



In 2016, the "Environment-Restricted Substances Management Committee" added the Linkou Plant responsible person to hold a review meeting once a year to verify the status and requirements of our green products (GPs). After a change or amendment of customer or international GP specifications, we will send notices to inform all units. By cooperating with the said complete restricted substance and product quality and environmental management systems, we are capable of supplying customers with quality green products and protecting the 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 visual 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 2016 no incident of non-compliance with regulations and voluntary codes in product labeling was reported.



Customer Satisfaction

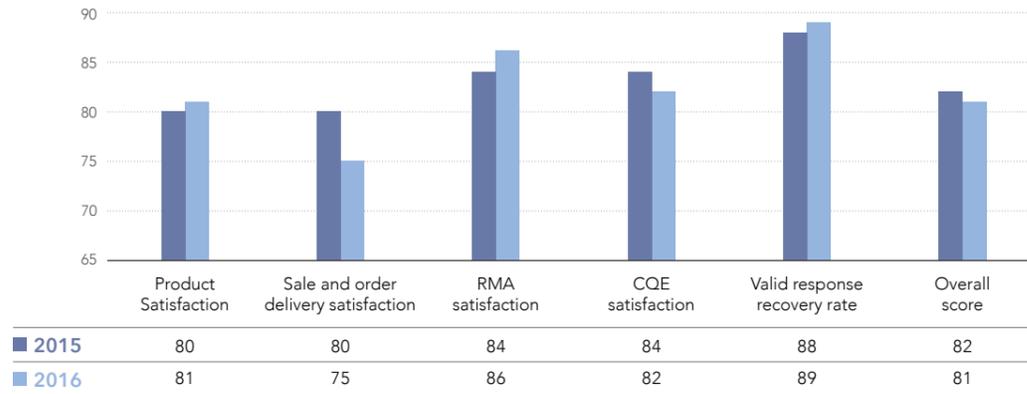
We fully understand that customer demand and satisfaction are the key to business operations. Therefore, we provide quality customer service and maintain sound customer relationships to boost sales achievements. In addition, through close and complementary interaction with customers, we aim to improve 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 conduct a customer satisfaction survey on BUs amongst the top 80% best revenue within the group and customers contributing over 5% of our revenue selected every year. The survey is conducted over the phone, by email, fax, or onsite communication with respondents with items covering four main dimensions: "product satisfaction," "sale and order delivery satisfaction," "RMA service efficiency satisfaction," and "CQE service efficiency satisfaction." We also survey customer satisfaction by product type: LCD and EPD.



After receiving the response to our customer satisfaction survey form from customers, the QA Division will assess the proportion of satisfactory and unsatisfactory items. QA will also use relevant management charts as necessary to capture the centralization of satisfactory and unsatisfactory items to take countermeasures after in-depth investigation of their causes. QA also analyzes compliance with product requirements, the characteristics and trend of processes and products (including preventive actions), and suppliers; locates the main trends related to customers and their correlations; and makes 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.

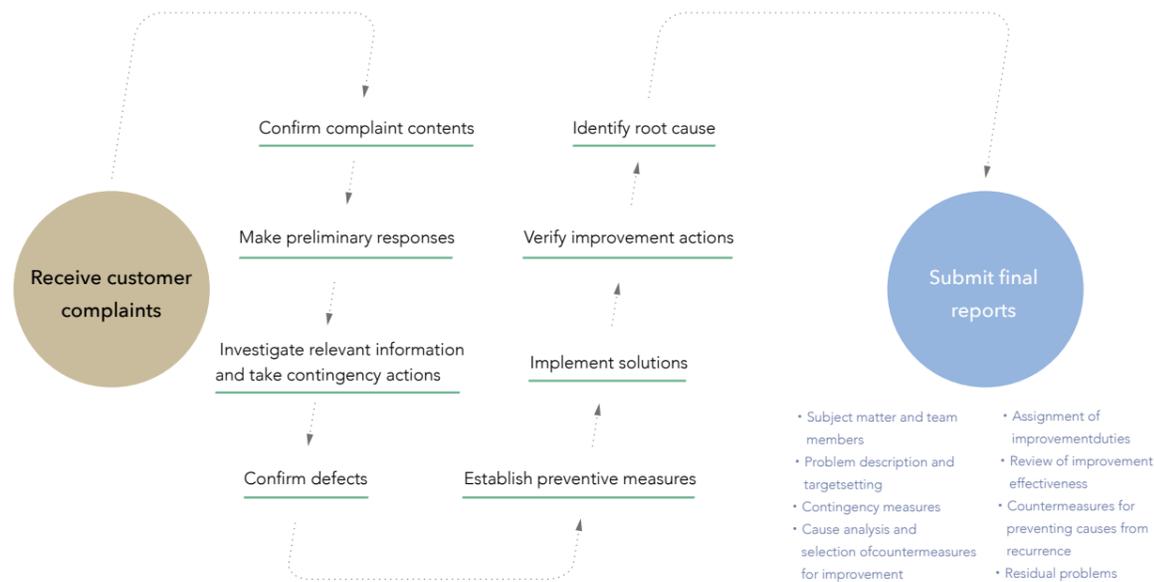
No significant difference customer satisfaction is observed between 2015 and 2016. Although product satisfaction rose slightly, sale and order delivery satisfaction fell slightly. However, the overall satisfaction maintained at 81%.



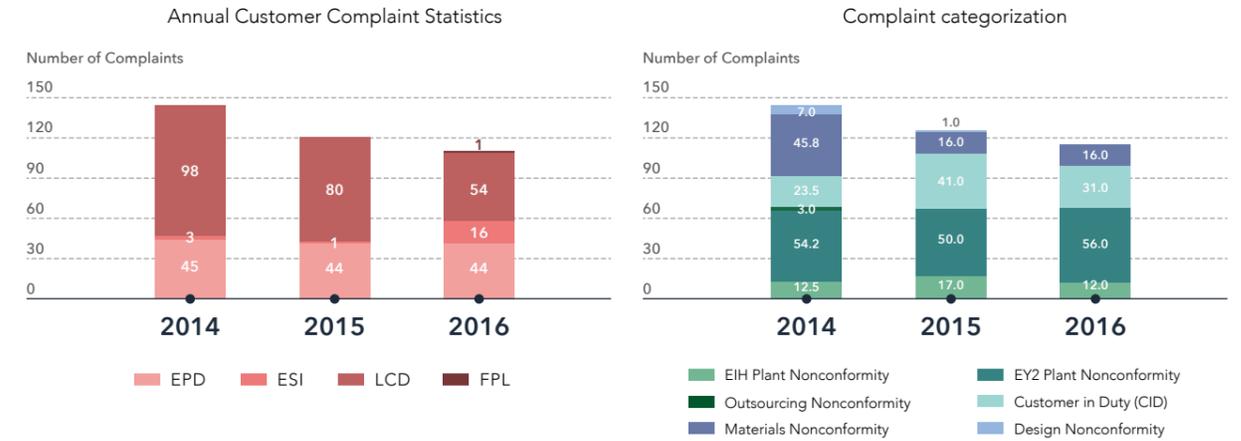
After analyzing the satisfaction survey results, we deliver the outcomes to respective units and submit them to management review. Customers with an average satisfaction score below 70 marks will be discussed at the management review meeting, and related windows, including the sales and product satisfaction, sale and order delivery satisfaction, RMA service efficiency satisfaction, and CQE service efficiency satisfaction, to assist on the investigation of the cause(s) of dissatisfaction. Risk assessment is also conducted on the potential problem(s) fed back by customers to confirm if the customer problems are properly addressed.

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. Customer complaint handling flowchart.



A total of 115 customer complaints were received in 2016, 10 complaints less than that of 2015.



Continuous Improvement of Production Performance

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

In 2016, Yangzhou Plant continued the continual improvement plan (CIP) with an accountable team formed by employees of different departments to encourage employees to voluntarily find problems and possible solutions in the production process. The plant also selected outstanding proposals and commended their proposers and drew up action plans. In 2016, a total of 42 proposals were received, and the result was outstanding.

Best Proposal of the Year

Maple Yield Rate Improvement Project at Customer After locating the causes of Maple nonconformities through process investigation and personnel self-inspection, eight process solutions were proposed and documented to reduce rework labor cost at about NT\$1.8 million/month.

Chapter 04

Eco-Friendliness and Green Partners



4-1 Environmental protection

ESHE Policy

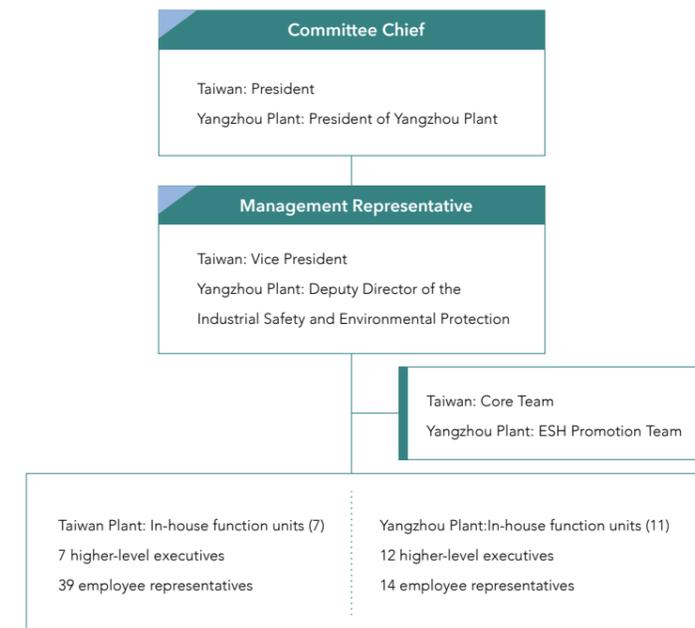
Environment Prioritization, Safety Supremacy, Total Participation, Sustainable Operations

In 1992, YFY founded E Ink in Hsinchu Science Park to specialize in the research, development, manufacture, and sale of TFT-LCD, EPD, and miscellaneous display and peripheral technologies. Besides caring about employee safety and health and environmental and energy topics, E Ink management firmly believes that environment, safety, health, and energy (ESHE) are the foundation of business operations. Furthermore, E Ink management agrees that by assessing ESHE with appropriate tools, drawing up management plans, and enforcing them during routine operations and control to achieve safe operation, clean production, environmental protection, and energy conservation are key to sustainable operations. For these reasons, we are committed to making continual improvement to:

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

Composition of E Ink ESH Management System Promotion Organizations

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



Since 2002, all E Ink plants passed ISO 14001 certification. Further in 2005, the Hsinchu Plant and Yangzhou Plant obtained the Verification Statement of Greenhouse Gas Assertions through ISO 14064-1 GHG inventory and passing external verification. Although the Linkou Plant is not an EPA-required GHG inventory plant, it implemented voluntary GHG inventory and external verification to review the effectiveness of in-house energy conservation and emissions reduction and provide a reference for making future progress.



E Ink ISO 14001 Certificate Transcend Optronics ISO 14001 Certificate E Ink ISO 14064 Verification Opinion Statement

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 2016, no grievance about environmental impacts was reported.

4-2 Address to climate change

Energy Consumption Management



ISO 50001 Certificate

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

In 2016, the 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). The Hsinchu Plant received government subsidization to implement energy management system construction and in-house energy-consuming facility measurement. Also in 2016, we passed the third party external verification for ISO 5001 Energy Management System (EnMS) at the end of 2016. By extending the ErMS promotion experience of the Hsinchu Plant to Linkou Plant, it is expected Linkou Plant will pass the third party external verification in 2017, and we will progressively implement EnMS to all E Ink plants to demonstrate our determination and efforts to implement energy conservation and emissions reduction.

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.

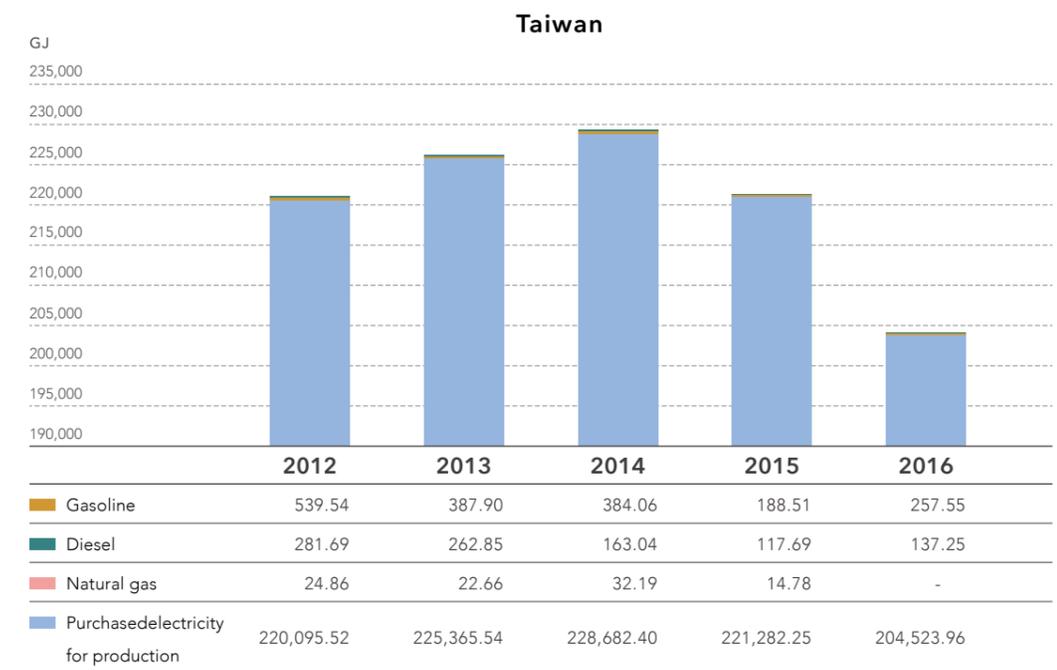
Our total 2016 energy consumption was 350,508.24 GJ. Production mainly consumes electricity, commanding at over 95% of total energy consumption.

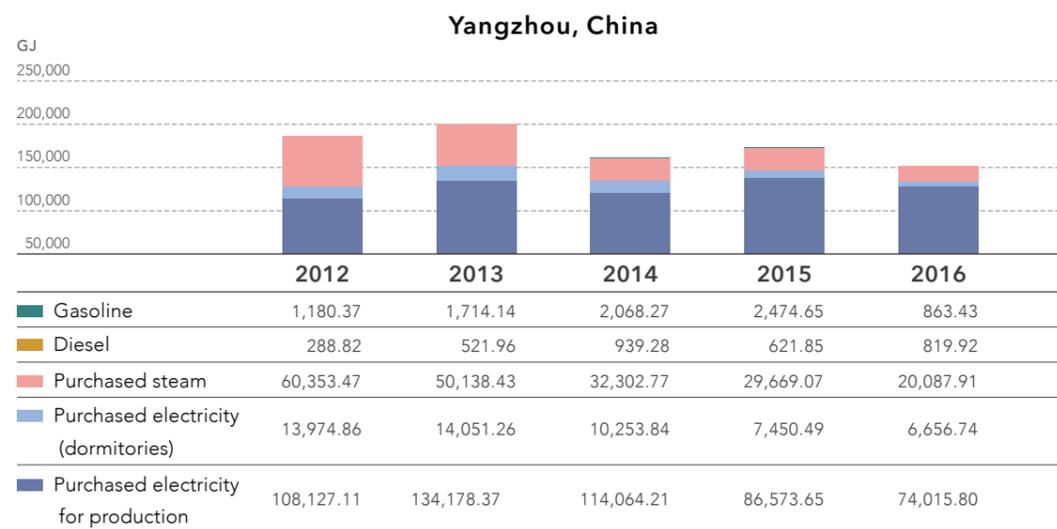
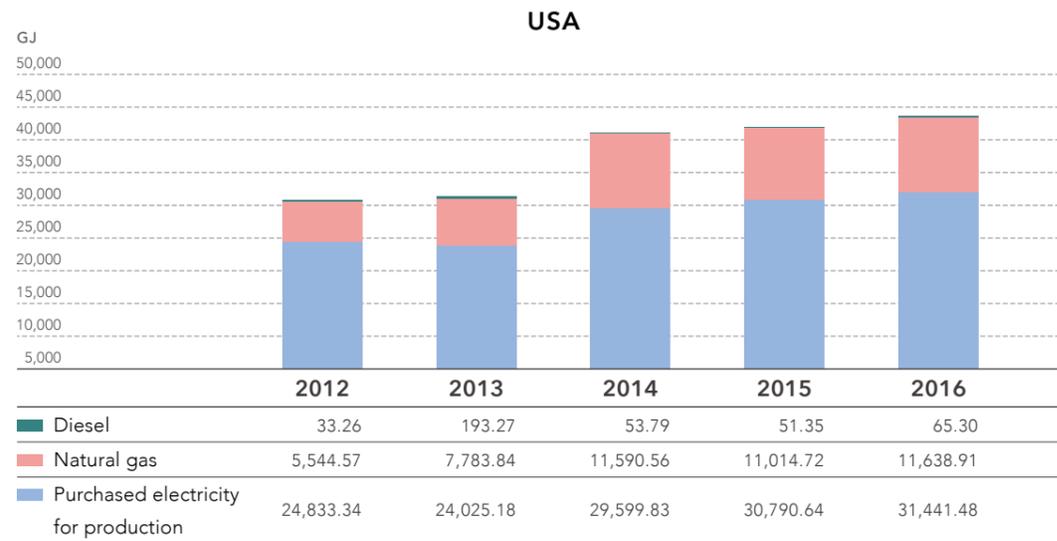
E Ink Energy Consumption Statistics

Energy Type	Region	Original Unit				
		2012	2013	2014	2015	2016
Purchased electricity for production (GWh)	Taiwan	61.17	62.63	63.55	61.50	56.84
	USA	6.90	6.68	8.23	8.56	8.74
	Yangzhou, China	30.05	37.29	31.70	24.06	20.57
	Subtotal	98.12	106.60	103.48	94.11	86.15
Purchased electricity (dormitories) (GWh)	Taiwan	-	-	-	-	-
	USA	-	-	-	-	-
	Yangzhou, China	3.88	3.91	2.85	2.07	1.85
	Subtotal	3.88	3.91	2.85	2.07	1.85
Purchased steam (ton)	Taiwan	-	-	-	-	-
	USA	-	-	-	-	-
	Yangzhou, China	21,518.00	17,876.00	11,517.00	10,578.00	7,162.00
	Subtotal	21,518.00	17,876.00	11,517.00	10,578.00	7,162.00
Natural gas (m3)	Taiwan	742.86	677.00	961.78	441.70	-
	USA	693,070.93	972,980.32	1,448,820.61	1,376,839.87	1,454,863.37
	Yangzhou, China	-	-	-	-	-
	Subtotal	693,813.79	973,657.32	1,449,782.39	1,377,281.57	1,454,863.37
Diesel (L)	Taiwan	8,015.00	7,479.00	4,639.00	3,348.52	3,905.32
	USA	946.35	5,499.07	1,530.44	1,461.17	1,857.88
	Yangzhou, China	8,217.71	14,851.31	26,725.48	17,693.58	23,329.29
	Subtotal	17,179.06	27,829.37	32,894.92	22,503.27	29,092.49
Gasoline (L)	Taiwan	16,532.46	11,885.96	11,768.39	5,776.22	7,891.88
	USA	-	-	-	-	-
	Yangzhou, China	36,168.53	52,524.36	63,375.32	75,827.69	26,456.92
	Subtotal	52,700.99	64,410.32	75,143.71	81,603.91	34,348.80

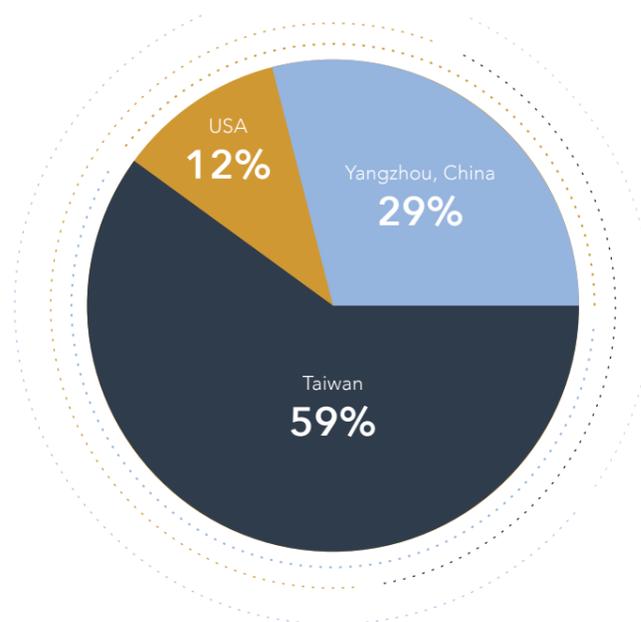
Energy Type	Region	Conversion to GJ				
		2012	2013	2014	2015	2016
Purchased electricity for production	Taiwan	220,095.52	225,365.54	228,682.40	221,282.25	204,523.96
	USA	24,833.34	24,025.18	29,599.83	30,790.64	31,441.48
	Yangzhou, China	108,127.11	134,178.37	114,064.21	86,573.65	74,015.80
	Subtotal	353,055.97	383,569.10	372,346.44	338,646.54	309,981.24
Purchased electricity (dormitories)	Taiwan	-	-	-	-	-
	USA	-	-	-	-	-
	Yangzhou, China	13,974.86	14,051.26	10,253.84	7,450.49	6,656.74
	Subtotal	13,974.86	14,051.26	10,253.84	7,450.49	6,656.74
Purchased steam	Taiwan	-	-	-	-	-
	USA	-	-	-	-	-
	Yangzhou, China	60,353.47	50,138.43	32,302.77	29,669.07	20,087.91
	Subtotal	60,353.47	50,138.43	32,302.77	29,669.07	20,087.91
Natural gas	Taiwan	24.86	22.66	32.19	14.78	-
	USA	5,544.57	7,783.84	11,590.56	11,014.72	11,638.91
	Yangzhou, China	-	-	-	-	-
	Subtotal	5,569.43	7,806.50	11,622.76	11,029.50	11,638.91
Diesel	Taiwan	281.69	262.85	163.04	117.69	137.25
	USA	33.26	193.27	53.79	51.35	65.30
	Yangzhou, China	288.82	521.96	939.28	621.85	819.92
	Subtotal	603.77	978.08	1,156.11	790.89	1,022.47
Gasoline	Taiwan	539.54	387.90	384.06	188.51	257.55
	USA	-	-	-	-	-
	Yangzhou, China	1,180.37	1,714.14	2,068.27	2,474.65	863.43
	Subtotal	1,719.91	2,102.04	2,452.33	2,663.16	1,120.98
Total		435,277.41	458,645.40	430,134.25	390,249.66	350,508.24

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



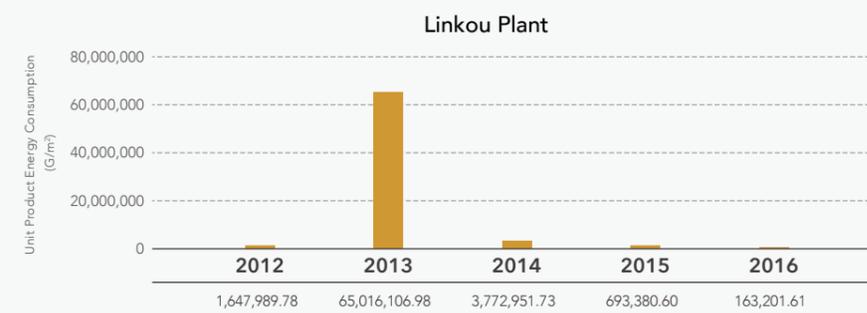
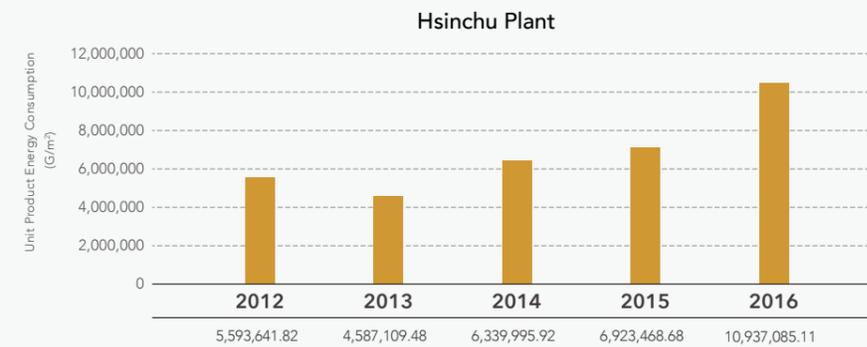


Proportion of 2016 total energy consumption of major E Ink production bases worldwide



Intensity of product energy consumption (GJ/m²)

*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 midstream-downstream vertical integration for integrated production. The Hsinchu Plant manufactures front-end display panels, the Linkou Plant and USA Plant produce e-ink, and the Yangzhou Plant assembles terminal module products. Therefore, the intensity of product energy consumption varies significantly due to product structure.

In recent years, the Hsinchu Plant has gradually changed from LCD panel manufacturing to more complicated EPD panel production. As the glass substrate capacity reduces, the unit electricity consumption by substrate area has increased. However, after shutting down the Hsinchu Plant and transforming it into an experimental shop for strategic reasons in September 2016, the overall power consumption has tended to reduce.

Moreover, the shipping volume of the 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, and mass production did not begin until 2016. Therefore, the intensity of energy consumption of the Linkou Plant was comparatively high in 2013 and 2014 as product outputs were extremely low.

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

GHG Emissions

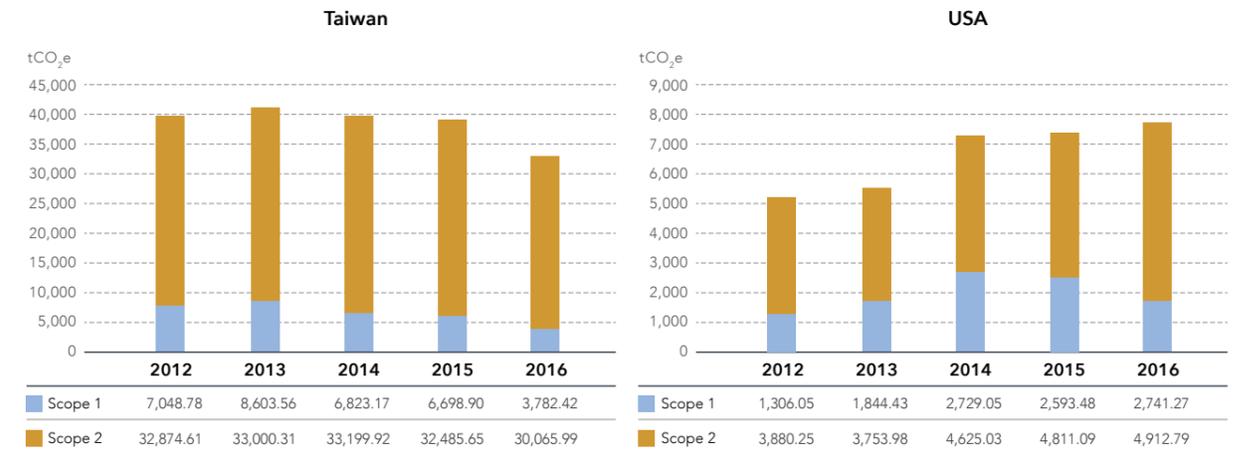
Reduction of GHG emissions has become an important trend of environmental protection across the globe. To implement GHG management, it is necessary to first understand the company's GHG emissions. Identification and quantification of GHG emissions are the most fundamental work for GHG inventory.

Both the Hsinchu Plant and Yangzhou Plant began GHG inventory in 2005 and has conducted third party verification according to ISO14064-1 in the same year, while the Linkou Plant implemented GHG inventory and external verification voluntarily. In 2013, the 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.

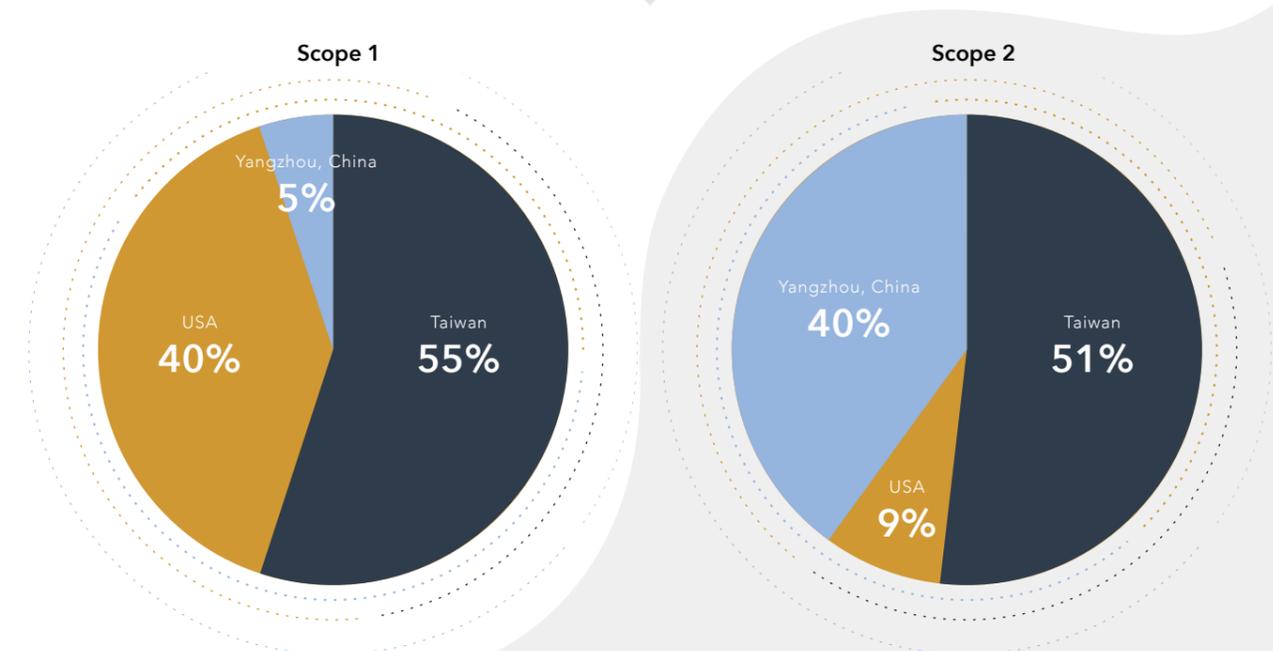
As purchased electricity as specified in Scope 2 is still the main source of GHG emissions of all plants, both the pattern and trend of the unit product GHG emissions and intensity of product energy consumption of each plant are alike. As module assembly, the back-end process of panels, is the main task of the Yangzhou Plant, both the unit product GHG emissions and intensity of product energy consumption of the Yangzhou Plant are significantly lower than that of plants in Taiwan. As the Hsinchu Plant in Taiwan is a panel substrate manufacturer using GHGs including SF6 and NF3 in the process and more electricity, both the unit product GHG emissions and intensity of product energy consumption are the highest amongst all E Ink plants. In addition, both the unit product GHG emissions and intensity of product energy consumption have tended to increase every year as the capacity reduces annually after the plant was transformed into an experimental plant.

Country	Scope	GHG Type	2012	2013	2014	2015	2016
Taiwan	Scope 1 (ton)	CO ₂	113.05	104.29	110.23	56.04	78.87
		CH ₄	36.41	33.11	31.95	32.19	29.80
		N ₂ O	81.36	54.12	69.19	20.64	2.93
		HFCs	-	-	-	-	-
		PFCs	-	-	-	-	-
		SF ₆	5,179.04	6,474.27	4,942.04	5,206.61	2,779.80
		NF ₃	1,638.91	1,937.77	1,669.75	1,383.43	891.02
	Scope 1		7,048.78	8,603.56	6,823.17	6,698.90	3,782.42
	Scope 2	CO ₂	32,874.61	33,000.31	33,199.92	32,485.65	30,065.99
	Emissions subtotal (CO ₂ e)			39,923.38	41,603.87	40,023.10	39,184.55
USA	Scope 1 (ton)	CO ₂	41,603.87	1,842.60	2,726.37	2,590.94	2,738.58
		CH ₄	40,023.10	0.83	1.22	1.16	1.22
		N ₂ O	39,184.55	1.01	1.46	1.38	1.46
		HFCs	33,848.41	-	-	-	-
		PFCs	-	-	-	-	-
		SF ₆	-	-	-	-	-
		NF ₃	-	-	-	-	-
	Scope 1		1,306.05	1,844.43	2,729.05	2,593.48	2,741.27
	Scope 2	CO ₂	3,880.25	3,753.98	4,625.03	4,811.09	4,912.79
	Emissions subtotal (CO ₂ e)			5,186.31	5,598.41	7,354.07	7,404.57
China Yangzhou	Scope 1 (ton)	CO ₂	99.93	152.96	208.81	210.82	119.91
		CH ₄	469.54	637.18	415.67	216.95	195.41
		N ₂ O	2.80	4.08	5.72	2.85	1.11
		HFCs	-	-	-	-	-
		PFCs	-	-	-	-	-
		SF ₆	-	-	-	-	-
		NF ₃	-	-	-	-	-
	Scope 1		572.26	794.22	630.20	430.63	316.43
	Scope 2	CO ₂	31,546.19	31,112.03	23,607.21	26,615.03	21,853.68
	Emissions subtotal (CO ₂ e)			32,118.46	31,906.25	24,237.41	27,045.66

1. Outcomes of GHG inventory in Taiwan are the combined volume of the Hsinchu Plant and Linkou Plant. Outcomes of the Hsinchu Plant have passed third-party verification; and outcomes of the Linkou Plant passed third-party verification as of 2015.
2. The GHG inventory outcomes of the Hsinchu Plant and Yangzhou Plant have passed third-party verification.
3. The GHG inventory outcomes of the USA Plant are estimated based on energy consumption.
4. We adopt IPCC-AR4 data for GHG emission potential

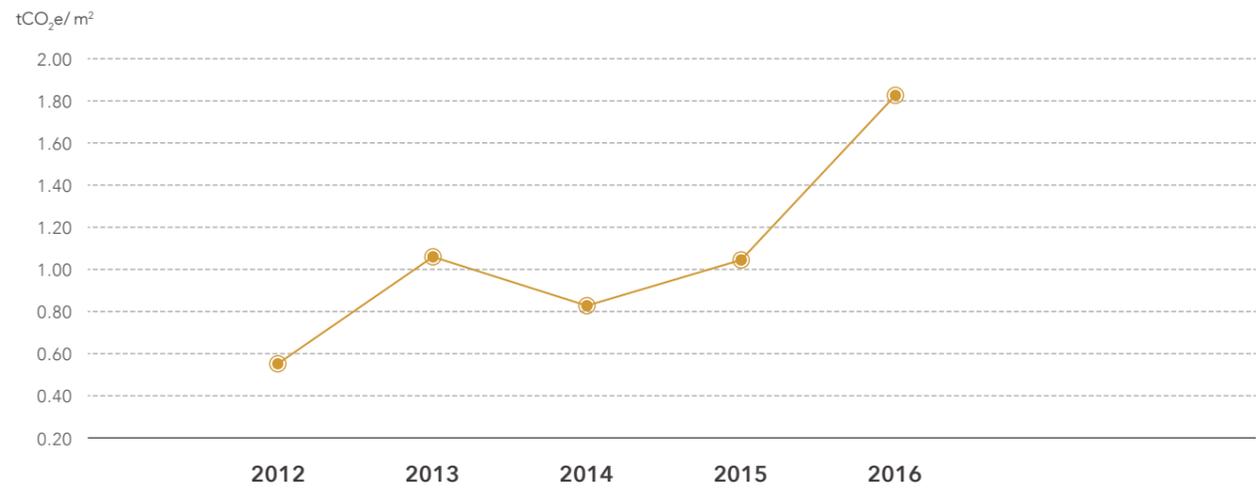


2016 GHG emissions of major E Ink production bases worldwide



Product emissions intensity (tCO₂e/m²)

Hsinchu Plant



Linkou Plant



Yangzhou Plant



Management of Energy Saving and Emissions Reduction

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

1 Increasing renewable energy use

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

Both corporate social responsibility and the sustainable development of the environment are important to us. In support of the government's policy to aggressively promote energy transformation and encourage industries to use green power with zero or near zero emissions in the production process in recent years to reduce environmental impacts, the Hsinchu Plant began purchasing 500,000kWh of green power from Taiwan Power Co., Ltd. in 2015 and increased the purchase to 1,000,000kWh in 2016.

Based on the calculation that one unit (100kWh) of green power can reduce the annual CO₂ emission of five trees (approx. 50kg CO₂e), we reduced 500,000kg of CO₂e for the Earth in 2016.

Our positive efforts to support green power purchasing were recognized by the Ministry of Economic Affairs. At the "Green Power Appreciation Award" event, we were awarded with the "Enterprise Perspective Award" from the Bureau of Energy, Ministry of Economic Affairs, together with other enterprises supporting green power purchase. Amongst all high-tech industries, the amount of our green power purchases was the third highest, just next to Taiwan Semiconductor Manufacturing Co., Ltd. and ASE Group.

While energy-saving and easy-on-the-eye are the key features of our ePaper products, they are green energy products that meet the current environmental and energy-saving trends. We also urge employees to start saving energy and reducing emissions from daily life. By developing good energy consumption habits, we can reduce electricity consumption significantly. Let's continue our efforts for the sustainable development of the Earth.



- Green power is power generated with renewable energy or eco-friendly methods. The main sources of green power include solar energy, wind power, small hydro, geothermal energy, and biomass energy. In Taiwan, "solar energy" and "wind power" are the main sources.
- When generating green power, CO₂ emissions will be zero or near zero. Compared with other ways of power generation (e.g. fire-fossil), green power causes much less environmental impact.
- With advantages including low pollution, low energy consumption, and continuity, green power has become a new form of energy aggressively developed by countries in the world.

In addition, we began to build solar panels on the roof of the Yangzhou Plant in 2014. Currently, the total installed capacity is up to 2,392KW. The 2016 generation capacity was up to 2.14 million kWh for in-house consumption. Along with other energy conservation measures, this capacity commands about 10.42% of the plant's total consumption, higher than that of 2015. Apart from effectively reducing the 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	1,520,000
2015	3,275,241	1,590,000
2016	2,143,751	1,267,000
Total	5,477,703	4,377,000

*Total amount of electricity bills saved was calculated based on the electricity purchasing price of the Yangzhou Plant and the RMB exchange rate.



2 Process Energy Management

Through process equipment replacement, machine operation optimization and management, and installing LED lighting inside the factory building, we endeavor to minimize energy consumption in the production process and thereby achieve the goal of energy saving and emissions reduction.

1. Implementing LED Lamps

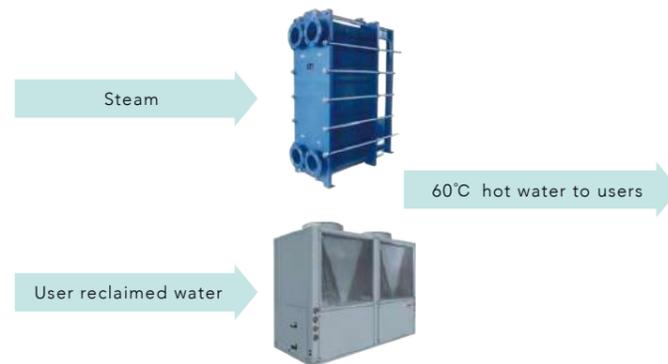
The Yangzhou Plant has replaced all T8 fluorescent tubes with LED lamps to reduce electricity consumption. The actual efficiency is as follows:
 + Actual energy saved: 11,720 kWh/year
 + Energy cost saved: Approx. NT\$103,000/year.

2. Equipping compressors with inverters

The Yangzhou Plant has equipped an inverter on compressors to reduce its loading and unloading frequency and its standby time and energy consumption to reduce power consumption.
 + Actual energy saved: 452,000 kWh/year
 + Energy cost saved: Approx. NT\$1,490,000/year.

3. Replacing steam with air

The Yangzhou Plant has replaced steam with air to reduce steam consumption.
 + Actual energy saved: Steam at 260t/year
 + Energy cost saved: Approx. NT\$233,000/year.



4. Adjusting temperature and humidity control points of clean rooms

The Yangzhou Plant has adjusted the temperature and humidity control range from 23±3 /65±5% to 23 /50% for winter and 25 /70% for summer to reduce energy consumption.
 + Actual energy saved: Electricity at 278,500 kWh/year and steam at 1,010 t/year.
 + Energy cost saved: Approx. NT\$1,659,000/year.

5. Dormitory hot water recycling

The Yangzhou Plant has accelerated the hot and reclaimed water flow to reduce hot water discharge.
 + Actual energy saved: Hot water at 3,600 t/year.
 + Energy cost saved: Approx. NT\$51,800/year.

3 Building Energy Conservation Design

When building the Yangzhou Plant, we have already implemented the energy saving design to enhance building energy efficiency 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.



4-3 Resource recycling management

Water Resources Management

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

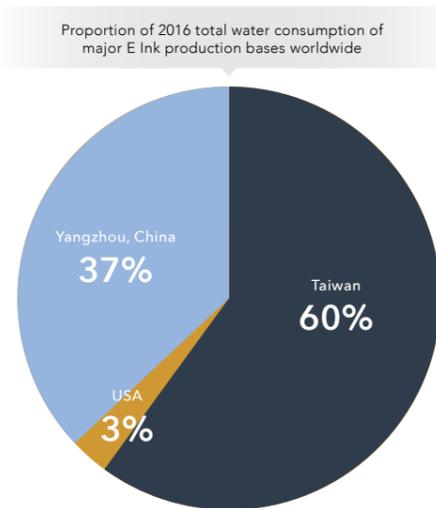
In recent years, we have spared no efforts to save and reclaim water, thus reducing the water consumption of each plant, and the unit product water consumption has also reduced. However, as the Hsinchu Plant in Taiwan was a display substrate manufacturer and has been transformed into an experimental plant, the unit product water consumption increases every year as productivity reduces every year.

Basic Water Consumption Data (to be revised)

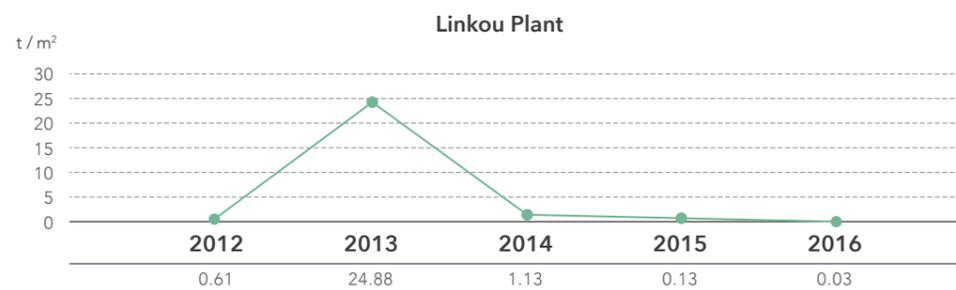
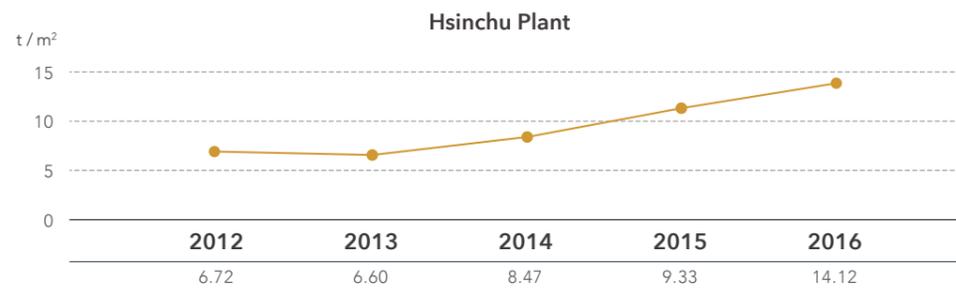
Region	(m ³)	2012	2013	2014	2015	2016
Taiwan	Water consumption	257,146	316,650	298,190	287,765	252,429
	Reclaimed Water Volume	365,068	396,873	409,527	382,106	304,881
	Total Water Consumption	622,214	713,523	707,717	669,871	557,310
	Reclamation Proportion	58.7%	55.6%	57.9%	57.0%	54.7%
	Effluent Volume	206,588	220,568	251,718	232,506	210,307
USA	Water Consumption	25,782	19,843	22,300	23,794	26,934
	Reclaimed Water Volume	-	-	-	-	-
	Effluent Volume	-	-	10,408	10,339	10,443
Yangzhou, China	Process Water Consumption	210,673	266,477	312,208	236,009	166,005
	Household Water Consumption	256,769	279,573	192,573	123,316	122,907
	Purchased hot water	-	17,942	32,591	23,813	22,846
	Reclaimed Water Volume	54,000	57,299	43,466	34,586	35,093
	Total Water Consumption	521,442	621,291	580,838	417,724	346,851
	Reclamation Proportion	10.4%	9.2%	7.5%	8.3%	10.1%

Note 1: All water consumed is tap water.

Note 2: Water consumption is based on the records in water bills.



Unit product water consumption (t / m²)



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. This suggests that our water resources management and water saving efforts are effective.

To cope with the potential water shortage crisis in Taiwan every year, apart from seeking other usable water sources, we reduced water consumption in the process and of public facilities. We further lowered the water reclamation threshold to recover more process wastewater for reuse to reduce water demand.

Water Saving Plans Over the Years

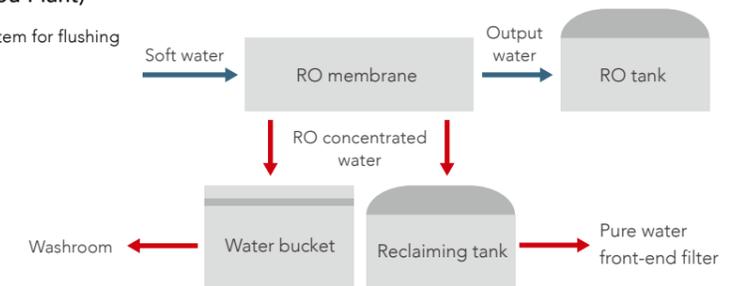
Implementing Site	Water Saving Plan	Description	Water Saved (tons/year)
Hsinchu Plant	Improving water interception for the pure water system	· Shortening the slow rinsing time for epoxy recycling of the pure water system · Extending the cleaning cycle of the active charcoal tower in the pure water system, shortening the backwash and washing time.	8,101
Hsinchu Plant	Cooling Water Tower Water Saving Improvement Plan	· Building a drainage pipe control system at the cooling water tower.	18,677
Hsinchu Plant	Production Water Consumption Reduction Improvement Plan	· Water consumption by the MS shower of strippers was reduced from 30 LPM to 20 LMP.	10,440
Hsinchu Plant	Water Reclamation System Improvement Plan	· Extending the backwash time of the water reclamation system to increase reclaimed water volume. · Replacing tap water with RO concentrated water for cleaning and Changing backwash factors to increase water output. · Recovering the detection water used by oxidation reduction potential (ORP) meters, ozone detectors, and pH meters.	7,311
Yangzhou Plant	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.	54,000
Yangzhou Plant	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.	4,800
Yangzhou Plant	Spilled Ultrapure Water Reclamation	· Reclaiming the ultra-pure water spilled from the system when pure water demand is low.	14,000

Highlights of Water Saving Projects

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.

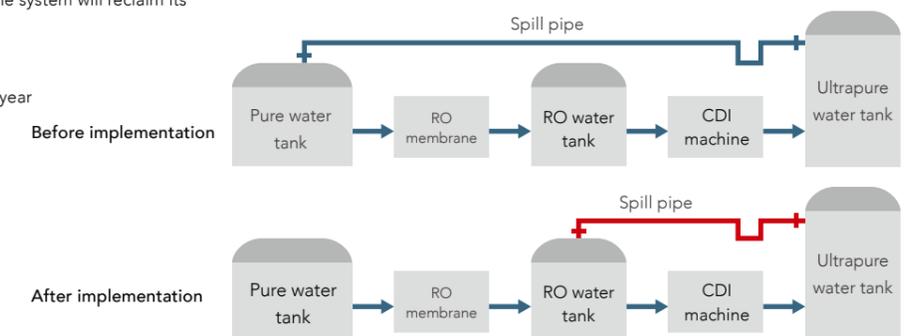
- Saved water by 54,000 tons/year
- Saved cost by approx. NT\$947,000/year



Spilled Ultrapure Water Reclamation (Yangzhou Plant)

When pure water demand reduces, the system will reclaim its own spilled ultra-pure water.

- Saved water by 14,000 tons/year
- Saved cost by approx. NT\$258,000/year



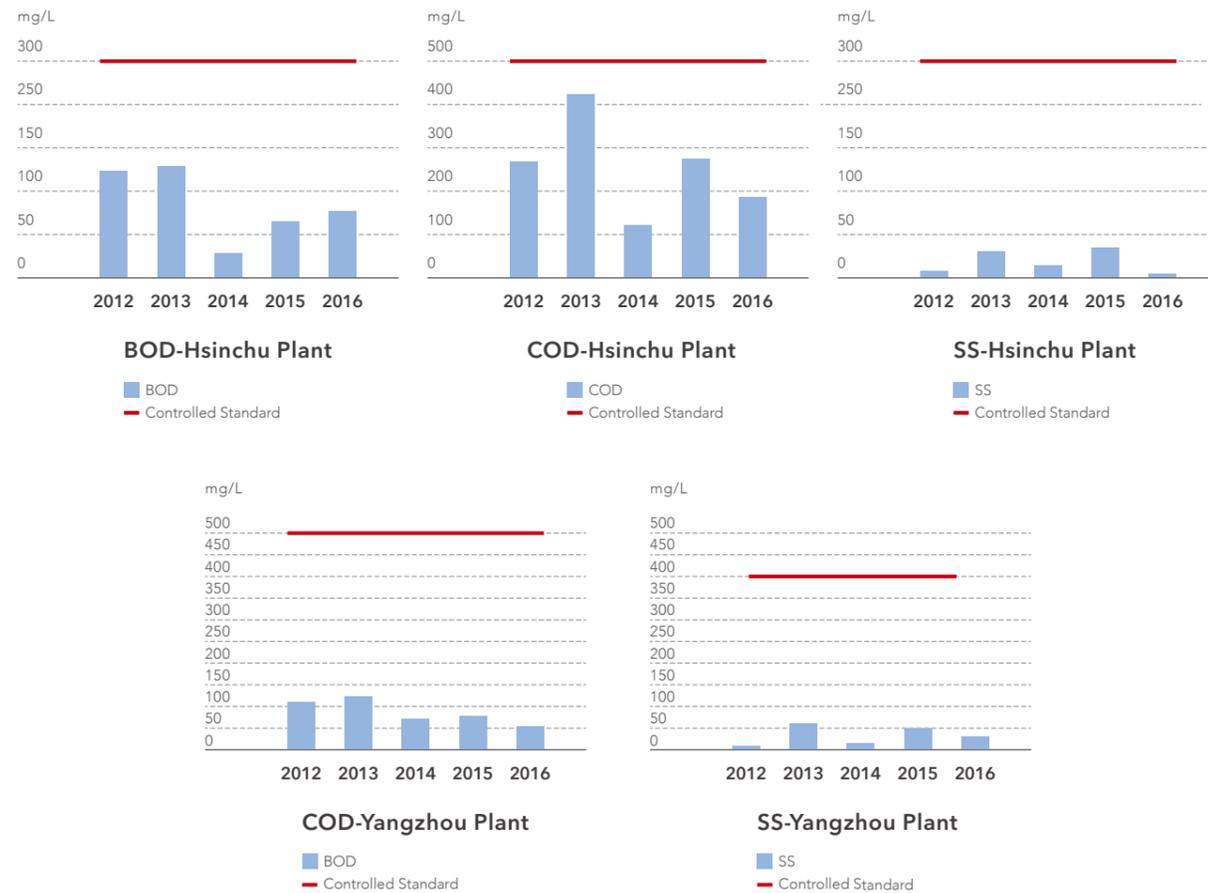
In the future, we will continue to improve water resources management and plan a series of water saving and water efficiency enhancement plans based on the sustainable development spirit.

Wastewater 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, periodic monitoring and adjustment of wastewater discharge 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	2012	2013	2014	2015	2016	Controlled Water Quality Standard	Discharge Destination
BOD (mg/L)	Hsinchu Plant	122.1	125.3	26.9	63.5	72.5	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: After confirming that wastewater complies with the effluent standard, we discharge it to the Yangzhou City urban sewer network.
	Yangzhou Plant	No testing is needed.						
COD (mg/L)	Hsinchu Plant	267.5	427.5	121.3	273.0	190.5	500	
	Yangzhou Plant	106.0	114.0	73.5	77.0	53.5	500	
SS (mg/L)	Hsinchu Plant	7.9	27.6	12.3	31.1	2.3	300	
	Yangzhou Plant	14.0	62.0	16.0	48.7	26.5	400	
Wastewater Discharge Volume(m ³)	Hsinchu Plant	206,588	220,568	251,718	232,506	210,307	-	
	Yangzhou Plant	168,538	213,182	249,766	188,807	346,851	-	

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



In addition, the Yangzhou Plant 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 the Yangzhou Plant to shut down the wastewater treatment facility to reduce operating costs and the secondary pollution caused by wastewater treatment. The original wastewater storage tank has since been used as fishing ponds and for hydroponics.

Aquaponics in the Yangzhou Plant

What are aquaponics?

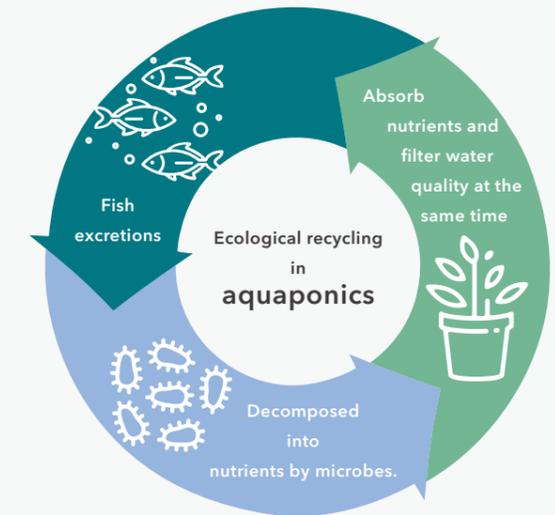
Aquaponics is a compound plantation system featuring a new type of eco-balance. Through a clever eco-design, aquaponics achieves scientific symbiosis by integrating aquaculture with hydroculture to realize raising fish without changing water and worrying about water quality and cultivating plants in water without fertilizing and worrying about their growth.

In an aquaponic system, aquatic animals are sent to a water cultivation system where hydrogen nitride (ammonia) in water is decomposed into nitrate for nitrifying bacteria to further decompose it into nitrates as nutrients for plants.

In aquaponics, aquatic animals, aquatic plants, and microbes maintain a harmonious eco-balance for a sustainable recyclable zero-emission low-carbon production model.

Operation of aquaponics in the Yangzhou Plant

The production wastewater tank was shut down in 2011, and the two abandoned sedimentation tanks can be used for raising fish.



· Fish Raising

With a strong adaptability to the living environment and commonly known as tilapia (*Monochromes mossambicus*), it is a small to medium size fish that can live in a low oxygen environment for a long time in water at 15-35°C. The tilapia is fed by "meat and vegetable together". That is, it is fed by fish feed mixed with common duckweed (*Lemna minor*), where the former provides fish with animal protein and fat and the latter with vegetable protein, vitamins, minerals, and micro-nutrients to promote the species' growth.



· Vegetable Cultivation

Water spinach (*Ipomoea aquatic*): Substrate culture is applied to grow the vegetable on ceramsite substrate. Ceramsite provides biochemical filtering function and filters solid fertilizers.

Lettuce (*Lactuca sativa*): Floating raft culture is applied to grow the vegetable in troughs where the vegetable is supported by polystyrene foam sheets for the root to extend into the water to absorb nutrients.

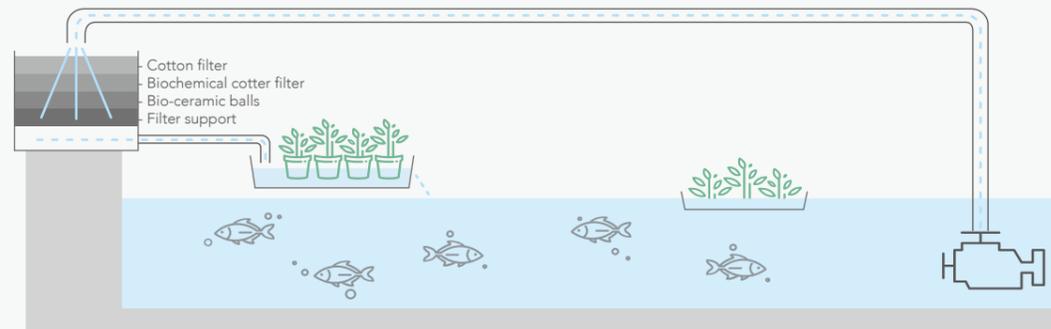


· Farming model

A closed loop model is applied. Water in the fish pond is filtered by microbes in a loop before flowing into the hydroculture section. After absorbing and filtering by organisms at the root of vegetable, the treated wastewater will flow back to the fish pond to form a closed loop among the fish pond, filtration trough, and vegetable trough.



System perspective flowchart

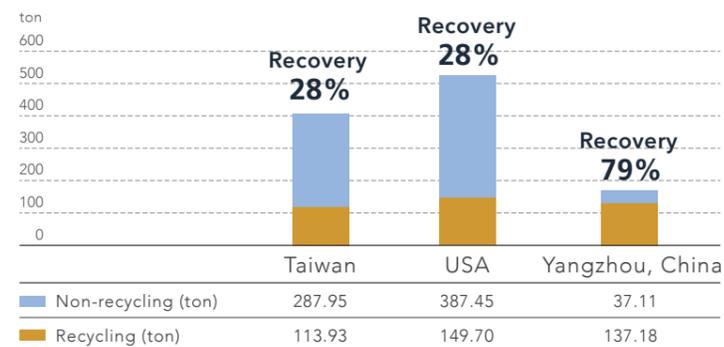


Proper waste management

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

2016 Waste Outputs and Disposal Methods

Category	Disposal Method	Taiwan	USA	Yangzhou, China
General Waste	Total output (ton)	228.88	459.49	142.18
	Incineration (ton)	178.17	283.04	0
	Landfill (ton)	43.41	43.14	0
	Recycling (ton)	7.30	133.31	137.18
	Others (ton)	0	0	5.00
Hazardous waste	Total output (ton)	173.00	77.67	32.11
	Incineration (ton)	64.24	61.27	0
	Landfill (ton)	0	0	0
	Recycling (ton)	106.63	16.39	0
	Others (ton)	2.13	0	32.11
Total	Total output (ton)	401.88	537.16	174.29
	Incineration (ton)	242.41	344.31	0
	Landfill (ton)	43.41	43.14	0
	Recycling (ton)	113.93	149.70	137.18
	Others (ton)	2.13	0	37.11



The total waste output of the Hsinchu Plant tends to reduce as a result of transformation. 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 the Linkou Plant mainly produces and coats semi-finished materials, it uses organic chemicals that will produce organic waste liquids. Waste in the Linkou Plant has increased in recent years as the output rose gradually. For waste produced in the plant, some production waste is mainly plastics, is treated in-house for final disposal (incineration or physical), and some is recovered for recycling, except for household waste. To establish a complete waste management mechanism, the Yangzhou Plant began keeping a full record of waste outputs in 2015 for the management reference. Recyclable packaging materials, such as paper and plastics, are the main type of waste. The 2016 recovery rate was up to 79%.

We also continuously advocate the waste separation 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.

Waste separation in Taiwan plants



Effectiveness of improvement of the temporary waste storage area in the Yangzhou Plant



4-4 Building a sustainable supply chain

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. E-paper 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.

To fulfill the commitment for local procurement and cope with the production cut of consumer LEDs of Japanese suppliers, we will adjust our procurement strategy to expand the scale of local procurement. 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.

Scale of Local Procurement in 2016

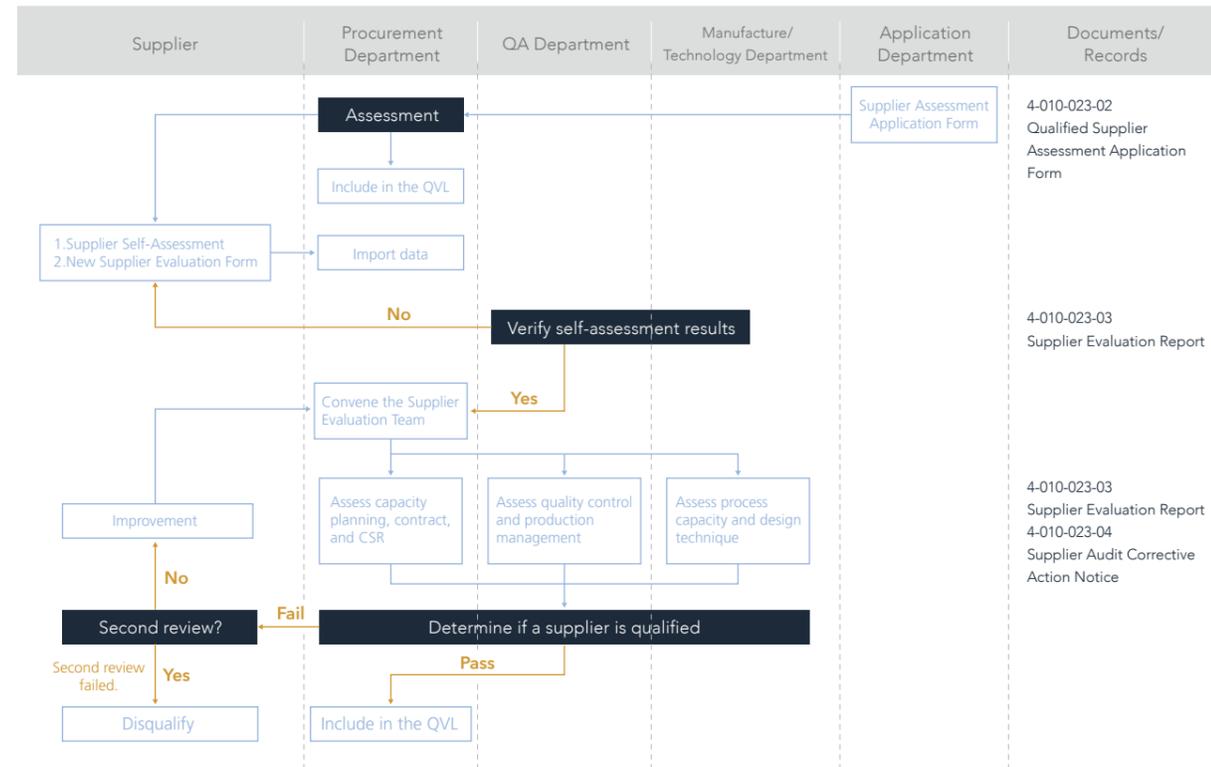
Item	Materials		Parts and Accessories		Machines and Equipment		Total Purchase	
	Taiwan	China	Taiwan	China	Taiwan	China	Taiwan	China
Amount								
Local procurement amount (NT\$1,000)	1,301,198	1,714,206	18,992	11,008	25,267	2,894	1,345,457	1,728,108
General procurement amount (NT\$1,000)	1,940,113	7,518,072	20,908	21,402	25,745	5,024	1,986,766	7,544,498
Percentage (%) of Local Procurement	67.07%	22.80%	90.83%	51.44%	98.15%	57.59%	67.72%	22.91%
Number of Suppliers								
Number of local procurement suppliers	122	75	99	26	30	1	251	102
Total number of local procurement suppliers	127	112	101	33	31	2	259	147
Percentage (%) of procurements from local suppliers	96.06%	66.96%	98.02%	78.79%	96.77%	50.00%	96.91%	69.39%

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

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 Evaluation Flowchart



Supplier CSR 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 Impacts on local environments Waste management Environmental and quality management policies Fines or penalties resulting from non-compliance with environmental regulations
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 Ban child labor Compliance with local overtime work regulations Establishment of codes for non-discrimination
Impacts on Society	<ul style="list-style-type: none"> Clean Transaction Commitment Internal grievance mechanisms

Results of 2016 Supplier Audit

Year	Supplier Type	Environmental Assessment	Human Rights Assessment	Labor Practices Assessment	Assessment for Impacts on Society
2016	Number of New Suppliers	3	3	3	3
	Number of Existing Suppliers	19	19	19	19

Supplier Feedback Channels

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

Supplier Labor Practices Assessment

- While the occupational safety, sound labor-management harmony, and basic education and training of suppliers' employees will directly affect the stability of supply and quality of products, we request suppliers to comply with the labor requirements of local governments.
- With the Supplier Evaluation Report, we 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. We also 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 2016, we did not disqualify any new and existing suppliers for non-compliance with labor practices.

Supplier Human Rights Assessment

- We abide by the requirements in the "Standard and Code of Supplier Responsibility" of world-class customers, we also 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 the periodic screening or rating of suppliers, we 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. Such results will also be the reference for transactions and audits of respective suppliers.
- In 2016, we did not disqualify any new and existing suppliers for non-compliance with labor human rights.

Supplier Sustainability Assessment

Supplier Environmental Assessment

- We request suppliers to supply products that comply with RoHS and the Level 1 requirements of SONY SS-00259; to make commitment on no use of conflict minerals; and enforce recovery and recycling of packaging materials to achieve resource recycling and waste reduction. In machines, equipment, and instruments, we request suppliers to supply products that comply with radiation testing standards.
- We also list the requirements and standards for green products and environmental stewardship in the remarks and points for notice of each purchase order.
- In new supplier selection, an ISO 14001 certification is a prerequisite. We also conduct on-site inspection as necessary to ensure if an environmental management system is in place and if on-site operation complies with the legal requirements for environmental management.
- In 2016, we disqualified an optical material supplier who was punished several times for breaking Taiwan's air pollution control laws and regulations.

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 concerns about anti-corruption and intention incessantly raise the ethical standard of suppliers.
- We have established the "Clean Transaction Commitment" for all suppliers to clearly understand our standard and principle. We also explicitly define the scope of related party and undue or improper advantage. In the remarks column of every purchase order, we concisely mark the grievance methods.
- In the periodic screening or rating of suppliers, we explicitly disclose the negative impacts on society (such as corruption, fraud, and monopoly) of suppliers in the evaluation form. Such results will also be the reference for transactions and audits of respective suppliers.
- In 2016, we did not disqualify any new and existing suppliers for non-compliance with impacts on society.

Happy Workplace and Warm Regards



5-1 Management Overview

2016 Employee Distributions

Employment Type	Taiwan (Hsinchu Plant and Linkou Plant)			China (Yangzhou Plant)		
	Male	Female	Subtotal	Male	Female	Subtotal
Official Employees	526	331	857	518	522	1,040
Contract Employees	3	5	8	230	161	391
Total	529	336	865	748	683	1,431
Employment Type	Executives		Subtotal	Non-executives		Subtotal
	Male	Female		Male	Female	
Official Employees	130	727	857	25	1,015	1,040

* Executives are managers or officers of higher levels.

In addition, we respect the right of employment for people with disabilities and abide by the laws and regulations. In 2016, we hired visually impaired masseurs at a proportion greater than Taiwan's statutory requirements. Currently, we have hired five full-time masseurs with severe visual impairment.

Number of New Official Employees

	Gender		Age				Total	Proportion of New Official Employees
	Female	Male	30 and under	31-40	41-50	51 and over		
Taiwan	47	148	73	81	40	1	195	22.8%
Yangzhou, China	121	330	407	42	1	1	451	43.4%
Total	168	478	480	123	41	2	646	34.1%

Number of Resigned New Official Employees

	Gender		Age				Total	Turnover Rate of New Official Employees
	Female	Male	30 and under	31-40	41-50	51 and over		
Taiwan	11	41	17	23	12	0	52	26.7%
Yangzhou, China	86	220	281	25	0	0	306	67.9%
Total	97	261	298	48	12	0	358	55.4%

Number of Resigned Official Employees

	Gender		Age				Total	Turnover Rate of New Official Employees
	Female	Male	30 and under	31-40	41-50	51 and over		
Taiwan	181	144	65	150	96	14	325	37.9%
Yangzhou, China	253	424	625	48	4	0	677	65.1%
Total	434	568	690	198	100	14	1,002	52.8%

The staffing of the Hsinchu Plant in Taiwan was adjusted in 2016 as workforce demand reduced after the plant was transformed into a technology R&D base. While taking care of the right to work of employees is an E Ink commitment, apart from offering a golden handshake to senior employees, we accommodated the Hsinchu Plant employees to internal job openings or recommended them to other enterprises at our full ability based on the principle of "right job for the right talent", in order to ensure their right to work. In addition, we provided them with a work incentive subsidy and introduced related complementary measures in accordance with the Labor Standards Act. Therefore, both the turnover number and rate in Taiwan were higher in 2016.

The turnover rate of the Yangzhou Plant was comparatively high for two main reasons: (1) the turnover rate included employees who did not complete probation; and (2) Chinese employees often return to their hometown for the Spring Festival and some of them would find another job after the Spring Festival. Compared to 2015, however, the turnover rate of the Yangzhou Plant has reduced significantly by about 50% after the implementation of the "Wage Reform Program" in which wages have been raised.

Statistics on Parental Leave of Absence

Item	Taiwan					Yangzhou, China				
	Female		Male		Total	Female		Male		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: Total applicants of parental leave of absence in 2016	2	7	1	1	11	1	1	0	0	2
B: Number of employees applying for reinstatement in 2016	4	13	1	1	19	0	1	0	0	1
C: Actual number of employees reinstating in 2016	3	10	0	1	14	0	0	0	0	0
D: Number of employees who should reinstate in 2016 applying for leave extension	1	2	1	1	5	0	0	0	0	0
E: Number of employees reinstating after parental LOA in 2015 continuing service for one year	0	3	0	3	6	1	1	0	0	2
F: Number of employees reinstating after parental LOA in 2015	1	3	0	3	7	1	2	0	0	3
Reinstatement rate (%) = C / (B-D) x100%	100%	91%	-	-	100%	-	0%	-	-	0%
Retention rate (%) = E / F x100%	0%	100%	-	100%	86%	100%	50%	-	-	67%

* All official employees fulfilling the requirements for parental leave of absence can apply for the leave.

In Taiwan, we hire members of the upper management locally. For the 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, we continue to recruit employees over human resources websites and through campus recruitment activities to diversify recruitment channels.

5-2 Building a Healthy, Positive and Beautiful Workplace

Respect for Human Rights

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

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, 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 with the Labor Standards Act.
- Prevent forced labor by the internal audit system.

E Ink Code of Business Conduct

Workplace Harmony

- Establish the "Measures and Regulations for the Prevention, Grievance, and Punishment of Sexual Harassment" to build a harmonious work environment.
- Not forcing or allowing 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

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

To coordinate labor-management relations and promote labor-management cooperation, we have established diversified mechanisms to meet different communication demands in order to establish sound labor-management interaction and for employees to develop organizational commitment and improve work enthusiasm.

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.

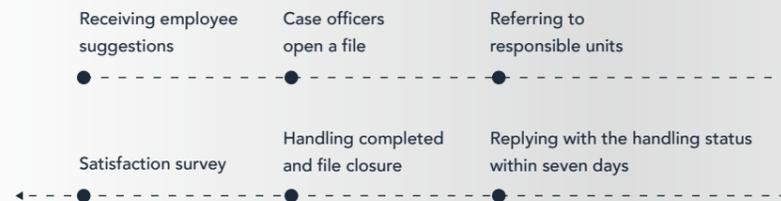
Labor Union (Yangzhou Plant)

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

In 2016, the Yangzhou Plant set up a public account on WeChat for communication and exchange among employees and for sharing a wonderful life at E Ink with others!



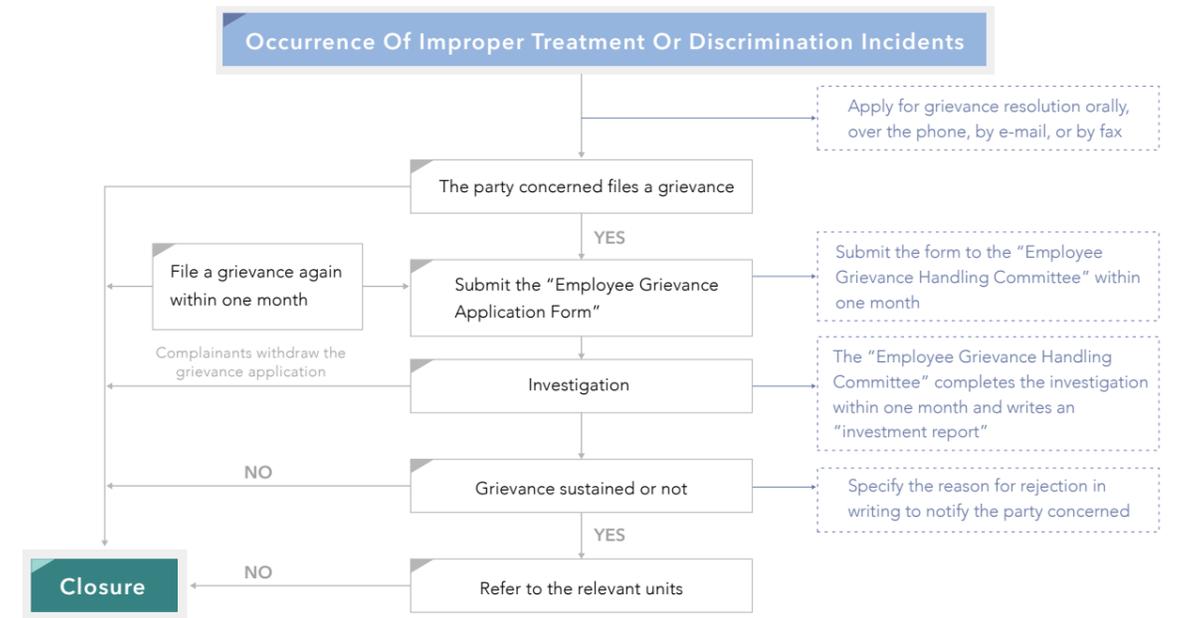
▲ e-DM for internal communication



Employee Grievance Mechanisms

In addition to the above communication channels, we have established additional channels for grievances concerning labor practices for employees to file grievances more comfortably. These channels include oral reporting, telephone reporting, and the 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 harassment, we will hold a Sexual Harassment Grievance Handling Committee meeting to address each such grievance.

Employee Grievance Flowchart



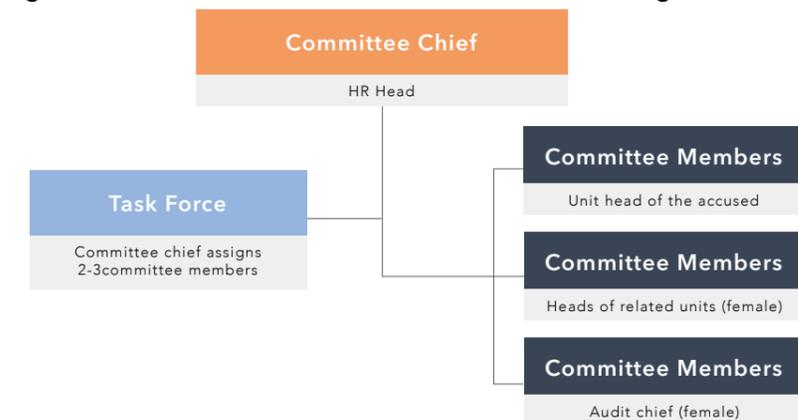
Handling Sexual Harassment

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 grievances, investigations, and the resolution of sexual harassment.

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.

- Members 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.
 - The 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.

Organization of the Sexual Harassment Grievance Handling Committee



Meeting	Number of Meetings	Number of Proposals	Number of Closed Cases
Labor-Management Meeting	3	57	57
Employee Welfare Committee Meetings	4	9	9
Seminars with Direct Production Workers	3	20	20
Seminars with Indirect Production Workers	2	28	28



Incidents of Non-Compliance with Labor Regulations

No incident of non-compliance with labor regulations was reported in 2016.

Labor-Management Issue of Hydys Technologies Co., Ltd. (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 Hydys, our South Korean subsidiary, was excessively high which made product prices uncompetitive, Hydys' board of directors made a resolution on January 6, 2015 to shut down the production line. Apart from distributing the statutory redundancy pay to employees according to the law of South Korea, the Hydys 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 Hydys' labor union filed an undue discharge grievance against Hydys to the Regional Labor Relations Council (RLRC) of Gyeonggi Province and the Central Labor Relations Council (CLRC) of South Korea on March 31, 2015, both RLRC and CLRC overturned the grievance; and the first instance of the undue discharge grievance is still in progress in the local administrative court and civil court.

Hydis continued its attempts to discuss with the Hydys Labor Union in 2016.

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 work and everyday life properly.

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 requirements, we provide employee salaries 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.

In 2016, the Yangzhou Plant started the "Wage Reform Program" . Based on the principles of encouragement, economic applicability, and fairness, after discussing with the management more than ten times, the program was ready for implementation in January 2017, hoping for external fairness and competitiveness and thereby attract more outstanding talents of join E Ink.

- Sep 2016: Implemented the new attendance evaluation rules and DL wage system.
- Nov 2016: Completed the redefining and annual promotion of the IDL grade.
- Jan 2017: Completed the redefining IDL wage structure and annual raise.

Comparison between the Standard Wage of Base-Level Employees (Workers) and Local Minimum Wage

Item	Taiwan	China
Male	1.5	1.1
Female	1.7	1.1

Female-to-male wage ratio

Employee type	Male:Female (Taiwan)
Non-unit heads	1:0.85
Unit heads	1:0.73
Workers	1:1.15

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

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.

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

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

[2016 Family Day] Green-World Eco Farm

E Ink invites employees and their family to the carnival-like Family Day for the families of employees to understand more and better about E Ink' s work environment and to develop a higher sense of involvement and enhance employees' organizational cohesion and loyalty in order to retain employees. The Family Day was held in the Green-World Eco Farm in June 2016, with nearly 1,300 participants. The program included both dynamic and static activities: YOYO Family show, bubble ball, children' s sketch contest, lovely animal feeding, etc. This one-day event enabled both adults and children to enjoy a joyous family day.



2016 Annual Party

In 2016, the "year-end party" was renamed the "annual party" to wish for employees to surpass themselves every year. In addition to providing an opportunity for employees to enjoy themselves, the annual party can enhance employee loyalty and enable the management to express gratitude to employees for their efforts in the last year and wish for a better next year.



[2016 Biking Day] 17km coastline in Nanliao

The health of employees has always been our concern. During the weekend we traveled to the beautiful township of Nanliao for a nice biking day. Apart from exercising and appreciating the beautiful coastal vista, there were tournament games and a water supply station for participants to enjoy a nice active day.



Employee Clubs and Societies in Taiwan

- Academic: Photography Club, Craft Club, Zen Society, Ukulele Club, English After Three (E.T.A.) Club
- Service: Volunteer Club, ePaper Product Application Club
- Sports: Basketball Club, Yoga Club, Cycling Club, Badminton Club, Hiking Club, Table Tennis Club, In-line Skate Club, Health Promotion Club, X-Rock Climbing Club
- Entertaining: Fishing Club, Tabletop Game Club

Yangzhou Plant 2016 Employee Activities



Labor Union Spring Picnic

Near Dragon Boat Festival Basketball Competition

2016 Domestic Tour for the 10th Anniversary of Outstanding Employees



2016 Family Day



2016 Taiwan Tour for the 10th Anniversary of Outstanding Employees

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, the Hsinchu Plant and Yangzhou Plant passed OHSAS 18001 one after another. In 2010, the Hsinchu Plant further passed TOSHMS certification (now CNS15506). Every year, we conduct an 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, the Linkou Plant also passed OHSAS 18001 certification and is expected to pass CNS 15506 certification in 2017.



E Ink
OHSAS 18001 Certificate



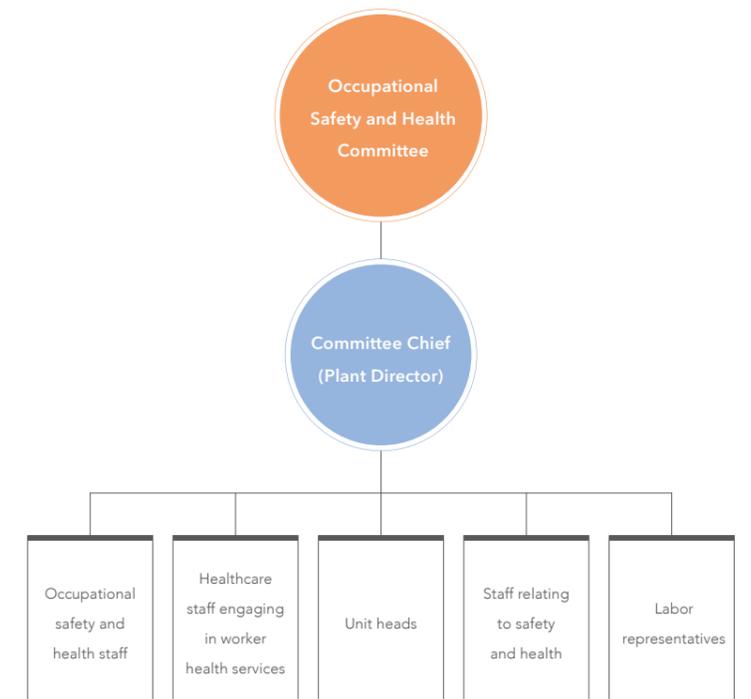
Transcend Optronics
OHSAS 18001 Certificate



E Ink
CNS 15506 (TOSHMS) Certificate

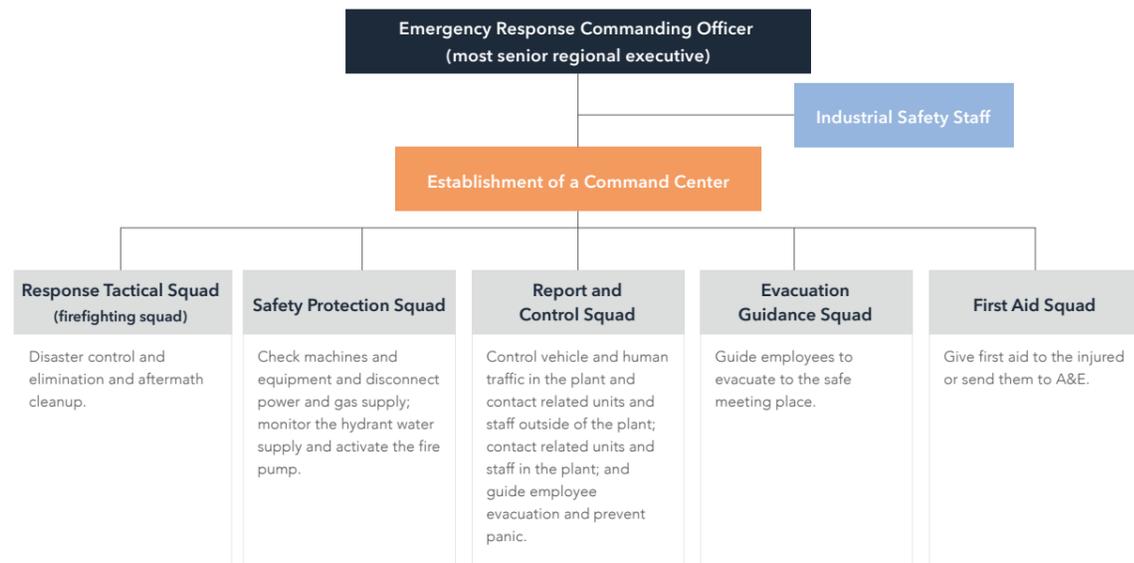
We have established an occupational safety and health committee by law in each plant, and the committee holds a meeting every quarter. The Occupational Safety and Health Committee meeting is chaired by the plant manager. Attendees include occupational safety and health staff, department heads, engineering staff relating to occupational safety and health, healthcare staff engaging in worker health services, and labor representatives. At the meeting, they discuss 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 2016, the Occupational Safety and Health Committee meeting was attended by twenty labor representatives, commanding 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. After the Linkou Plant received the factory registration, we also set up an occupational safety and health committee in 2016. The meeting was attended by sixteen labor representatives, commanding 72% of all attendees.



Emergency Response Process and Exercises

We have established an emergency response process and organized 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)
Personnel evacuation drill	2	4
Exercise for fire emergency response and fire equipment use	7	15
Emergency response exercise for leakage of toxic gases/chemicals/gas	6	3
Food poisoning exercise	-	1

Statistics on Industrial Safety Incidents

Accumulative zero-accident hours in Taiwan (Sep 2014 to the end of 2016) **4,279,192 HOURS**

Accumulative zero-accident hours in the USA (Mar 2016 to the end of 2016) **277 DAYS**

Region	Type	2012	2013	2014	2015	2016
Taiwan	In-house	2	5	3	0	0
	Outside of plant (traffic accidents)	18	7	9	14	6
	Subtotal	20	12	12	14	6
Yangzhou, China	In-house	8	18	17	18	5
	Outside of plant (traffic accidents)	1	2	3	6	4
	Subtotal	9	20	20	24	9
USA	In-house	7	5	1	2	2
	Outside of plant (traffic accidents)*	-	-	-	-	-
	Subtotal	7	5	1	2	2

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

2016 Occupational Injury Statistics

		Occupational Accidents		Working days lost	Number of occupational injuries	Injury rate	Total absentee days	Absentee rate	Lost day rate	
		Number of injuries	Number of fatalities							
Taiwan	Female	3	0	11	3	0.30	854.03	760.85	1.08	
	Male	3	0	6	3	0.30	651.33	580.26	0.59	
	Total	6	0	17	6	0.60	1,505.36	1,341.11	1.67	
Yangzhou, China	Female	3	0	180	3	0.12	9,795	5,304.31	9.96	
	Male	6	0	89	6	0.24	10,701	5,794.94	4.93	
	Total	9	0	269	9	0.36	20,496	11,099.25	14.89	
Note:	Taiwan Plants: Six occupational incidents were traffic accidents that occurred to employees coming to work or going home after work. Yangzhou Plant: Nine occupational injuries were reported, including four traffic accidents outside of the plant and five in-house incidents. In occupational incidents, two were caused by environmental anomalies and three were caused by the operation negligence of employees.									

Note 1: IR = (Number of Injuries / Total Actual Hours Worked) x 200,000

Note 2: LDR = (Occupational Injury Days Lost / Total Hours Scheduled) x 200,000

Note 3: AR = Absentee Lost Days / Total Hours Scheduled) x 200,000

Note 4: Absenteeism includes sick leave, menstrual leave, personal leave, family care leave, special personal leave, annual personal sick leave, occupational sickness leave.

From the above table, it is clear that most accidents in Taiwan between 2012 and 2016 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 the main cause of off-plant occupational incidents of the Yangzhou Plant in 2016, while contusion or sprain caused by operation negligence were the main causes of in-house occupational incidents.

For traffic accidents, we have arranged traffic safety education for new employees and victim employees to raise their awareness of driving and road safety in order to reduce employee traffic accident rates. 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.



Yangzhou Plant

To enhance the occupational safety awareness of employees, the Yangzhou Plant arranges orientation training on operation safety rules for employees. In 2016, a total of 88 sessions were arranged for 2,266 employees. In addition, to further enhance the workplace safety awareness of employees, the Yangzhou Plant has installed additional safety grating on production equipment as foolproof measures to reduce the risk of work-related injuries. Lastly, the Yangzhou Plant also reinforced ESH training for constructors before they undertook projects in the plant in 2016. The training contents for 15 constructors included: working at height, hoisting and lifting, and open fire operations.

Behavioral Based Safety Program of the USA Plant



The USA Plant began to promote the "Behavioral Based Safety Program" in March 2016 to help employees raise occupational awareness for themselves and other employees. Apart from developing occupational safety habits in employees to reduce the incidence rate of operational negligence, the Program aims to help administrators improve the effectiveness of safety management.



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



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

The 2013 disabling injury severity rate (SR) of the Taiwan Plant soared as a result of a single accident which caused more days charged for disabling injuries, and FR reduced continuously in 2014 and 2015. In 2016, both FR and SR in Taiwan was zero, while they were 1.74 and 14 respectively in Yangzhou, China. We continuously arrange safety education for employees to raise their awareness of safety. In Q4 2014, the Hsinchu Plant even challenged the "Zero Accident Work-Hours" campaign to express their determination to eliminate occupational injuries. By the end of 2016, it has accumulated 4,111,313 zero accident man-hours. The Linkou Plant joined the "Zero Accident Work-Hours" campaign in Q3 2016. By the end of 2016, the zero accident hours worked accumulated to 167,879 hours. 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.

AED Installation and First-Aid Promotion

Out of the care for the physical health of employees, apart from organizing health promotion activities from time to time, we have equipped plants with automated external defibrillators (AEDs) to ensure workplace safety. We have also organized many first-aid training courses for employees to equip employees with correct rescue concepts and skills in order to build a safe work environment.

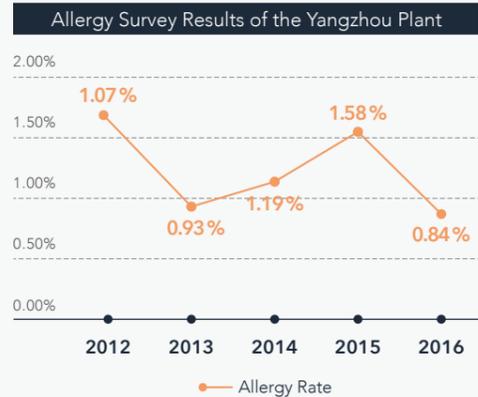


In the China region, in addition to health examinations for potential occupational hazards (chemical substances, noise, and dust), as some workers may be allergic to chemical substances related to work, we implement allergy surveillance for workers working in departments involving chemical substances,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

Results of the Occupational Hazard Health Examination of the Yangzhou Plant Employees

Employees requiring examinations	351
Employees having examinations	337(96.0%)
Employees requiring follow-up	5(mainly toluene and noise)
Employees requiring re-check.	351

Allergy Survey Results of the Yangzhou Plant



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

The overall employee allergy control was quite good. After taking effective measures between 2011 and 2013, the allergy incidence rate dropped and maintained steadily.

Major Controls:

1. Improve process to reduce direct contact with allergens (chemicals).
2. Continuously educate employee the need to wash hands.
3. Provide protective gloves at points of use for workers to timely replace damaged gloves.
4. Conduct allergy surveys quarterly to keep track of the allergy condition.
5. Timely report allergy situation and draw up control measures.
6. Assess transfer possibilities for workers suffering from severe and recurrent allergies.

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.

Workplace Health Care for Women

In Taiwan, we arrange cancer screening and ultrasound examinations for female workers every year for female workers to check their physical health when they are busy working. In workplace maternal health care, by organizing the good pregnancy campaign and arranging pregnant women's parking, we enable pregnant employees to feel our blessings and warmest wishes. We also arrange environmental assessments and health interviews with each pregnancy employee and provide health consultation and work care before and after pregnancy. In order to build a worry-free work environment for workplace mothers, we set up a breastfeeding room in the infirmary to provide mother employees with a comfortable space for breastfeeding and organize irregular experience sharing activities for mothers to improve friendship and exchange experience.



2016 Taiwan Plant Health Promotion Plan

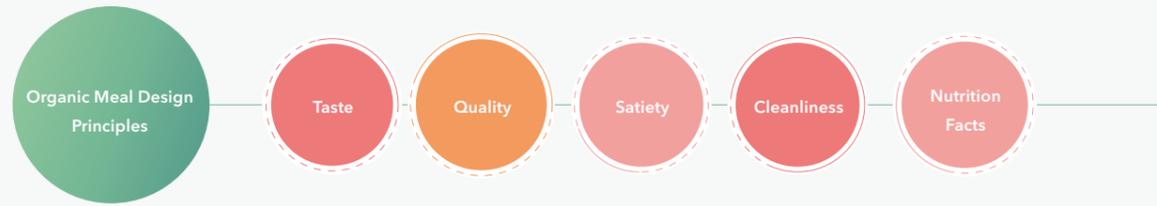
We care about employee health. Therefore, we organized the 2016 weight loss competition together with the 5-in-1 body fat check, the 10,000 steps health walking campaign, and healthy weight loss health education and consultation for employees to lose weight more easily and healthily.



In addition, the Yangzhou Plant is also committed to improving the living environment of the employee dormitory or organizing activities to provide employees with a more convenient dormitory life and relaxation after work, so as to balance work and life.

Infirmary Equipped with two senior physicians to offer general practice services for employees.	Supermarket Provides all kinds of articles for daily life use and foods.	Hairdresser
Internet café	Beauty salon Apart from relaxing employees, we added yoga and fitness courses in 2016.	Ballgame venues Including table tennis, basketball, and badminton
Reading Room	Make-up training course	Free EV charging station

Highlight Story: Organic Dishes at the Employee Cafeteria of the Yangzhou Plant



We equipped the Yangzhou Plant with an employee canteen. 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, the Yangzhou Plant implements spot checks on ingredient examination reports, hygiene inspections (through inspectors from local food supervisory authorities), and weekly inspection of ingredients and tableware sterilization 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 from 120-day 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 Central 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.

The Yangzhou Plant has also established an organic ingredients quality control laboratory to examine the residual pesticides and microbes of each batch of incoming vegetable to ensure only qualified ingredients are warehoused. The laboratory also conducts residual detergent and grease tests on the tableware regularly to ensure employee health.

5-3 Multiple development and growth for employees

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 fuse accountability with the organizational culture, emphasize the demonstration of the “one more ounce” spirit, and treasure the value of the efforts of each employee. We firmly believe that product sales are not just the merit of R&D, manufacture, and marketing departments, but the concerted efforts of all supporting units and employees. We also believe

that new employees can optimize our system, bring new ideas, make products more creative, and make the organization more energetic.

In 2016, we continued the “One Team, One E Ink” spirit to cope with the global management thinking. We also continued to organize Global Leader Summit (GLS) meetings 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 systematically improve employee quality and enhance organizational competitiveness, we specifically planned the E Ink Training Road Map to establish a complete training framework, hoping to stimulate organizational creativity and thereby enhance overall competitiveness with comprehensive and abundant learning resources.

In executive training, in order to adhere to the consensus of executives and create user value, we hire professional consultants to organize half-year professional training courses for upper executives to cultivate their decision-making ability and thereby improve organizational profitability. Smooth strategy communication is also an important indicator of organizational communication. Therefore, we organize presentation training courses for upper executives in order to construct a common communication model and language through the lectures given by professional consultants and the practice through case study on examples of the organization. In professional competency training, each unit is requested to propose related course planning based on its needs to progressively build up a required course map to strengthen the professional competencies and skills of employees and improve their performance.

New Employees	<ul style="list-style-type: none"> • Orientation Training • On-the-Job Training 	
All Employees	<ul style="list-style-type: none"> • Professional Training • General Policy Education • Industrial Safety Training • Quality Training • Self-Improvement Training 	
New Executive Training	<ul style="list-style-type: none"> • Communication Skills • Accountability • Performance Management 	
Medium Executives	<ul style="list-style-type: none"> • Coaching Skills • Operational Management • Financial Statements 	

E Ink University

We have established the E Ink University in the USA Plant to provide employees with multidimensional education and training activities. In 2016, E Ink University was ranked the fourth top enterprise university in the USA.

Physical Training Courses	<ul style="list-style-type: none"> • Instructors are either employees or experts outside of the company. • There are over 100 courses, including technology, safety, legal regulations, and core skills. • Over 1,000 employees have taken these courses.
e-Learning	<ul style="list-style-type: none"> • A wide variety of courses are offered through cooperation with the leading US e-learning service providers, such as Lynda.com. • e-Learning courses from famous universities (e.g. Emeritus Institute of Management and Stanford Lead) are arranged. • In 2016 the USA Plant offered opportunities for three employees with outstanding performance to attend the Stanford Lead Program.



Internal Instructors



Ranked the fourth top enterprise university in the USA

Achievements of Education and Training in 2016

Average Education/ Training Time (hours/ person)	Course Type	Taiwan						Yangzhou, China					
		Female	Male	Direct Production Workers	Indirect Production Workers	Executives	Non-Executives	Female	Male	Direct Production Workers	Indirect Production Workers	Executives	Non-Executives
	Physical Training Courses	11.9	13.3	8.4	13.6	21.0	11.3	2.4	2.6	2.2	2.6	3	1.4
	e-Learning course	0.0	0.1	0.0	0.1	0.1	0.1	0	0	0	0	0	0
	External Training Courses	1.5	1.2	0.8	1.4	0.7	1.4	10.8	6	27	10	8	8.1
Average Length (hours)		13.4	14.6	9.2	15.1	21.8	12.8	13.2	8.6	29.2	12.6	11	9.5

Course Type	Taiwan			Yangzhou, China		
	Employees trained	Course frequency	Length (hrs.)	Employees trained	Course frequency	Length (hrs.)
Orientation & Generation Education Training	1,290	63	232	3,368	91	273
Professional Skill Training	356	13	14	918	39	216.5
Quality Training	661	29	89	215	5	12
Management Competency Training	786	32	77	1,234	22	52.5
Industrial Safety Training	907	13	51	12	7	144

Based on the development direction constructed in the Training Road Map, global trend, and product R&D status, we will continue to expand the variety of courses for professional skill training, self-efficacy training, and management competency training in the future. In 2017, we will offer over 70 courses for Taiwan and Yangzhou plants to provide employees with the opportunities for holistic development.

5-4 CSR & Social Inclusiveness

Social Inclusiveness

Upholding the spirit: Contributing what is taken from society to society, we are committed to developing energy-efficient e-paper 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 the natural environment through product and technology development.

We have two production plants in Taiwan: HQ and the Hsinchu Plant in HSP and the 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/malfasance. 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 audits and self-assessment on all units every year to ensure that all units understand their internal control system and report latent and potential risks.

Care for Local Communities

As a member of society, we uphold the spirit: Contributing what is taken from society to society and continuously investing labor and funds to contribute to the construction of a quality society and the natural environment. We also support the charitable activities held by parent company YFY to combine the power distributed in affiliates across Taiwan to demonstrate the synergistic effect. We engaged in various social and charitable activities in 2016, including a donation of NT\$2 million to the Tainan City Government for the reconstruction after February 6, 2016 Taiwan earthquake, and the employee voluntary donation for the Taiwan Fund for Children and Families Taitung to help victims of typhoon Nepartak which struck Taiwan on July 8 to rebuild their homes. In addition, we invited children from Yu An Children's Home to give performances on our Family Day and Annual Party and gave them bonuses to make our contributions as a humble corporate citizen.



[2016 Farmer Marketplace] Joy with Natural Farming

A group of farmers believe that if we treat the land nicely, it will repay us well. They insist on natural farming for soil to get rid of the hazards from pesticides and chemical fertilizers and to heal, in order to regain the pure and sustainable cycle. Let us start from E Ink to support natural farming from farm to table in real actions and eat with health!



Joy with Natural Farming

"Green consumption" is a familiar but strange concept. It encourages people to practice environmental protection through consumption so as to reduce pollution and hazards on the Earth. As modern life is busy, only a small group of people who really practice green consumption in daily life.

After I began to work, having breakfast out is part of my daily life. Although the company has carefully selected food suppliers, it is very difficult to have freshly picked fruit from orchards in an urban area like Hsinchu. Thanks to the Employee Welfare Committee for organizing the farmer market place which has enabled us to buy organic ingredients, so that we can share their most natural flavor with family. We also feel the farmers' love for the land and their simple and warm sincerity.

Organic ingredients are expensive and hardly affordable by the young working class. When I saw how colleagues and farmers carefully selected ingredients for us, saved our time and labor on purchase and cooking, and repeatedly explained to us what organic farming and healthy diet were, I was really deeply touched. After the marketplace was established, even colleagues who never knew one another began to discuss and buy newly arrived organic foods together. In a sense, the marketplace has also bridged the gap between colleagues and heated up the whole office. This is the invaluable value of environmental protection and love for the Earth, and the more the better.



P. H. Feng,
Public Relations Office
Sharing

Social Involvement Highlight Project of the Yangzhou Plant: Maitian Project



In 2012, the 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, the Maitian Project officially registered with 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.

2012

The Yangzhou Plant donated about NT\$15,000 to 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.



2013

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

Hiking: Writing Coolness with Love

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



2015

E Ink: Love Relay

The 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.

Hiking: 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).



2016

"E Ink Warmth Reloaded"

We donated 430 rainbow pockets (including watercolors, oil painting sticks, pencils, brushes, and painting papers) to all students of Maitian 14th Elementary School (112 students) and Miliangyuan Elementary School (305 students). The total amount of donation was over NT\$200,000, including NT\$61,000 from E Ink and NT\$148,000 from E Ink employees.

Love from E Ink: Youth Club

EIH HQ donated about NT\$336,000 to two schools in Hunan Province to build youth clubs.



Love Classroom

Voluntary art and craft related courses were offered at two completed youth clubs.

Social Involvement and Future Direction

We are committed to the development of products and applications of ePaper, which has now been widely used on e-readers, eNotes, dual screen mobiles, wearables, and digital signage. ePaper is characterized by being easy viewing on the eye, lightweight, slim, flexible, energy saving, and having excellent legibility under direct sunlight. We hope that we can contribute to society with our core product technology.

Since the e-reader was launched in 2007, it has become a fashion in the USA and Europe. By combining with e-book content platforms, e-readers allow users to read anywhere without the need to carry a lot of books. More important, it is comfortable to read and remain legible under direct sunlight. In Taiwan, as content platforms for Traditional Chinese e-books are still immature, e-readers of world-leading manufacturers are not sold in the domestic market. Currently, the tablet, mobile, or notebook are the most common carriers of e-books sold in Taiwan. As LCD requires backlight, prolonged reading e-books on tablets or mobiles will create vision fatigue and eye discomfort.

As resources in remote areas are limited, purchasing books or visiting a library is difficult due to transport inconveniences. Therefore, we are planning to set up an e-library using e-readers manufactured with ePaper in remote areas. By storing thousands of children's books in an e-reader, we can encourage children in remote areas to read and thereby love reading by sharing reading with them through the lightweight and slim e-readers. By doing so, we hope to equip children with more knowledge with e-readers.

Employee Feedback

My "Dream"

Every child is the seed of a flower.	417 children,
All flowers of each color should blossom.	417 dreams of art creation,
Every child has the right to pursue their dreams in arts.	417 colorful childhoods.

E Ink is willing to support the art creation of children and become their "dream investor."



For love, we are always on the path

On September 18, 2016 and the behalf of E Ink, volunteers of the Yangzhou Branch of Maitian Project and we stepped on the soil of Hunan Province for the fourth time. From Dabotou Elementary School in Dongan, Yongzhou, to Wulangxi Elementary School in Sandaokeng in Huihua, and then Miliangyuan Elementary School and Maitian 14th Elementary School in Fenghuang, Xiangxi, we travelled a thousand miles among the mountains and valleys in Hunan. The trip was tough, but the thankfulness and fulfillment were beyond imagination. At Dabotou Elementary School and Wulangxi Elementary School, the two youth clubs donated by E Ink HQ were completed and started service as scheduled. We were honored to have witnessed that wonderful moment and happily enjoyed an interesting rainbow lesson with children.



The rainbow pockets were coming, and love has always been there in Maitian 14th Elementary School

In 2013, Maitian 14th Elementary School was completed in a remote Miao village in Fenghuang. In that year, hundreds of Maitian comrades from all parts of China stood under the canopy of a truck with hands gripping the railing travelling along a mountain route with 18 turns to Maitian 14th Elementary School. In that time, it was a vast blur of mist and rain. Over one hundred children were standing in the rain, filling with hope. Mr. Long, a teacher in his fifties, and the fathers of those children were busy in and out. All villagers were acting like they were having a big event in the village. They dressed up in traditional Miao clothes and sang Miao folksongs, waiting for people from the Maitian Project. In that time, it was a vast blur of mist and rain, hands in hands under lots of umbrellas. What a touching and unforgettable scene it was! In that time, a new Maitian elementary school was born in the gigantic mountain of Maitian. To some, it was their first and probably only visit to Maitian 14th Elementary School. To some, it was just the beginning of their stories with Maitian 14th Elementary School. From the beginning of refurbishment of Maitian in Yangzhou until now, their love for Maitian 14th Elementary School is always there. The promises of Nut, Grape, and many other familiar Maitian comrades from Yangzhou are still heard in my mind: When Maitian 14th Elementary School needs us, we'll be there. It was the presence of Yangzhou Maitian in that ties Xiangxi Maitian, Maitian 14th Elementary School, and Transcend Optonics Yangzhou together.

Ad Hoc Philanthropic Actions of USA Plant

Employees of the USA Plant have independently established Ad Hoc Philanthropic Committee (AHPC) to initiate employee donation and material recruitment in order to finance local communities. Between 2011 and 2016, AHPC has recruited materials equivalent to US\$56,199 (approx. NT\$1.7 million). AHPC also aggressively encouraged employees to donate pre-owned clothes to the leading US recycling company Goodwill for reuse. During 2003 to 2016, employees of the USA Plant donated over 7.5 tons of pre-owned clothes. The USA Plant also collaborated with local medical centers. Since 2009, they launched a periodic blood donation program. By the end of 2016, they donated up to 350 liters of blood.



In 2016, employees of the USA Plant also donated toys to the local children's hospital Shriners Hospital for Children.



Blood donation of employees of the USA Plant.

Appendix Report Assurance Statement

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 the Chairman and CEO Frank Ko	03
Organizational Profile			
G4-3	Name of the organization	2-3 Global deployment	21
G4-4	Primary brands, products, and services	2-3 Global deployment	21
G4-5	Location of the organization's headquarters.	2-3 Global deployment	21
G4-6	The number and name of countries where the the organization operates.	2-3 Global deployment	21
G4-7	The nature of ownership and legal form.	2-3 Global deployment 2-4 Business ethics and integrity and sustainable governance	21 23
G4-8	The markets served.	2-3 Global deployment	21
G4-9	The scale of the organization.	2-3 Global deployment 2-5 Strategy focus and growth	21 30
G4-10	Total number of employees by employment contract and gender.	5-1 Team overview	71
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. The Yangzhou Plant in China has established a labor union and all employees are union members.	-
G4-12	Organization's supply chain.	4-4 Building a sustainable supply chain	68
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	5-1 Team overview	71
G4-14	Whether and how the precautionary approach or principle is addressed by the organization.	2-6 Risk Response	32
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	E Ink did not sign any externally developed economic, environmental and social charters, principles, or other initiatives to which we subscribe or which we endorse.	-
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization.	2-5 Strategy focus and growth	30
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.	2-5 Strategy focus and growth	30
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 Identification and management of material topics	12
G4-19	All the material Aspects identified in the process for defining report content.	1-2 Identification and management of material topics	12

Indicator	Description of Indicator	Section	Page
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	1-2 Identification and management of material topics	12
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	1-2 Identification and management of material topics	12
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	No restatement was made in 2016.	-
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Data regarding the environmental and social aspects of the USA Plant were added to the 2016 report to review the sustainability performance of E Ink in a fuller picture.	-
Stakeholder Engagement			
G4-24	Provide a list of stakeholder groups engaged by the organization.	1-1 Response to stakeholders	11
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	1-1 Response to stakeholders	11
G4-26	The organization's approach to stakeholder engagement.	1-2 Identification and management of material topics No engagement procedure has been designed specifically for this report.	12
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 Identification and management of material topics	12
Report Profile			
G4-28	The period for information provided.	Report Profile	10
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	89
	c.Report the reference to the External Assurance Report, if the report has been externally assured.	Appendix Report Assurance Statement	95
G4-33	a.Report the organization's policy and current practice with regard to seeking external assurance for the report.	Appendix Report Assurance Statement	95
	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 Business ethics and integrity and sustainable governance	23
Ethics and Integrity			
G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	2-4 Business ethics and integrity and sustainable governance	23

Specific Standard Disclosures

Economic

Aspects	Indicator	Contents of the Indicator	Section	Page
Economic Performance	DMA		2-4 Business ethics and integrity and sustainable governance 2-5 Strategy focus and growth	23 30
	G4-EC1	The direct economic value generated and distributed on an accruals basis	2-5 Strategy focus and growth	30
	G4-EC4	Financial assistance received from government.	2-5 Strategy focus and growth	30
Market Presence	DMA		2-4 Business ethics and integrity and sustainable governance 5-2 Building a healthy, positive, and beautiful workplace	23 72
	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	5-2 Building a healthy, positive, and beautiful workplace	72
Indirect Economic Impacts	DMA		5-4 CSR & social inclusiveness	85
	G4-EC8	Significant indirect economic impacts, including extend and impacts.	5-4 CSR & social inclusiveness	85
Procurement Practices	DMA		4-4 Building a sustainable supply chain	68
	G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	4-4 Building a sustainable supply chain	68

Environmental

Aspects	Indicator	Contents of the Indicator	Section	Page
Energy	DMA		4-1 Environmental protection 4-2 Address to climate change	51 53
	G4-EN3	Energy consumption within the organization.	4-2 Address to climate change	53
	G4-EN5	Energy intensity	4-2 Address to climate change	53
	G4-EN6	Reduction of energy consumption	4-2 Address to climate change	53
Water	DMA		4-1 Environmental protection 4-3 Resource recycling management	51 62
	G4-EN8	Total water withdrawal by source.	4-3 Resource recycling management	62
	G4-EN10	Percentage and total volume of water recycled and reused.	4-3 Resource recycling management	62
Emissions	DMA		4-1 Environmental protection 4-2 Address to climate change	51 53
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	4-2 Address to climate change	53
	G4-EN16	Indirect greenhouse gas (GHG) emissions (Scope 2)	4-2 Address to climate change	53
	G4-EN18	Greenhouse gas (GHG) emissions intensity.	4-2 Address to climate change	53
Effluents and Waste	DMA		4-1 Environmental protection 4-3 Resource recycling management	51 62
	G4-EN22	Total water discharge by quality and destination.	4-3 Resource recycling management	62
	G4-EN23	Total weight of waste by type and disposal method.	4-3 Resource recycling management	62
Products and Services	DMA		3-3 Quality persistence	46
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	3-1 User-centered brand-new experience 3-2 Technical and innovation capacity	35 41
Compliance	DMA		4-1 Environmental protection	51
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions from non-compliance with environmental laws and regulations.	No significant environmental offense was reported in 2016.	-
Supplier Environmental Assessment	DMA		4-4 Building a sustainable supply chain	68
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	4-4 Building a sustainable supply chain	68
Environmental Grievance Mechanisms	DMA		4-1 Environmental protection	51
	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	4-1 Environmental protection	51

Social

Aspects	Indicator	Contents of the Indicator	Section	Page
Labor Practices and Decent Work				
Employment	DMA		5-1 Team overview	71
	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	5-1 Team overview	71
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	5-2 Building a healthy, positive, and beautiful workplace	72
Labor/Management Relations	G4-LA3	Return to work and retention rates after parental leave, by gender	5-1 Team overview	71
	DMA		5-1 Team overview	71
Occupational Health and Safety	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	1-2 Identification and management of material topics	12
	DMA		5-2 Building a healthy, positive, and beautiful workplace	72
	G4-LA5	Percentage of total workforce represented in formal joint management- worker health and safety committees.	5-2 Building a healthy, positive, and beautiful workplace	72
Occupational Health and Safety	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	5-2 Building a healthy, positive, and beautiful workplace No work-related fatality was reported in 2016.	72
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	5-2 Building a healthy, positive, and beautiful workplace	72
Diversity and Equal Opportunity	DMA		2-4 Business ethics and integrity and sustainable governance 5-1 Team overview	23 71
	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	2-4 Business ethics and integrity and sustainable governance 5-1 Team overview	23 71
Training and Education	DMA		5-3 Multiple development and growth for employees	83
	G4-LA9	Average hours of training per year per employee by gender, and by employee category.	5-3 Multiple development and growth for employees	83
Equal Remuneration for Women and Men	DMA		5-2 Building a healthy, positive, and beautiful workplace	72
	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	5-2 Building a healthy, positive, and beautiful workplace Equal remuneration for women and men is maintained at E Ink	72
Supplier Assessment for Labor Practices	DMA		4-4 Building a sustainable supply chain	68
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	4-4 Building a sustainable supply chain	68
Labor Practices Grievance Mechanisms	DMA		5-1 Team overview	71
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	No grievance about labor practice was received in 2016.	-

Aspects	Indicator	Contents of the Indicator	Section	Page
Human Rights				
Investment	DMA		2-4 Business ethics and integrity and sustainable governance	23
	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 2016.	-
	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.	Human rights related education and training activities are arranged in the orientation training for new employees.	-
Non-discrimination	DMA		5-1 Team overview	71
	G4-HR3	Total number of incidents of discrimination and corrective actions taken.	No such thing was reported this year.	-
Freedom of Association and Collective Bargaining	DMA		5-1 Team overview	71
	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 thing was reported this year.	-
Child Labor	DMA		5-1 Team overview	71
	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 thing was reported this year.	-
Forced or Compulsory Labor	DMA		5-1 Team overview	71
	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor.	No such thing was reported this year.	-
Supplier Human Rights Assessment	DMA		4-4 Building a sustainable supply chain	68
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	4-4 Building a sustainable supply chain	68
Human Rights Grievance Mechanisms	DMA		5-1 Team overview	71
	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	No related grievance was reported in 2016.	-
Society				
Local Communities	DMA		5-4 CSR & social inclusiveness	85
	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.	-
Anti-Corruption	DMA		2-4 Business ethics and integrity and sustainable governance	23
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	2-4 Business ethics and integrity and sustainable governance	23
	G4-SO4	Communication and training on anti-corruption policies and procedures	2-4 Business ethics and integrity and sustainable governance E Ink policies relating to anti-corruption are a required course in the orientation training for new employees in Taiwan. E Ink also provides irregular awareness education activities on related policies.	23
	G4-SO5	Confirmed incidents of corruption and actions taken.	No such thing was reported in 2016.	-
	DMA		2-4 Business ethics and integrity and sustainable governance	23
Public Policy	DMA		2-4 Business ethics and integrity and sustainable governance	23
	G4-SO6	Total value of political contributions by country and recipient/beneficiary	No such thing was reported in 2016.	-
Anti-competitive Behavior	DMA		2-4 Business ethics and integrity and sustainable governance	23
	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	2-4 Business ethics and integrity and sustainable governance	23

Aspects	Indicator	Contents of the Indicator	Section	Page
Compliance	DMA		2-4 Business ethics and integrity and sustainable governance	23
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	No such thing was reported in 2016.	-
Supplier Assessment for Impacts on Society	DMA		4-4 Building a sustainable supply chain	68
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken.	4-4 Building a sustainable supply chain	68
Grievance Mechanisms for Impacts on Society	DMA		5-4 CSR & social inclusiveness	85
	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	5-4 CSR & social inclusiveness No related grievance was reported in 2016.	85
Product Responsibility				
Customer Health and Safety	DMA		3-3 Quality persistence	46
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	3-3 Quality persistence	46
	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.	3-3 Quality persistence No such thing was reported in 2016.	46
Product and Service Labeling	DMA		3-3 Quality persistence	46
	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.	3-3 Quality persistence	46
	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 such thing was reported in 2016.	-
	G4-PR5	Results of surveys measuring customer satisfaction.	3-3 Quality persistence	46
	DMA		3-3 Quality persistence	46
Marketing Communications	G4-PR6	Sale of banned or disputed products.	No such thing was reported in 2016.	-
	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 such thing was reported in 2016.	-
	DMA		3-3 Quality persistence	46
Compliance	DMA		3-3 Quality persistence	46
	G4-PR9	Monetary value or significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	No such thing was reported in 2016.	-

Appendix

Report Assurance Statement

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會計師有限確信報告

元太科技工業股份有限公司 公鑒：

元太科技工業股份有限公司民國 105 年度企業社會責任報告書，業經本會計師針對所選定之標的資訊執行確信程序竣事，並出具有限確信報告。本次執行確信程序之標的資訊請詳附件一「確信項目彙總表」。

管理階層對企業社會責任報告書之責任

管理階層之責任係依據財團法人中華民國證券櫃檯買賣中心「上櫃公司編製與申報企業社會責任報告書作業辦法」及全球永續性報告協會（Global Reporting Initiatives, GRI）發布之第四代永續性報告指南、行業補充指南及依行業特性參採其他適用之準則編製企業社會責任報告書，且維持與編製企業社會責任報告書有關之必要控制，以確保企業社會責任報告書所列標的資訊未存有重大不實表達。

會計師對企業社會責任報告書執行確信程序之責任

本會計師係依照確信準則公報第一號「非屬歷史性財務資訊查核或核閱之確信案件」，對上開企業社會責任報告書所選定之標的資訊（詳附件一）在所有重大方面是否依照第二段所述準則編製表示意見，並提出有限確信報告。相較於合理確信，有限確信案件所執行程序之性質及時間與適用合理確信案件不同，其範圍亦較小，因是取得之確信程度明顯低於合理確信。

本會計師係基於專業判斷規劃及執行確信程序，以獲取相關標的資訊之有限確信證據，且任何內部控制均受有先天限制，因此未必能查出所有業已存在之重大不實表達。本會計師執行確信程序包括：

- 取得及閱讀企業社會責任報告書；
- 訪談管理階層及相關人員，以瞭解公司編製企業社會責任報告書有關政策及程序；
- 訪談相關人員了解所選定標的資訊產生之流程、內部控制及資訊系統；
- 分析及以抽查方式測試標的資訊相關文件及紀錄。

獨立性及品質管制遵循聲明

本會計師及所隸屬會計師事務所遵循會計師執業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及盡專業上應有之注意、保密及專業態度。此外，本會計師所隸屬會計師事務所遵循審計準則公報第四十六號「會計師事務所之品質管制」，以維持完備之品質管制制度，包含與遵循執業道德規範、專業準則及所適用法令相關之書面政策及程序。

確信結論

依據所執行之程序及所獲取之證據，本會計師並未發現元太科技工業股份有限公司民國 105 年度企業社會責任報告書中所選定之標的資訊在所有重大方面有未遵循其衡量基準暨財團法人中華民國證券櫃檯買賣中心「上櫃公司編製與申報企業社會責任報告書作業辦法」及全球永續性報告協會（Global Reporting Initiatives, GRI）發布之第四代永續性報告指南、行業補充指南及依行業特性參採其他適用之準則之情事。

勤業眾信聯合會計師事務所

會計師 吳世宗

吳世宗



金融監督管理委員會核准文號
金管證審字第 1010028123 號

中 華 民 國 106 年 7 月 28 日

附件一

確信項目彙總表

編號	GRI 指標編號	指 標 敘 述	對 應 章 節	衡 量 基 準
1.	GRI G4-EC9	於重要營運據點，採購支出來自當地供應商的比例。	打造永續供應鏈	於台灣地區，各項採購項目支出來自當地供應商的比例。
2.	GRI G4-EN23	按類別及處置方法劃分的廢棄物總重量。	資源循環管理	依類別及處置方式劃分的廢棄物總重量。
3.	GRI G4-LA6	按地區和性別劃分的工傷類別、工傷頻率、職業病、損失日數比例及缺勤率，以及因公死亡事故總數。	構築健康正向的美好職場	按地區和性別劃分工傷類別、工傷頻率、職業病、損失日數比例及缺勤率，以及因公死亡事故總數。
4.	GRI G4-LA9	按性別和員工類別劃分，每名員工每年接受訓練的平均時數。	員工多元發展與成長	按性別和員工類別劃分每名員工每年平均訓練時數。
5.	GRI G4-PR5	客戶滿意度調查的結果。	品質堅持	客戶滿意度調查之結果分數。